

Contents

Notice Of Annual General Meeting	2 - 4
Statement Accompanying Notice Of Annual General Meeting	5
Corporate Structure	6
Corporate Information	7
Chairman's Statement	8 - 9
Board Of Directors	10 - 14
Statement On Internal Control	15 - 16
Statement Of Corporate Governance	17 - 22
Audit Committee Report	23 - 25
Directors' Report	26 - 29
Statement By Directors And Statutory Declaration	30
Auditors' Report	31
Income Statements	32
Balance Sheets	33
Statement Of Changes In Equity	34 - 35
Cash Flow Statements	36 - 38
Notes To The Financial Statements	39 - 71
List Of Properties Owned	72
Analysis Of Shareholdings	73
Thirty Largest Shareholders	74 - 75
Form Of Proxy	

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of D'nonce Technology Bhd. ("the Company") will be held at The City Bayview Hotel, Sri Gangsa Room, No 25A Lebuhr Farquhar, 10200 Penang on Friday, 25 February 2005 at 10.00 a.m.:-

BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 August 2004 together with the Reports of the Directors and Auditors thereon. Resolution 1
2. To approve the payment of Directors' fees for the financial year ended 31 August 2004. Resolution 2
3. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:

Article 95(1)
 - (i) Mr Lim Teik Hoe Resolution 3
 - (ii) Dato' Oon Choo Eng @ Oon Choo Khye Resolution 4
 - (iii) Cik Nuranisah binti Mohd Anis Resolution 5
Article 102
 - (i) Mr Looi Kok Leong Resolution 6
4. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration. Resolution 7
5. **As Special Business** To consider and, if thought fit, to pass with or without modifications the following Ordinary Resolutions:-

Authority to allot shares

Resolution 8

"**THAT** pursuant to Section 132D of the Companies Act 1965, the Directors be and are hereby authorised 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 in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being, subject always to the approval of the relevant regulatory bodies being obtained for such allotment and issue."

Authority for Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties

Ordinary Resolution 9 – Item 1 Section 2.4 of the Circular

- (i) "**THAT**, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be given to the D'nonce Group to renew the Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the day to day operations and not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Item 1 Section 2.4 of the Circular and that authority conferred by this resolution shall commence immediately upon the passing of this resolution; Resolution 9
- (ii) **THAT** such Mandate is subject to annual renewal and such approval shall continue to be in force until:-
 - (a) the conclusion of the next annual general meeting of the Company following this general meeting at which such mandate was passed, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed;

Notice Of Annual General Meeting

(b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to section 143(2) of CA); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

(iii) **THAT** the Directors of the Company be and are hereby authorised to complete and 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 such renewal of such Mandate;

(iv) **THAT** the estimates given of the Recurrent Related Party Transactions specified in Section 2.4 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Sections 2.5 and 2.6 of the Circular to Shareholders dated 3 February 2005;

(v) **THAT** disclosure is made in the annual report a breakdown of the aggregate value of recurrent transactions conducted pursuant to the Shareholders' Mandate during the financial year with particulars of the types of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationships with the Company."

Ordinary Resolution 10 – Item 2 Section 2.4 of the Circular

(i) **THAT**, subject to compliance with all applicable laws, regulations and guidelines, it is hereby mandated that approval be given to the Company's subsidiary, Richmond Technology Sdn. Bhd. to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the day to day operations and not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Item 2 Section 2.4 of the Circular and that authority conferred by this resolution shall commence immediately upon the passing of this resolution;

Resolution 10

(ii) **THAT** such Mandate is subject to annual renewal and such approval shall continue to be in force until:-

(a) the conclusion of the next annual general meeting of the Company following this general meeting at which such mandate was passed, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to section 143(2) of CA); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

(iii) **THAT** the Directors of the Company be authorised to complete and 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 such Mandate;

(iv) **THAT** the estimates given of the Recurrent Related Party Transactions specified in Section 2.4 of the Circular being provisional in nature, whereby Richmond Technology Sdn. Bhd. purchase packaging materials for manufacturing from Master-Pack Sdn. Bhd., the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Sections 2.5 and 2.6 of the Circular to Shareholders dated 3 February 2005;

Notice Of Annual General Meeting

- (v) **THAT** disclosure is made in the annual report a breakdown of the aggregate value of recurrent transactions conducted pursuant to the Shareholders' Mandate during the financial year with particulars of the types of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationships with the Company.”
6. To transact any other business of which due notice shall have been received.

By Order of the Board

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

Penang
3 February 2005

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.
2. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 21 Persiaran Midlands, 10250 Penang, Malaysia not less than 48 hours before the time set for the meeting.
3. Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 8 – Authority pursuant to Section 132D of the Companies Act 1965**

The Company is pursuing business opportunities in prospective areas so as to increase the earnings potential of the Company. Such expansion plans may require the issue of new shares not exceeding 10 per cent (10%) of the Company's issued share capital. With the passing of Resolution 8 by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve the issue of shares for such purposes.

Statement Accompanying Notice Of Annual General Meeting

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

1. Names of Directors who are standing for re-election/re-appointment:-

(A) Directors retiring pursuant to Article 95(1) of the Company's Articles of Association:-

- (i) Lim Teik Hoe
- (ii) Dato' Oon Choo Eng @ Oon Choo Khye
- (iii) Nuranisah binti Mohd Anis

(B) Director retiring pursuant to Article 102 of the Company's Articles of Association:-

- (i) Mr Looi Kok Leong

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' Profiles on page 11 to 14. None of the above Directors hold any shares in the Company or any of its subsidiaries save for Mr Lim Teik Hoe as disclosed on page 73 under Directors' shareholdings.

2. Details of attendance of Directors at Board Meetings

A total of five Board Meetings were held during the financial year ended 31 August 2004. Details of attendance of Directors holding office at the end of the financial year are as follows:-

Name of Director	No. of meetings attended
Dato' Ahmad Ibnihajar	5/5
Dato' Oon Choo Eng @ Oon Choo Khye	4/5
Goh Hong Lim	5/5
Law Kim Choon	5/5
Lim Teik Hoe	5/5
Chan Seng Sun	4/5
Chin Yam Sin	5/5
Lee Kok Khee (<i>resigned w.e.f. 3 August 2004</i>)	5/5
Roslant bin Abu	5/5
Nuranisah binti Mohd Anis	4/5

3. Details of the Board Meetings held in the financial year ended 31 August 2004

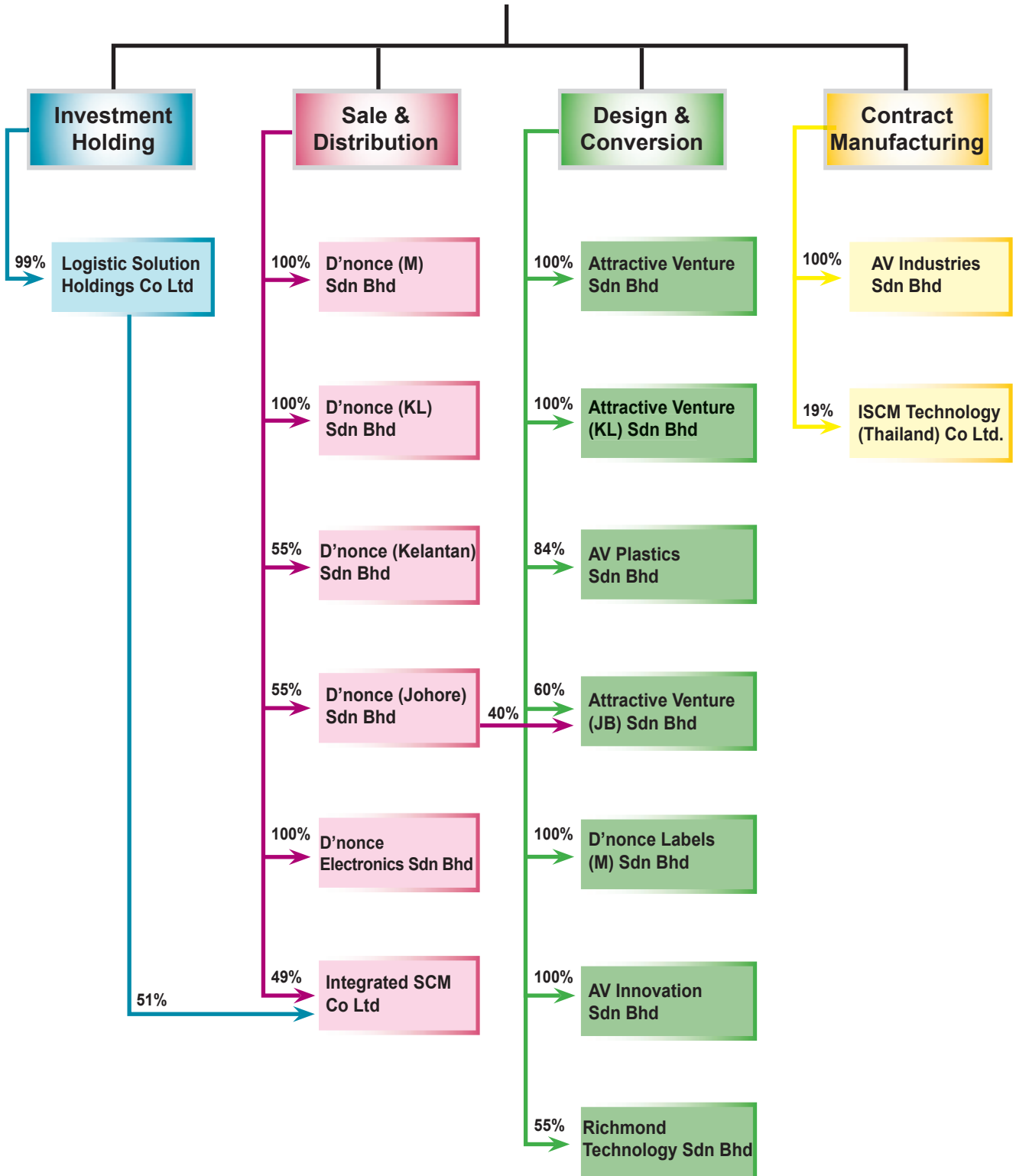
No.	Date	Time
1.	28 October 2003	12 noon
2.	19 December 2003	11.00 a.m.
3.	16 January 2004	3.30 p.m.
4.	21 April 2004	11.00 a.m.
5.	28 July 2004	11.30 a.m.

All the board meetings were held at Conference Room, 51-14-B&C Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang

4. Fifth (5th) Annual General Meeting of D'nonce Technology Bhd.:-

Venue : The City Bayview Hotel, Sri Gangsa Room
No. 25A Lebuhr Farquhar, 10200 Penang
Date : Friday, 25 February 2005
Time : 10.00 a.m.

Corporate Structure



Corporate Information

BOARD OF DIRECTORS

- Dato' Ahmad Ibnihajar
- Independent Non-Executive Chairman
- Dato' Oon Choo Eng @ Oon Choo Khye
- Independent Non-Executive Director
- Goh Hong Lim
- Managing Director
- Law Kim Choon
- Chief Executive Officer/Executive Director
- Lim Teik Hoe
- Executive Director
- Chan Seng Sun
- Executive Director
- Chin Yam Sin
- Executive Director
- Roslant bin Abu
- Non-Independent Non-Executive Director
- Nuranisah binti Mohd Anis
- Non-Independent Non-Executive Director
- Looi Kok Leong (*appointed w.e.f 1 November 2004*)
- Independent Non-Executive Director
- Lee Kok Khee (*resigned w.e.f 3 August 2004*)
- Independent Non-Executive Director

AUDIT COMMITTEE

- Looi Kok Leong - Chairman
 - **• Dato' Ahmad Ibnihajar - Member
 - Dato' Oon Choo Eng @ Oon Choo Khye - Member
 - Goh Hong Lim - Member
 - Nuranisah binti Mohd Anis - Member
- * *appointed as Chairman w.e.f 1 November 2004*
- ** *appointed as Chairman w.e.f 3 August 2004 and redesignated from Chairman to Member w.e.f 1 November 2004*

NOMINATION COMMITTEE

- Dato' Oon Choo Eng @ Oon Choo Khye - Chairman
- Looi Kok Leong - Member
- Roslant bin Abu - Member

REMUNERATION COMMITTEE

- Dato' Ahmad Ibnihajar - Chairman
- Goh Hong Lim - Member
- Roslant bin Abu - Member

HEAD OFFICE

51-14-B&C, Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang
Tel No: 04-2281198
Fax No: 04-2283016

EMPLOYEES' SHARES OPTION SCHEME COMMITTEE

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

COMPANY SECRETARIES

- Gunn Chit Geok (MAICSA 0673097)
23 Persiaran Midlands, 10250 Pulau Pinang
- Yeap Kok Leong (MAICSA 0862549)
No. 11 Jalan 2/149G, Taman Sri Endah
57000 Kuala Lumpur

REGISTERED OFFICE

21 Persiaran Midlands, 10250 Pulau Pinang
Tel No.: 04-229 6318
Fax No.: 04-226 8318
E-mail: tccsbpg@streamyx.com

SHARE REGISTRAR

Tenaga Koperat Sdn Bhd (Company No. 118401-V)
20th Floor Plaza Permata, Jalan Kampar,
Off Jalan Tun Razak, 50400 Kuala Lumpur
Tel No.: 03-40416522
Fax No.: 03-40426352

AUDITORS

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

PRINCIPAL BANKER

Public Bank Berhad
6862-6864 Jalan Bagan Jermal, Bagan Ajam
Butterworth, 13000 Pulau Pinang

SOLICITOR

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

STOCK EXCHANGE LISTING

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

Chairman's Statement

Dear Shareholders,

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 2004.

The early part of 2004 witness a good recovery in the world economy amid many happenings and uncertainties like the several increases in interest rates in the US, high oil prices, slowing down of the China economy to prevent it from overheating, terrorism and lately the dropping in value of the US Dollar against other currencies which might affect our Ringgit peg. Despite all these uncertainties, our Group has been able to turn in a commendable performance for this financial year as compared with the previous year with increase in revenue and continuing cost cutting resulting in a turnaround from a loss in 2003 to a profit in 2004. Moving forward we hope to better our bottomline for this financial year 2005.

CORPORATE DEVELOPMENTS

During the financial year, the Company undertook the following exercises:

- (a) On 4 August 2004, the Company entered into a memorandum of understanding with Timeless Solution Sdn. Bhd. to acquire 100% equity interest in Edison Transformer & Technology Sdn. Bhd. (formerly known as Edison Transforma & Technology Sdn. Bhd.) an investment holding company which will hold either directly or indirectly shares in the following companies ("Edison Group"):-
- (i) 100% equity in Edison Electrical Holdings Limited;
 - (ii) 100% equity in JMC China Strategy Inc;
 - (iii) 100% equity in Pacific Resources Enterprises Limited;
 - (iv) 100% equity in Edison International Sales Limited;
 - (v) 51% equity in Shandong JMC Electric Group Company Limited; and
 - (vi) 51% equity in Shenzhen Berg Transformer Company Limited

The acquisition of the Edison Group is expected to allow the group to access to the cutting edge technologies in power distribution and propel the Group to become a player in power distribution, domestically and regionally.

Subsequently on 17 November 2004, the Company entered into a conditional sale and purchase agreement ("SPA") with Timeless Solutions Sdn. Bhd. ("Vendor") to acquire the entire issued and paid-up capital of Edison Electrical Holdings Limited (formerly known as JMC Electrical Holdings Limited) ("Edison") comprising 128,000,000 ordinary shares of USD0.10 each in Edison ("Edison Shares") as at the date of the SPA, for a purchase consideration of RM152,000,000 ("Purchase Consideration") to be satisfied by the issuance of 152,000,000 new ordinary shares of RM1.00 each in D'nonce ("D'nonce Share(s)") at a proposed issue price of RM1.00 per D'nonce Share ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, the Company also proposes the following:-

- (i) Proposed exemption to the Vendor from the obligation to undertake a mandatory offer in accordance with the Malaysian Code on Take-Overs and Mergers 1998 ("Code") for the remaining D'nonce Shares not already owned by the Vendor upon the completion of the Proposed Acquisition ("Proposed Exemption");
 - (ii) Proposed private placement of new D'nonce Shares of up to 10% of the issued and paid-up share capital upon completion of the Proposed Acquisition ("Proposed Private Placement by Company");
- (b) On 24 August 2004, the Company acquired 57,000 shares of Baht 100 each in ISCM Technology (Thailand) Co., Ltd ("ISCM") for approximately RM570,000. This is equivalent to 19% of the issued and paid up capital of ISCM. The Company shall acquire the remaining 152,995 shares of Baht 100 each in ISCM for approximately RM1,529,950 making a total investment in ISCM of 70%, when the approval of the relevant authorities in Thailand is obtained.

Operational Financial Review

For the financial year ended 31 August 2004, the Group registered a slightly higher revenue of RM143 million from RM133 million for 2003. Although the revenue was only slightly higher, the Group was able to report a Profit from Operations of RM2.8 million from a Loss from Operation of RM5.5 million in 2003 due to higher margins and constant cost cutting measures throughout the Group besides the one off provision for impairment loss and plant & equipment written off in prior year amounting to RM3.5 million.

Chairman's Statement

Integrated Supply Chain Products and Services Division

Revenue had increased from RM65 million for 2003 to RM76 million for 2004 but the Profit from Operations had reverted to a positive figure of RM1.0 million from a Loss from Operation of RM0.1 million in 2003 due to better margins received.

Contract Manufacturing Division

Revenue decreased to RM18 million for 2004 from RM22 million for 2003. However, the Loss from Operations was significantly reduced to RM0.7 million from a Loss from Operations of RM5.7 million for 2003 due to aggressive cost cutting measures implemented in this division besides the one off provision for impairment loss and plant & equipment written off amounting to RM2.6 million in prior year.

Supply of Packaging Materials Division

The revenue had increased to RM78 million for 2004 from RM73 million for 2003 and the Profit from Operations had significantly increased to RM2.2 million for 2004 from RM1.5 million for 2003 due to higher productivity, better margins and diversifying to new markets by certain subsidiaries.

Plastic Injection Mould Products Division

Revenue decreased to RM2.7 million for 2004 from RM4.0 million for 2003 due to slowdown in the electronic sector. However, this division registered a Profit from Operations of RM0.3 million for 2004 from a Loss from Operations of RM1.4 million. This is due to shutting down of a plant in Johore since March 2003 as it was no longer viable to maintain besides the one off provision for impairment loss of plant & equipment amounting to RM0.9 million in prior year.

PROSPECTS

The Malaysian economy is expected to grow by 7% in 2004 and moderate to 5 or 6% in view of the slower growth in the US economy, the slowing Chinese economy and the lagged impact of higher oil prices.

We are continuing with our re-strategising measures into the non-electronics sector, focus on higher margin products, intensive marketing, continuous cost cutting, having seen some fruits of these measures. Continuous development of our very own new products like Cyberguard and working closely with the local authorities will allow us to tap into the tremendous amount of business opportunity in the safeguard of the local community with the use of our alarm and CCTV system while at the same time meeting the social obligation as evidenced with the donation of some of our cameras to the Safe-City Project in Bukit Jambul in Penang.

With the attractive incentives given by the Thai authorities to the Disc Drives industry, the big Drives MNCs like Seagate, Western Digital are moving there. To capture a bigger market share, we have position ourselves early by setting up a cleanroom assembly plant in Bangkok to service these MNCs.

The completion of the Acquisition of 100% equity interest in Edison Transformer & Technology Sdn. Bhd. in 2005 will bring about a stable and regular source of income for the Group with enormous potential to tap into other regions other than in China where it is now only concentrated in. Hence, the future earning base will indeed be enhanced for the Group.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

On behalf of the Board of Directors and Management, I offer my heartfelt thanks to our management team, employees as well as our shareholders, customers and business partners for their unwavering commitment and support. I would also like to express our sincere appreciation to Mr. Lee Kok Khee who has resigned from the Board on 3rd August, 2004 for his valuable services rendered to the Group during the tenure on the Board. At the same time, I would also like to welcome Mr. Looi Kok Leong who has joined the Board on 1st November, 2004. I believe his invaluable experience will contribute towards the success of the Company.

Last but not least, I wish to extend my appreciation to my fellow directors for their contribution and continuous support.

Thank you.

Dato' Ahmad Ibnihajar
Chairman

Board of Directors



Standing from left:

- Chan Seng Sun
- Looi Kok Leong
- Roslant bin Abu
- Lim Teik Hoe
- Chin Yam Sin

Seated from left:

- Nuranisah binti Mohd Anis
- Law Kim Choon
- Dato' Ahmad Ibnihajar
- Dato' Oon Choo Eng @ Oon Choo Khye
- Goh Hong Lim

Board Of Directors

Dato' Ahmad Ibnihajar

Aged 54, Malaysian

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

Dato' Ahmad Ibnihajar was appointed to the Board of D'nonce Technology Bhd. on 2 November 2000. He is currently the Managing Director of Penang Port Sdn. Bhd., a company principally involved in operations of port. He holds a Bachelor degree in Economics from University of Malaya in 1975. He was a Forex Dealer and Portfolio Manager from 1976 to 1979 and Branch Manager from 1980 to 1984 with Malayan Banking Berhad. He was a Director with United Traders Securities Sdn. Bhd. from 1984 to 1991 and Taiping Securities Sdn. Bhd. in 1995, both of which are involved in stock broking business. Between 1991 and 1993, he was the Executive Director with Heirs Corporation Sdn. Bhd., a property development company. Currently, he sits on the Board of several other private limited companies principally involved in property development and investment holding. He is the Vice Chairman of Persatuan Bolasepak Melayu Pulau Pinang, the Chairman of Persatuan Petanque Pulau Pinang and serves as Divisional Head for UMNO Tanjung Division.

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

Dato' Oon Choo Eng @ Oon Choo Khye

Aged 68, Malaysian

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

Dato' Oon Choo Eng @ Oon Choo Khye was appointed to the Board of D'nonce Technology Bhd. on 2 November 2000. He is currently a Director of Kwong Wah Yit Poh Press Bhd., a company principally involved in publishing of newspaper. He is the Honorary Assistant Secretary of Sekolah Menengah Kebangsaan Chung Ling from 1961 and also sits on the board of several other Chinese High School and Primary School in Penang. He also acts as Patron, Trustee, for various associations and sports club in Penang. He also sits on the Board of several other private limited companies principally involved in publication, printing, tourism and trading of chemicals and he is also the director of Lam Wah Ee Hospital and was an Ex-Committee of Silver Jubilee Home.

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

Goh Hong Lim

Aged 49, Malaysian

Managing Director and Member of the Audit and Remuneration Committees

Goh Hong Lim was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000. He obtained a Diploma in Banking (Part I) from the Chartered Institute of Bankers, United Kingdom in 1977 and a Diploma in Management from the Malaysian Institute of Management in 1984. He has 22 years of commercial banking experience which started when he joined Ban Hin Lee Bank Berhad in 1975. He rose to the rank of Branch Manager in 1983. He has been branch manager of the same bank in four (4) different locations until 1997. Apart from setting up new branches, he was also responsible for the development of new consumer banking products at the bank's head office in Penang between 1989 to 1991. He joined the D'nonce Group in 1997.

Goh Hong Lim 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

Law Kim Choon

Aged 47, Malaysian

Chief Executive Officer/Executive Director

Law Kim Choon was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000. In 1988, he obtained a Diploma in Management from the Malaysian Institute of Management. He started his career in 1977 with Public Bank Berhad before leaving in 1991 to join the D'nonce Group. He has been the Chief Executive Officer of D'nonce Group since 2002. He is also instrumental in establishing the Group's manufacturing division.

He is also a Director and substantial shareholder of Restoran Jepun Syogun Sdn. Bhd., a company principally involved in restaurant business; Binary Decode Sdn. Bhd., an investment holding company; Segi Reka Integrated Sdn. Bhd., a company principally involved in design, manufacture and supply of advertisement products and Nikado Enterprise (M) Sdn. Bhd., an authorised insurance agency.

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

Lim Teik Hoe

Aged 45, Malaysian

Executive Director

Lim Teik Hoe was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000. He obtained a Diploma in Radiography from Ministry of Health, Malaysia in 1982. He started his career in 1982 as a Radiographer with Penang General Hospital where he served for 9 years before leaving to join the D'nonce Group in 1991. Apart from developing new businesses, he is responsible for the Group's sales and marketing functions. He was also a former member of the College of Radiographers, United Kingdom and Malaysian Society of Radiographers respectively. He is also a Director and substantial shareholder of Kalungan Prestij Sdn. Bhd. and Binary Decode Sdn. Bhd. both are investment holding companies. He is also a substantial shareholder of Wintry Enterprise Sdn. Bhd. and Yield Technology (M) Sdn. Bhd. both of which are also investment holding companies.

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

Chan Seng Sun

Aged 51, Malaysian

Executive Director

Chan Seng Sun was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000. He obtained a Diploma in Banking from the Chartered Institute of Bankers, United Kingdom in 1981 and became an Associate Member in the same year. He began his career in banking in 1974 when he joined United Malayan Banking Corporation Berhad until 1979. He was then with Public Bank Berhad from 1982 until 1990 when he left and joined Chung Khiaw Bank Ltd as a Deputy Manager. During his career in the banking industry, he was involved in various areas of banking operations as well as systems and corporate planning. He joined D'nonce Group in 1991. His present responsibilities include spearheading expansion and overseeing existing operations in the Central Region of Peninsular Malaysia particularly the Klang Valley. He is a substantial shareholder of Wintry Enterprise Sdn Bhd, an investment holding company.

Chan Seng 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.

Board Of Directors

Chin Yam Sin

Aged 44, Malaysian

Executive Director, Member of Employees' Shares Option Scheme Committee and Chief Financial Officer of the Group

Chin Yam Sin was appointed to the Board of D'nonce Technology Bhd. on 10 November 2000. He holds a Masters of Business Administration degree from Brunel University, United Kingdom and is a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. He joined D'nonce Group in September 1999. He manages the Group's financial planning & management and corporate affairs. He has altogether 20 years of post-qualification experience in both professional and corporate sectors having spent the last fifteen (15) years in three public listed companies in Malaysia inclusive of D'nonce Technology Bhd.

Chin Yam Sin 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.

Looi Kok Leong

Aged 36, Malaysian

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

Looi Kok Leong was appointed to the Board of D'nonce Technology Bhd. on 1 November 2004. He holds Bachelor of Economics (Monash University, Australia) and Masters of Business Administration (Southern Cross University, Australia) degrees and is a member of CPA Australia (since 1994), a Chartered Accountant with the Malaysian Institute of Accountants (since 1994) and a Certified Financial Planner with the Financial Planning Association of Malaysia (since 2002). He spent the early part of his professional career in the Corporate Finance Departments of Aseambankers Malaysia Berhad and Amanah Merchant Bank Berhad. After leaving the latter in 1998 as Senior Manager, Corporate Finance, he joined Bescorp Industries Berhad as General Manager, Corporate and Finance where he was responsible for the group's overall accounting, financial and corporate affairs management. Thereafter, he went into corporate consulting services in early 2000 and is presently a director of D&E Partners Sdn. Bhd.

Looi Kok Leong 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 47, Malaysian

Non-Independent Non-Executive Director and Member of Nomination and Remuneration Committees

Roslant bin Abu was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000. He holds a Bachelor of Science degree from the University of Malaya in 1982. In 1983, he started his career as an Assistant Director for the Petroleum Development Division (Implementation Coordination Unit) of the Prime Minister's Department. He was subsequently with the Malaysia-Thailand Authority in 1993 until early 1997 where he left and joined the Energy Section of the Economic Planning Unit in the Prime Minister's Department before he joined Khazanah Nasional Berhad (Khazanah) in mid 1997. He is presently the Vice President of Finance & ICT of Khazanah responsible for financial planning and funding.

Roslant bin Abu also holds directorship in Kinta Kellas Public Limited Company and Tradewinds Hotels & Resorts Sdn. Bhd. 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. He is a representative of Khazanah on the Board of Directors of D'nonce Technology Bhd.

Board Of Directors

Nuranisah binti Mohd Anis

Aged 32, Malaysian

Non-Independent Non-Executive Director and Member of Audit Committee

Nuranisah binti Mohd Anis was appointed to the Board of D'nonce Technology Bhd. on 30 December 2002. In 1995, she obtained a Bachelor of Accountancy degree from the MARA University of Technology, Shah Alam. She is currently pursuing her Masters Degree in Business Administration in the same university on a part-time basis. She is a Chartered Accountant by profession and is registered with the Malaysian Institute of Accountants. She joined KPMG in 1996 as an Audit Junior and left in 2001 as a Senior Consultant mainly specialising in Enterprise Risk Management and Internal Audit. She is now with Khazanah Nasional Berhad (Khazanah) as the Vice President of the Finance and ICT Division. She is also on the board of director of Crystal Clear Technology Sdn. Bhd.

Nuranisah binti Mohd Anis 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. She is a representative of Khazanah on the Board of Directors of D'nonce Technology Bhd.

Statement On Internal Control

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

Board's Responsibility

The Board recognises the importance of a sound system of internal control and effective risk management framework to good corporate governance. The Board acknowledges its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems.

Because of the limitations that are inherent in any systems of internal control, the Board recognises that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The Group has in place an ongoing process in identifying, evaluating and managing the principal risks faced, or potential exposed to, by the Group in pursuing its business objectives and strategies, particularly operational efficiency, any major proposed transactions, changes in nature of activities, or venturing into new operating environment. This process is regularly reviewed by the Board, which dedicates separate time for discussion of this subject.

Internal Control Systems

The Group's systems of internal control include:

- A defined organisational structure with clear lines of reporting and accountability, and with appropriate levels of delegation and authority;
- A system of internal standard control procedures covering financial, human resources, management information systems and operational systems guided by the MS ISO 9002 documented procedures;
- A comprehensive business planning and budgeting process which establishes plans and targets against which performance are monitored on an ongoing basis;
- Regular detailed reporting, covering operational and financial performance and key business indicators, for effective monitoring and decision making;
- Training and development programmes where applicable which are being attended by the employees with the objective of enhancing their knowledge and competency; and
- Regular internal audit reviews by independent audit teams e.g. Standard and Industrial Research Institute of Malaysia (SIRIM) and the outsourced internal auditors who provide assurance that the systems of internal control are in place.

The Group continues to take measures to strengthen its internal control structure and manages its risks whenever necessary.

Statement On Internal Control

Internal Audit Function

Regular internal audits are carried out to assess the adequacy and integrity of the systems of internal control of the Group based on the internal audit plan approved by the Audit Committee. Internal audit reports are circulated to the members of Audit Committee who review the findings with management at the quarterly meetings. All audit findings listed in the internal audit reports are communicated with recommendations for improvement, and are incorporated with the management comments and proposed corrective actions. The internal auditors will subsequently follow-up to determine the extent of their recommendations that have been implemented. As such, the internal audit function provides the Board assurances it requires on the Group's systems of internal control.

Based on the internal auditors' reports for the financial year ended 31 August 2004, there is reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. Based on the work done, there were no material weaknesses in the systems of internal control.

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

Statement Of Corporate Governance

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

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

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

THE BOARD OF DIRECTORS

The Board

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

Board Composition

The Board consists of five Executive Directors and five Non-Executive Directors, of whom three are independent. The number of independent directors represents one-third of the total directors on the Board, satisfying the requirement of the Code for Independent Non-Executive Directors. The two non-independent and non-executive directors are representatives of Khazanah Nasional Berhad, a substantial shareholder of the Company.

There is a clear division of responsibility between the Chairman, the Managing Director and the Chief Executive Officer. Generally, the Chairman of the Board provides leadership to the Board and encourages debate on issues and brings to the Board a healthy level of deliberation during meetings. The Managing Director manages and directs the entire Group of Companies towards their primary and strategic objectives and is responsible for the financial management of the Group. The Chief Executive Officer manages and directs the entire Group of Companies in terms of Operations and Business Development towards their primary and strategic objectives. 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 Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the four main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

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

Statement Of Corporate Governance

Board Meetings

The Board has scheduled to meet at least four times a year at quarterly intervals with additional meetings to be held 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 are discussed and decided by the Board.

During the financial year ended 31 August 2004, five(5) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting			Oct 03	Dec 03	Jan 04	Apr 04	Jul 04		
Directors	Position	Attendance					Total	%	
1	Dato' Ahmad Ibnihajar	Independent Non-Executive Chairman	.	.	.	.	.	5/5	100
2	Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director	.	X	.	.	.	4/5	80
3	Goh Hong Lim	Managing Director	.	.	.	.	.	5/5	100
4	Law Kim Choon	Executive Director	.	.	.	.	.	5/5	100
5	Lim Teik Hoe	Executive Director	.	.	.	.	.	5/5	100
6	Chan Seng Sun	Executive Director	X	.	.	.	.	4/5	80
7	Chin Yam Sin	Executive Director	.	.	.	.	.	5/5	100
8	Roslant bin Abu	Non-Independent Non-Executive Director	.	.	.	.	.	5/5	100
9	Nuranisah binti Mohd Anis	Non-Independent Non-Executive Director	.	.	.	X	.	4/5	80
10	Lee Kok Khee (resigned w.e.f. 3 August 2004)	Independent Non-Executive Director	.	.	.	.	.	5/5	100
Total number of meetings held:								5	

Supply of Information

The Board is supplied with full and timely information to discharge their duties and responsibilities effectively. All Directors are supplied with board papers pertaining to agenda items prior to the Board meeting. This is issued in sufficient time to enable the Directors 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 required 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, changes to management and control structure of the Group, including key policies, procedures and authority limits.

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

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

Statement Of Corporate Governance

Appointments to the Board

The Nomination Committee was set up on 15 August 2001 comprising three Non-Executive Directors, two of whom are independent. The current members are, Dato' Oon Choo Eng @ Oon Choo Khye (Independent Non-Executive Director) who is the Chairman, Mr Looi Kok Leong (Independent Non-Executive Director) and Encik Roslant bin Abu (Non-Independent Non-Executive Director).

The Nomination Committee assists the Board on the following functions:

1. Recommends to the Board candidates for Directorships
2. Consider candidates proposed by the Managing Director or any director
3. Recommends to the Board Directors to fill the seats on Board committees
4. Review the Board structure, size and composition
5. Review the performance of members of the Board

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

During the financial year ended 31 August 2004 one meeting was held on 28 October 2003, which was attended by all members of the Nomination Committee. During that meeting the Nomination Committee had reviewed the present composition of the Board of Directors and is of the opinion that it has the required mix of skills and experience and other qualities to function completely and efficiently. As such, the Board through the Nomination Committee feels that the annual assessment and review of the Board's and Committee's competency and assessment on the contribution from each individual Director are unnecessary until there is any change to the Board.

Re-election of Directors

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

The names of Directors who are standing for re-election at the Fifth AGM of the Company to be held on 25 February 2005 are contained in the Statement Accompanying Notice of Annual General Meeting.

Mr Lee Kok Khee has resigned from the Board with effect from 3 August 2004.

Directors' Training

All the Directors except Mr Looi Kok Leong who was appointed on 1 November 2004 have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Bursa Malaysia Training Sdn. Bhd., an affiliate company of the Bursa Malaysia Securities Berhad (Bursa Securities). Mr Looi Kok Leong will be attending the MAP within the four-month period for mandatory completion of the MAP. The Directors will continue to attend seminars and courses accredited by Bursa Securities under the Continuing Education Programme to keep themselves updated on regulatory and corporate governance developments, besides enhancing their professionalism and knowledge to effectively discharge their duties and obligations.

Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 27 January 2003 to administer the D'nonce Employees' Share Option Scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required. The members of the ESOS Committee are as follows:

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

During the year ended 31 August 2004, four meetings were held, which was attended by all members of the ESOS Committee.

Statement Of Corporate Governance

DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee was formed on 15 August 2001. It comprises mainly Non-Executive Directors. The members are Dato' Ahmad Ibnihajar (Independent Non-Executive Director) who is the Chairman, Mr Goh Hong Lim (Managing Director) and Encik Roslant bin Abu (Non-Independent Non-Executive Director).

During the financial year ended 31 August 2004, the Remuneration Committee held three meetings on 28 October 2003, 19 December 2003 and 21 April 2004.

Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of 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 2004 is set out below:-

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	60,000	126,000
Salaries	2,028,541	-
Bonus	246,934	-
Benefits in kind	-	-
Other benefits	-	-

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
Less than 50,000	-	5	5
250,001 - 300,000	-	-	-
300,001 - 350,000	-	-	-
350,001 - 400,000	-	-	-
400,001 - 450,000	2	-	2
450,001 - 500,000	3	-	3

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

Statement Of Corporate Governance

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.

Shareholders and investors of the public are invited to access the Bursa Securities website at www.bursasecurities.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 Bursa Securities for public dissemination. Members of the Board as well as the Auditors of the Company are present at the AGM to answer questions raised at the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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 Bursa Securities.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 30 of this Annual Report.

Internal Control

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

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

The information on the Group's internal control is presented in the Statement on Internal Control set out on pages 15 to 16. The Internal Auditors facilitate the overall internal control system and an internal control working committee comprising the Group Managing Director and heads of major departments assists the Board to oversee the existing risk management framework that had been in place within the Group. The risk management framework had been reviewed subsequent to updates given by executives and heads of various key departments to the Internal Auditors and internal control working committee.

Relationship with the External Auditors

The Audit Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the Auditors to meet their professional requirements and seeking professional advice and ensuring compliance with accounting standards. In the course of audit of the Group's operation, the External Auditors have highlighted to the Audit Committee and the Board on matters that require the Board's attention. The role of the Audit Committee in relation to the External Auditors is described on pages 23 to 25 of this Annual Report.

Statement Of Corporate Governance

ADDITIONAL COMPLIANCE INFORMATION

During the financial year:

- a) The proceeds amounting to RM4,060,000 arising from the Private Placement of 4,000,000 new ordinary shares of RM1.00 each and RM1,101,000 from ESOS have been utilized for the working capital for the Group.
- b) There were no share buybacks by the Company during the financial year.
- c) None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.
- d) The Company did not sponsor any American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) programmes.
- e) There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.
- f) No options, warrants or convertible securities were exercised by the Company during the financial year.
- g) The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the results for the financial year and the unaudited results previously released by the Company.
- h) There is no profit guarantee given by the Company.
- i) The Company does not have any revaluation policy on landed property for the financial year.
- j) There were no material contracts of the Company and its subsidiaries involving Directors’ and major shareholders’ interests.
- k) No non-audit fee was paid to the external auditors for the financial year.

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

A Shareholders’ Mandate was granted at the AGM held on 27 February 2004 for the following RRPT:-

Nature of Transactions	Transacting Party (Company)	FY 2004 Actual (RM'000)	Interested related party
Arranging for publicity matters such as advertisement in newspapers, press release, event marketing and designing and printing of promotional information leaflets, brochures, greeting cards etc for D'nonce, D'nonce (M) Sdn. Bhd., Attractive Venture Sdn. Bhd., AV Industries Sdn. Bhd. and Integrated SCM Co., Ltd	Segi Reka Integrated Sdn. Bhd.	300	Law Kim Choon
Purchase of packaging materials for manufacturing by Richmond Technology Sdn. Bhd. (Richmond)	Master-Pack Sdn. Bhd. (Master-Pack)	2,100	Master-Pack which holds 20% of the equity of Richmond is a substantial shareholder of Richmond.

Directors’ Responsibilities Statement in respect of Annual Audited Accounts

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

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

Audit Committee Report

MEMBERS

# Looi Kok Leong	Independent Non-Executive Director	Chairman
Goh Hong Lim	Managing Director	Member
Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director	Member
* Dato' Ahmad Ibnihajar	Independent Non-Executive Director	Member
Nuranisah binti Mohd Anis	Non-Independent Non-Executive Director	Member
** Lee Kok Khee	Independent Non-Executive Director	Chairman

appointed as Chairman w.e.f. 1 November 2004

* appointed as Chairman w.e.f. 3 August 2004 and redesignated from Chairman to a Member w.e.f. 1 November 2004

** resigned as Chairman and Audit Committee member w.e.f. 3 August 2004

TERMS OF REFERENCE

Membership

- The Company must appoint an Audit Committee from amongst its Board of Directors which fulfils the following requirements:-
 - the Committee must be composed of no fewer than 3 members;
 - a majority of the Committee must be independent directors; and
 - at least one member of the Committee:
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - 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.
- No alternate director should be appointed as a member of the Committee.
- In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.
- 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.

Chairman

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

Secretary

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

Audit Committee Report

Meetings

1. Meetings shall be held not less than four times a year.
2. The Financial Director, the Head of Internal Audit (where such a function exists) and a representative of the external auditor shall normally attend meetings.
3. Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.
4. Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.
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.
6. At least once a year the Committee shall meet with the external auditors without executive Board members present.

Quorum

A quorum shall consist of a majority of independent directors.

Rights

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 auditor and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Functions

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

1. to review:
 - (i) with the external auditor, the audit plan and to ensure co-ordination where more than one audit firm is involved;
 - (ii) with the external auditor, his evaluation of the system of internal controls;
 - (iii) with the external auditor, his audit report, his management letter and the management's response;
 - (iv) the assistance given by the Company's employees to the external auditor;
 - (v) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (vii) to review any appraisal or assessment of the performance of members of the internal audit function;
 - (viii) to approve any appointment or termination of senior staff members of the internal audit function;
 - (ix) 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;

Audit Committee Report

- (x) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events;
 - (c) significant adjustments arising from the audit;
 - (d) the going concern assumption; and
 - (e) compliance with accounting standards and other legal requirements;
 - (xi) 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 on management integrity;
 - (xii) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
 - (xiii) to consider the nomination of a person or persons as external auditors and the audit fee; and
 - (xiv) to consider any questions of resignation or dismissal of external auditors.
2. to recommend the nomination of a person or persons as external auditors.
 3. 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; and
 4. to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary) to carry out such other functions as may be agreed to by the Committee and the Board of Directors.

Role of Audit Committee

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

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

Audit Committee Meetings

During the financial year ended 31 August 2004, the Audit Committee held five meetings on 28 October 2003, 19 December 2003, 16 January 2004, 21 April 2004 and 28 July 2004.

Name	Status of Directorship	Position	No. of meetings attended
Dato' Oon Choo Eng @Oon Choo Khye	Independent Non-Executive Director	Member	4/5
Goh Hong Lim	Non-Independent Executive Director	Member	5/5
Dato' Ahmad Ibnihajar	Independent Non-Executive Director	Member	5/5
Nuranisah binti Mohd Anis	Non-Independent Non-Executive Director	Member	4/5
Lee Kok Khee (<i>resigned w.e.f. 3 August 2004</i>)	Independent Non-Executive Director	Chairman	5/5

Activities of the Audit Committee

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

The reviews of the Group's consolidated quarterly financial statements were held before the Board meetings at which the financial statements were to be approved. During the respective Board meetings, the Chairman of the Audit Committee briefed the Board on issues and recommendations of the Audit Committee thereon.

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

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 2004.

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 12 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) after taxation	1,134,274	(1,281,468)
Minority interests	<u>(446,281)</u>	<u>-</u>
Net profit/(loss) for the year	<u>687,993</u>	<u>(1,281,468)</u>

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

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.

DIVIDENDS

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

DIRECTORS

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

Dato' Ahmad Ibnihajar
Dato' Oon Choo Eng @ Oon Choo Khye
Goh Hong Lim
Law Kim Choon
Lim Teik Hoe
Chan Seng Sun
Chin Yam Sin
Roslant Bin Abu
Nuranisah Binti Haji Mohd Anis
Looi Kok Leong
Lee Kok Khee

(appointed on 1 November 2004)
(resigned on 3 August 2004)

Directors' Report

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares of RM1 Each →			
	1 September 2003	Bought	Sold	31 August 2004
The Company				
Direct Interest				
Goh Hong Lim	2,783,000	-	2,535,000	248,000
Law Kim Choon	1,360,000	300,000	-	1,660,000
Lim Teik Hoe	1,480,000	300,000	-	1,780,000
Chan Seng Sun	1,712,000	614,800	-	2,326,800
Chin Yam Sin	-	20,000	-	20,000

	← Number of Options over Ordinary Shares of RM1 Each →			
	1 September 2003	Granted	Exercised	31 August 2004
The Company				
Goh Hong Lim	-	100,000	-	100,000
Law Kim Choon	-	100,000	-	100,000
Lim Teik Hoe	-	85,000	-	85,000
Chan Seng Sun	-	85,000	-	85,000
Chin Yam Sin	-	85,000	20,000	65,000

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM40,000,000 to RM45,101,000 by way of:

- (a) the issuance of 4,000,000 new ordinary shares of RM1 each through the private placement of 2,000,000 shares at an issue price of RM1.00 per share for RM2,000,000 cash on 26 December 2003 and another 2,000,000 shares at an issue price of RM1.03 per share for another RM2,060,000 cash on 13 January 2004 for additional working capital purposes. The share premium arising amounted to RM60,000 has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.
- (b) the issuance of 1,101,000 ordinary shares of RM1 each for cash pursuant to the Company's Employees' Shares Options Scheme at exercise price of RM1.00 per ordinary share. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Directors' Report

EMPLOYEES' SHARE OPTIONS SCHEME

The Company's Employees' Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 26 February 2003. The ESOS was implemented on 20 November 2003 and is to be in force for a period of 5 years from the date of implementation. The Board of Directors and ESOS Committee may as deemed fit, extend the ESOS for another 5 years.

The salient features and other terms of the ESOS are disclosed in Note 22 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 85,000 ordinary shares of RM1 each.

The following are names of employees who have been granted options to subscribe for 85,000 or more ordinary shares of RM 1 each.

	Number of Options over Ordinary Shares of RM1 Each			
	1 September 2003	Granted	Exercised	31 August 2004
The Company				
Ang Oon Ling	-	85,000	-	85,000
Lim Oon Jin	-	85,000	-	85,000
Kok Goc Poi	-	85,000	-	85,000
Simon Tu Yeou Mou	-	85,000	-	85,000

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report

(f) In the opinion of the directors:

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

SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors:

DATO' AHMAD IBNIHAJAR

GOH HONG LIM

Penang, Malaysia
Date: 20 December 2004

Statement By Directors and Statutory Declaration

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' AHMAD IBNIHAJAR and GOH HONG LIM, 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 32 to 71 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed in accordance with a resolution of the directors:

DATO' AHMAD IBNIHAJAR

GOH HONG LIM

Penang , Malaysia

Date: 20 December 2004

STATUTORY DECLARATION

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

I, GOH HONG LIM, 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 32 to 71 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 GOH HONG LIM
at Georgetown in the State of Penang
on 20 December 2004:

GOH HONG LIM

Before me,

Commissioner for Oaths

Auditors' Report

REPORT OF THE AUDITORS TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD.

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 32 to 71. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 August 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

LIM FOO CHEW
No. 1748/01/06(J)
Partner

Penang, Malaysia
Date: 20 December 2004

Income Statements

For The Year Ended 31 August 2004

	Note	GROUP		COMPANY	
		2004 RM	Restated 2003 RM	2004 RM	Restated 2003 RM
Revenue	3	143,395,853	132,878,652	559,000	463,000
Other operating income	4	3,396,433	2,776,689	315,990	350,750
Changes in inventories of finished goods and work-in-progress		1,231,488	2,528,362	-	-
Raw materials and consumables used		(22,098,122)	(19,925,469)	-	-
Trading goods purchased		(82,001,907)	(78,793,329)	-	-
Staff costs	5	(21,005,018)	(20,968,379)	(1,424,367)	(1,113,762)
Depreciation		(4,328,889)	(4,909,789)	(127,261)	(123,319)
Plant and equipment written off		(7,528)	(2,109,076)	-	-
Provision for impairment loss of plant and equipment		-	(1,384,940)	-	-
Provision for impairment loss of plant and equipment no longer required		88,005	-	-	-
Other operating expenses	6	<u>(15,862,654)</u>	<u>(15,562,794)</u>	<u>(585,597)</u>	<u>(849,646)</u>
Profit/(loss) from operations		2,807,661	(5,470,073)	(1,262,235)	(1,272,977)
Finance costs, net	8	<u>(1,346,460)</u>	<u>(1,517,143)</u>	<u>(19,233)</u>	<u>(33,068)</u>
Profit/(loss) before taxation		1,461,201	(6,987,216)	(1,281,468)	(1,306,045)
Taxation	9	<u>(326,927)</u>	<u>479,351</u>	<u>-</u>	<u>-</u>
Profit/(loss) after taxation		1,134,274	(6,507,865)	(1,281,468)	(1,306,045)
Minority interests		<u>(446,281)</u>	<u>(230,841)</u>	<u>-</u>	<u>-</u>
Net profit/(loss) for the year		<u>687,993</u>	<u>(6,738,706)</u>	<u>(1,281,468)</u>	<u>(1,306,045)</u>
Earnings/(loss) per share (sen):					
Basic	10(a)	1.6	(16.8)		
Diluted	10(b)	1.6	N/A		

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

Balance Sheets

As At 31 August 2004

	Note	GROUP		COMPANY	
		2004 RM	Restated 2003 RM	2004 RM	Restated 2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	11	38,520,670	42,137,138	356,886	466,932
Investments in subsidiaries	12	-	-	42,119,078	38,088,978
Other investments	13	221,205	221,205	-	-
Deferred tax assets	26	618,110	664,100	-	-
		<u>39,359,985</u>	<u>43,022,443</u>	<u>42,475,964</u>	<u>38,555,910</u>
CURRENT ASSETS					
Due from subsidiaries	14	-	-	12,019,195	15,180,896
Inventories	15	15,704,358	14,446,683	-	-
Trade receivables	16	19,325,249	20,481,867	-	-
Other receivables	17	3,231,563	2,354,825	102,382	42,228
Cash and bank balances	18	7,582,015	4,472,038	3,052,155	627,901
		<u>45,843,185</u>	<u>41,755,413</u>	<u>15,173,732</u>	<u>15,851,025</u>
CURRENT LIABILITIES					
Borrowings	19	14,438,651	14,037,641	136,441	193,103
Trade payables	20	14,107,513	18,586,558	-	-
Other payables	21	6,467,117	4,607,140	536,565	383,412
Due to subsidiaries	14	-	-	3,712,576	4,309,397
Taxation		7,063	120,973	-	-
		<u>35,020,344</u>	<u>37,352,312</u>	<u>4,385,582</u>	<u>4,885,912</u>
NET CURRENT ASSETS					
		<u>10,822,841</u>	<u>4,403,101</u>	<u>10,788,150</u>	<u>10,965,113</u>
		<u>50,182,826</u>	<u>47,425,544</u>	<u>53,264,114</u>	<u>49,521,023</u>
FINANCED BY:					
Share capital	22	45,101,000	40,000,000	45,101,000	40,000,000
Reserves		(899,365)	(1,612,798)	8,163,114	9,384,582
Shareholders' equity		44,201,635	38,387,202	53,264,114	49,384,582
Minority interests		2,160,025	1,515,902	-	-
		46,361,660	39,903,104	53,264,114	49,384,582
Term loans	23	2,642,592	4,148,319	-	-
Hire-purchase and lease payables	24	361,831	1,106,816	-	136,441
Long term borrowing	25	4,707	4,707	-	-
Reserve on consolidation	27	812,036	2,262,598	-	-
		<u>50,182,826</u>	<u>47,425,544</u>	<u>53,264,114</u>	<u>49,521,023</u>

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

Statement Of Changes In Equity

For The Year Ended 31 August 2004

GROUP	Non-Distributable				Accumulated Losses RM	Total RM
	Share Capital RM	Share Premium RM	Foreign Exchange Reserve RM	Other Capital Reserve RM		
At 1 September 2002						
As previously stated	40,000,000	12,249,806	(1,394)	-	(6,762,107)	45,486,305
Prior year adjustments (Note 28)	-	-	-	-	(365,863)	(365,863)
At 1 September 2002 (restated)						
	40,000,000	12,249,806	(1,394)	-	(7,127,970)	45,120,442
Currency translation differences, representing net gain not recognised in income statement	-	-	5,466	-	-	5,466
Net loss for the year	-	-	-	-	(6,738,706)	(6,738,706)
At 31 August 2003						
	40,000,000	12,249,806	4,072	-	(13,866,676)	38,387,202
At 1 September 2003						
As previously stated	40,000,000	12,249,806	4,072	-	(13,364,303)	38,889,575
Prior year adjustments (Note 28)	-	-	-	-	(502,373)	(502,373)
At 1 September 2003 (restated)						
	40,000,000	12,249,806	4,072	-	(13,866,676)	38,387,202
Issue of ordinary shares:						
Private placement	4,000,000	60,000	-	-	-	4,060,000
Pursuant to ESOS	1,101,000	-	-	-	-	1,101,000
Capitalisation arising from bonus issue by subsidiaries (Note 29)	-	-	-	1,420,000	(1,420,000)	-
Currency translation differences, representing net loss not recognised in income statement	-	-	(34,560)	-	-	(34,560)
Net profit for the year	-	-	-	-	687,993	687,993
At 31 August 2004						
	45,101,000	12,309,806	(30,488)	1,420,000	(14,598,683)	44,201,635

Statement Of Changes In Equity

For The Year Ended 31 August 2004

COMPANY	Share Capital RM	Non- Distributable Share Premium RM	Accumulated Losses RM	Total RM
At 1 September 2002				
As previously stated	40,000,000	12,249,806	(1,479,035)	50,770,771
Prior year adjustments (Note 28)	-	-	(80,144)	(80,144)
At 1 September 2002 (restated)	40,000,000	12,249,806	(1,559,179)	50,690,627
Net loss for the year	-	-	(1,306,045)	(1,306,045)
At 31 August 2003	40,000,000	12,249,806	(2,865,224)	49,384,582
At 1 September 2003				
As previously stated	40,000,000	12,249,806	(2,738,866)	49,510,940
Prior year adjustments (Note 28)	-	-	(126,358)	(126,358)
At 1 September 2003 (restated)	40,000,000	12,249,806	(2,865,224)	49,384,582
Issue of ordinary shares:				
Private placement	4,000,000	60,000	-	4,060,000
Pursuant to ESOS	1,101,000	-	-	1,101,000
Net loss for the year	-	-	(1,281,468)	(1,281,468)
At 31 August 2004	45,101,000	12,309,806	(4,146,692)	53,264,114

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

Cash Flow Statements

For The Year Ended 31 August 2004

	GROUP		COMPANY	
	2004 RM	Restated 2003 RM	2004 RM	Restated 2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	1,461,201	(6,987,216)	(1,281,468)	(1,306,045)
Adjustments for:				
Bad debts written off	60,882	11,338	-	-
Depreciation	4,328,889	4,909,789	127,261	123,319
Interest expense	1,131,989	1,355,660	16,759	30,629
Inventories written down	155,480	2,909	-	-
Inventories written off	18,152	96,991	-	-
Plant and equipment written off	7,528	2,109,076	-	-
Provision for doubtful debts	239,858	67,347	-	-
Provision for impairment losses				
- investment in subsidiaries	-	-	-	143,793
- plant and equipment	-	1,384,940	-	-
Provision for impairment loss of plant and equipment no longer required	(88,005)	-	-	-
Provision for slow moving inventories	414,770	53,362	-	-
Provision for short-term accumulating compensated absences	91,056	136,510	32,840	46,214
Unrealised loss on foreign exchange	330,072	8,226	-	-
Amortisation of reserve on consolidation	(1,450,562)	(1,450,562)	-	-
Dividend income	-	-	-	(33,000)
Loss on disposal of plant and equipment	31,189	356,216	-	-
Interest income	(60,393)	(15,484)	(110,705)	(5,439)
Operating profit/(loss) before working capital changes	6,672,106	2,039,102	(1,215,313)	(1,000,529)
Increase in inventories	(1,846,077)	(171,424)	-	-
Decrease /(increase) in receivables	151,338	(3,454,606)	(59,654)	8,474
(Decrease)/increase in payables	(3,040,196)	8,692,837	120,313	13,754
Cash generated from/(used in) operations	1,937,171	7,105,909	(1,154,654)	(978,301)
Dividend received	-	-	-	23,760
Tax refunded	228,424	521,273	-	-
Tax paid	(795,469)	(519,535)	(500)	(837)
Interest paid	(1,131,989)	(1,355,660)	(16,759)	(30,629)
Net cash generated from/(used in) operating activities	238,137	5,751,987	(1,171,913)	(986,007)

Cash Flow Statements

For The Year Ended 31 August 2004

	Note	GROUP		COMPANY	
		2004 RM	Restated 2003 RM	2004 RM	Restated 2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		60,393	15,484	110,705	5,439
Proceeds from disposal of plant and equipment		2,002,091	213,610	2,110	-
Purchase of additional shares in subsidiary		-	(83,572)	(4,030,100)	(3,439,718)
Purchase of property, plant and equipment	A	<u>(2,444,101)</u>	<u>(2,805,164)</u>	<u>(19,325)</u>	<u>(33,070)</u>
Net cash used in investing activities		<u>(381,617)</u>	<u>(2,659,642)</u>	<u>(3,936,610)</u>	<u>(3,467,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of share capital		5,161,000	2,452	5,161,000	-
Net drawdown of short term borrowings		3,490,990	819,881	-	-
Net change in subsidiaries balances		-	-	2,564,880	4,360,382
Dividend paid		-	(19,440)	-	-
Repayment of hire-purchase and lease payables		(1,684,862)	(1,827,836)	(193,103)	(179,234)
Repayment of term loans		(2,153,052)	(2,957,416)	-	-
Proceeds from minority interest for issuance of shares in subsidiary		<u>241,225</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash generated from/(used in) financing activities		<u>5,055,301</u>	<u>(3,982,359)</u>	<u>7,532,777</u>	<u>4,181,148</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
EFFECTS OF EXCHANGE RATE CHANGES		4,911,821	(890,014)	2,424,254	(272,208)
CASH AND CASH EQUIVALENTS AS AT 1 SEPTEMBER 2003/2002		<u>49,330</u>	<u>942,065</u>	<u>627,901</u>	<u>900,109</u>
CASH AND CASH EQUIVALENTS AS AT 31 AUGUST 2004/2003	B	<u>4,886,589</u>	<u>49,330</u>	<u>3,052,155</u>	<u>627,901</u>

Cash Flow Statements

For The Year Ended 31 August 2004

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,668,605 (2003: RM6,816,334) and RM19,325 (2003: RM33,070) respectively by way of the following:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash payment	2,444,101	2,805,164	19,325	33,070
Hire-purchase and lease payables	224,504	911,170	-	-
Term loans	-	3,100,000	-	-
	<u>2,668,605</u>	<u>6,816,334</u>	<u>19,325</u>	<u>33,070</u>

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits with licensed banks (Note 18)	2,972,979	606,721	2,500,000	500,000
Cash and bank balances (Note 18)	4,609,036	3,865,317	552,155	127,901
Bank overdrafts (Note 19)				
- secured	(2,695,426)	(3,669,504)	-	-
- unsecured	-	(753,204)	-	-
	<u>4,886,589</u>	<u>49,330</u>	<u>3,052,155</u>	<u>627,901</u>

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

Notes To The Financial Statements

31 August 2004

1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 December 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 August 2004, the Group and the Company adopted the following MASB Standards for the first time:

MASB 28	Discontinuing Operations
MASB 29	Employee Benefits

The adoption of MASB 28 has not given rise to any adjustments to the opening balances of accumulated losses of the prior and current year or to changes in comparatives.

The effects of adopting of MASB 29 is summarised in the statements of changes in equity and further information is disclosed in Note 28 to the financial statements.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceed and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of at the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Notes To The Financial Statements

31 August 2004

(c) Reserve on Consolidation

The excess of the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition over the cost of the acquisition is included in the consolidated balance sheet as reserve on consolidation.

Reserve on consolidation is amortised on a straight-line basis over its estimated useful life of 5 years.

(d) Investments

Investments in subsidiaries and other non-current investments which comprise transferable golf club memberships are stated at cost less impairment loss.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land and machinery-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which ranges from 49 years to 60 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(f) Inventories

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

Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

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

(g) Cash and Cash Equivalents

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

(h) Finance Leases and Hire-Purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Notes To The Financial Statements

31 August 2004

i. Finance leases and hire-purchase

Assets acquired by way of finance leases or hire-purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the incremental borrowing rate of the Company or its subsidiaries is used.

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

ii. Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(i) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(j) Income Tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(k) Employee Benefits

i. Short term benefits

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

Notes To The Financial Statements

31 August 2004

ii. Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

iii. Equity compensation benefits

The Company's Employees' Share Options Scheme ("ESOS") allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Prior to the adoption of MASB 29 Employee Benefits on 1 September 2003, no liability was recognised for the obligations in respect of short term benefits in the form of accumulating compensated absences. The changes in accounting policy have been accounted for retrospectively and the effects of the changes are disclosed in Note 28.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

i. Sales of goods

Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.

ii. Management fees

Revenue from provision of management services is recognised as and when the services are performed.

iii. Dividend income

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

(m) Foreign Currencies

i. Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

ii. Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

Notes To The Financial Statements

31 August 2004

The principal exchange rates for each respective unit of foreign currency ruling at balance sheet date are as follows:

	2004 RM	2003 RM
United States Dollar	3.80	3.80
Singapore Dollar	2.22	2.16
Japanese Yen (100)	3.45	3.20
Thai Baht (100)	9.23	9.23

(n) Impairment Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(o) Financial Instruments

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

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

i. Receivables

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

ii. Payables

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

iii. Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement as an expense in the year in which they are incurred.

iv. Equity Instruments

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

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

Notes To The Financial Statements

31 August 2004

v. Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward Foreign Exchange Contracts

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

3. REVENUE

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

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Sales of goods	143,395,853	132,878,652	-	-
Management fee	-	-	559,000	430,000
Dividend income	-	-	-	33,000
	<u>143,395,853</u>	<u>132,878,652</u>	<u>559,000</u>	<u>463,000</u>

4. OTHER OPERATING INCOME

Included in other operating income are:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Amortisation of reserve on consolidation	1,450,562	1,450,562	-	-
Bad debts recovered	16	5,065	-	-
Doubtful debts recovered	20,501	39,332	-	-
Interest income	50,174	5,439	110,705	5,439
Realised gain on foreign exchange	616,727	182,610	-	10,883
Rental income	216,334	494,041	-	-
	<u>1,450,562</u>	<u>1,450,562</u>	<u>110,705</u>	<u>15,322</u>

5. STAFF COSTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Wages and salaries	14,222,363	13,416,968	1,207,722	896,385
Social security costs	481,061	485,665	819	819
Short term accumulating compensated absences	91,056	136,510	32,840	46,214
Pension costs - defined contribution plan	1,574,592	1,602,861	151,041	132,461
Other staff related expenses	4,635,946	5,326,375	31,945	37,883
	<u>14,905,018</u>	<u>14,968,379</u>	<u>1,424,367</u>	<u>1,113,762</u>

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM3,035,048 (2003: RM2,598,049) and RM859,478 (2003: RM629,452) respectively.

The number of employees in the Group and in the Company at the end of the year were 817(2003: 930) and 9 (2003: 7) respectively.

Notes To The Financial Statements

31 August 2004

6. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Auditors' remuneration statutory audit				
- current year	127,143	132,636	10,000	10,000
- (over)/under provision in prior year	(526)	(5,800)	3,000	-
- special audit	-	-	5,000	-
Bad debts written off	60,882	11,338	-	-
Directors' fees				
- current year	186,000	186,000	186,000	186,000
- over provision in prior year	-	(12,740)	-	(12,740)
Freight charges	2,439,759	2,246,758	-	-
Inventories written down	155,480	2,909	-	-
Inventories written off	18,152	96,991	-	-
Lease rental	116,952	92,555	-	-
Loss on disposal of plant and equipment	31,189	356,216	-	-
Property, plant and equipment written off	7,528	2,109,076	-	-
Provision for doubtful debts	239,858	67,347	-	-
Provision for impairment losses for investments in subsidiaries	-	-	-	143,793
Provision for slow moving inventories	414,770	53,362	-	-
Realised loss on foreign exchange	279,397	-	648	-
Rental expense	487,830	580,721	-	-
Unrealised loss on foreign exchange	330,072	8,226	-	-
Upkeep of property, plant and equipment	1,244,396	1,358,595	22,386	38,502
Utilities	2,059,309	2,254,411	37,985	18,933

7. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,028,541	1,819,102	733,508	629,452
Fees	60,000	60,000	60,000	60,000
Bonus	246,934	80,000	125,970	-
	<u>2,335,475</u>	<u>1,959,102</u>	<u>919,478</u>	<u>689,452</u>
Non-Executive:				
Fees	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>
Other Directors				
Executive:				
Salaries and other emoluments	593,867	554,072	-	-
Bonus	165,706	144,875	-	-
	<u>759,573</u>	<u>698,947</u>	<u>-</u>	<u>-</u>
Total	<u>3,221,048</u>	<u>2,784,049</u>	<u>1,045,478</u>	<u>815,452</u>

Notes To The Financial Statements

31 August 2004

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

	Number of Directors	
	2004	2003
Executive directors:		
RM250,001 - RM300,000	-	1
RM350,001 - RM400,000	-	2
RM400,001 - RM450,000	2	1
RM450,001 - RM500,000	3	1
Non-Executive directors:		
Less than RM50,000	5	5

8. FINANCE COSTS, NET

Included in finance costs, net are:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest expense	1,131,989	1,355,660	16,759	30,629
Interest income	<u>(10,219)</u>	<u>(10,045)</u>	<u>-</u>	<u>-</u>

9. TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax expense for the year:				
Malaysian income tax	641,096	510,760	-	-
Overprovided in prior years	<u>(360,159)</u>	<u>(54,211)</u>	<u>-</u>	<u>-</u>
	<u>280,937</u>	<u>456,549</u>	<u>-</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,888)	(780,344)	-	-
Under/(over)provided in prior years	<u>57,878</u>	<u>(155,556)</u>	<u>-</u>	<u>-</u>
Transfer to/(from) deferred tax (Note 26)	<u>45,990</u>	<u>(935,900)</u>	<u>-</u>	<u>-</u>
	<u>326,927</u>	<u>(479,351)</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes To The Financial Statements

31 August 2004

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

	GROUP		COMPANY	
	2004 RM	Restated 2003 RM	2004 RM	Restated 2003 RM
Profit/(loss) before taxation	1,461,201	(6,987,216)	(1,281,468)	(1,306,045)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	409,137	(1,956,417)	(358,811)	(365,693)
Effect of different tax rates in other countries	(1,161)	(4,804)	-	-
Income not subject to tax	(490,518)	(409,204)	(54,069)	(3,047)
Effect of expenses not deductible for tax purposes	419,827	967,016	71,805	119,793
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(597,394)	(31,969)	-	-
Utilisation of previously unrecognised other deductible temporary differences	-	(31,930)	-	-
Effect of controlled transfer	(4,407)	-	-	-
Deferred tax assets not recognised during the year	1,119,475	1,249,586	341,075	248,947
Under/(over) provided in prior years				
- taxation	(360,159)	(54,211)	-	-
- deferred taxation	57,878	(155,556)	-	-
Effect of income subject to tax rate of 20%	(225,751)	(51,862)	-	-
	326,927	(479,351)	-	-

Tax savings recognised during the year arising from:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Utilisation of current year tax losses	58,492	284,716	14,049	10,763

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2004	2003
Net profit/(loss) for the year (RM)	687,993	(6,738,706)
Weighted average number of ordinary shares in issue ('000)	43,150	40,000
Basic earnings/(loss) per share (sen)	<u>1.6</u>	<u>(16.8)</u>

The comparative basic loss per share has been restated to take into account the effect of the change in accounting policy (Notes 2(a) and 28) on net loss for the year.

Notes To The Financial Statements

31 August 2004

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	2004 RM
Net profit for the year	687,993
Weighted average number of ordinary shares in issue ('000)	43,150
Effect of dilution:	
Share options	389
Adjusted weighted average number of ordinary shares in issue and issuable	43,539
Diluted earnings per share (sen)	1.6

There is no comparative diluted loss per share as the share options were only granted in this financial year.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP Cost	* Land and buildings RM	Plant and machinery RM	Office furniture, fittings and computer equipment RM	Motor vehicles RM	Renovation RM	Machinery- in-progress RM	Total RM
At 1 September 2003	18,793,673	30,627,532	6,453,623	1,330,657	2,820,509	-	60,025,994
Additions	-	270,736	560,208	232,564	54,107	1,550,990	2,668,605
Disposals	-	(2,429,193)	(6,802)	(137,473)	-	-	(2,573,468)
Write off	-	-	(10,985)	-	-	-	(10,985)
Exchange difference	-	-	(8,566)	91	-	-	(8,475)
At 31 August 2004	18,793,673	28,469,075	6,987,478	1,425,839	2,874,616	1,550,990	60,101,671
Accumulated Depreciation and Impairment Losses							
At 1 September 2003:							
Accumulated depreciation	1,599,080	11,062,632	2,302,094	868,528	671,582	-	16,503,916
Accumulated impairment loss	-	1,280,689	58,648	-	45,603	-	1,384,940
Depreciation charge for the year	1,599,080	12,343,321	2,360,742	868,528	717,185	-	17,888,856
Reversal of impairment losses	366,928	2,728,133	826,584	156,925	250,319	-	4,328,889
Disposals	-	(82,432)	(3,135)	-	(2,438)	-	(88,005)
Write off	-	(419,121)	(3,011)	(118,056)	-	-	(540,188)
Exchange difference	-	-	(3,457)	-	-	-	(3,457)
	-	-	(4,027)	(1,067)	-	-	(5,094)
At 31 August 2004	1,966,008	14,569,901	3,173,696	906,330	965,066	-	21,581,001
Analysed as:							
Accumulated depreciation	1,966,008	13,371,644	3,118,183	906,330	921,901	-	20,284,066
Accumulated impairment loss	-	1,198,257	55,513	-	43,165	-	1,296,935
	1,966,008	14,569,901	3,173,696	906,330	965,066	-	21,581,001

Notes To The Financial Statements

31 August 2004

GROUP	* Land and buildings RM	Plant and machinery RM	Office furniture, fittings and computer equipment RM	Motor vehicles RM	Renovation RM	Machinery-in-progress RM	Total RM
Net Book Value							
At 31 August 2004	16,827,665	13,899,174	3,813,782	519,509	1,909,550	1,550,990	38,520,670
At 31 August 2003	17,194,593	18,284,211	4,092,881	462,129	2,103,324	-	42,137,138
Details at 1 September 2002							
Cost	15,400,529	33,696,541	4,664,308	1,102,472	2,669,482	-	57,533,332
Accumulated depreciation	1,224,146	9,177,390	1,707,789	707,045	428,562	-	13,244,932
Depreciation charge for 2003	375,583	3,484,528	645,189	161,482	243,007	-	4,909,789

* LAND AND BUILDINGS

GROUP	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 September 2003 and 31 August 2004	585,414	2,556,573	15,651,686	18,793,673
Accumulated Depreciation				
At 1 September 2003	-	209,374	1,389,706	1,599,080
Depreciation charge for the year	-	50,378	316,550	366,928
At 31 August 2004	-	259,752	1,706,256	1,966,008
Net Book Value				
At 31 August 2004	585,414	2,296,821	13,945,430	16,827,665
At 31 August 2003	585,414	2,347,199	14,261,980	17,194,593
Details at 1 September 2002				
Cost	585,414	1,698,437	13,116,678	15,400,529
Accumulated depreciation	-	155,927	1,068,219	1,224,146
Depreciation charge for 2003	-	50,378	325,205	375,583

COMPANY	Office furniture, fittings and computer equipment RM
Cost	
At 1 September 2003	630,918
Addition	19,325
Transfer out	(4,150)
At 31 August 2004	646,093
Accumulated Depreciation	
At 1 September 2003	163,986
Depreciation charge for the year	127,261
Transfer out	(2,040)
At 31 August 2004	289,207

Notes To The Financial Statements

31 August 2004

COMPANY	Office furniture, fittings and computer equipment
Net Book Value	RM
At 31 August 2004	<u>356,886</u>
At 31 August 2003	<u>466,932</u>
Details at 1 September 2002	
Cost	597,848
Accumulated depreciation	<u>40,667</u>
Depreciation charge for 2003	<u>123,319</u>

- (a) The net book value of plant and equipment held under hire-purchase and finance lease arrangements are as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Plant and machinery	1,858,931	3,060,889	-	-
Office furniture, fittings and computer equipment	681,178	903,279	301,568	414,656
Motor vehicles	<u>344,547</u>	<u>209,419</u>	<u>-</u>	<u>-</u>
	<u>2,884,656</u>	<u>4,173,587</u>	<u>301,568</u>	<u>414,656</u>

- (b) The net book values of property, plant and equipment charged as securities for borrowings as referred to in Notes 19 and 23 are as follows:

GROUP	2004 RM	2003 RM
Land and buildings	16,386,502	16,742,537
Plant and machinery	7,091,547	8,728,356
Office furniture, fittings and computer equipment	993,855	1,200,625
Motor vehicles	8	8
Renovation	<u>1,463,114</u>	<u>1,666,129</u>
	<u>25,935,026</u>	<u>28,337,655</u>

- (c) Included in plant and equipment of the Group are fully depreciated assets which are still in use costing RM2,598,780 (2003: RM1,944,029).

Notes To The Financial Statements

31 August 2004

12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2004	2003
	RM	RM
Unquoted shares, at cost	42,262,871	38,232,771
Accumulated impairment losses	<u>(143,793)</u>	<u>(143,793)</u>
	<u>42,119,078</u>	<u>38,088,978</u>

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held		Principal Activities
		2004	2003	
		%	%	
D'nonce (M) Sdn. Bhd.	Malaysia	100	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (K.L.) Sdn. Bhd.	Malaysia	100	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Kelantan) Sdn. Bhd.	Malaysia	55	55	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Johore) Sdn. Bhd.	Malaysia	55	55	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce Electronics Sdn. Bhd.	Malaysia	100	100	International procurement office for the electronics industry. The Company has temporarily ceased operations.
Attractive Venture Sdn. Bhd.	Malaysia	100	100	Design and conversion of advanced packaging materials.
Attractive Venture (KL) Sdn. Bhd.	Malaysia	100	100	Design and conversion of advanced packaging materials.
Attractive Venture (JB) Sdn. Bhd.	Malaysia	* 82	* 82	Plastic injection moulding and design and conversion of advanced packaging materials.
AV Industries Sdn. Bhd.	Malaysia	100	100	Contract manufacturer of electronic components.

Notes To The Financial Statements

31 August 2004

Name of Subsidiaries	Country of Incorporation	Equity Interest Held		Principal Activities
		2004 %	2003 %	
AV Innovation Sdn. Bhd.	Malaysia	100	100	Design and conversion of advanced packaging materials. The Company has temporarily ceased operations.
AV Plastics Sdn. Bhd.	Malaysia	84	84	Processing of plastic injected moulded products.
D'nonce Labels (M) Sdn. Bhd.	Malaysia	100	100	Dealer in all kinds of adhesive labels and materials for labels.
Richmond Technology Sdn. Bhd.	Malaysia	55	55	Manufacturer of packaging materials.
Integrated SCM Co., Ltd.+	Thailand	** 99	** 99	Sales and distribution of chemicals, packaging materials, spare parts and consumables.
Logistic Solution Holdings Co., Ltd.+	Thailand	99	99	Investment holding.
ISCM Technology (Thailand) Co. Ltd. ++	Thailand	***19	-	Contract manufacturer of electronic components.

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

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

*** The control of the subsidiary is by way of control of the board of directors.

+ Audited by member firm of Ernst & Young Global.

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

Acquisition of Subsidiary

On 24 August 2004, the Group acquired 57,000 shares of Baht 100 each representing 19% equity interest in ISCM Technology (Thailand) Co. Ltd., a company incorporated in Thailand, for a total consideration of RM530,100.

The acquisition had the following effect on the Group's financial results for the year:

	2004 RM
Revenue	-
Loss from operations and net loss for the year	<u>100,673</u>

Notes To The Financial Statements

31 August 2004

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2004 RM
Property, plant and equipment	1,813,279
Inventories	14,511
Trade and other receivables	173,990
Cash and bank balances	709,271
Trade and other payables	(640,429)
Minority interests	(116,297)
	<hr/>
Group's share of net assets	1,954,325

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	2004 RM
Cash and bank balances	530,100
	<hr/>
Purchase consideration satisfied by cash	530,100
	<hr/>
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash and total cash outflow of the Company	530,100
Cash and cash equivalents of subsidiary acquired	(530,100)
	<hr/>
Net cash outflow of the Group	-

There were no acquisitions in the financial year ended 31 August 2003.

13. OTHER INVESTMENTS

	GROUP	
	2004 RM	2003 RM
Golf club memberships, at cost	221,205	221,205
	<hr/>	<hr/>

14. DUE FROM/(TO) SUBSIDIARIES

COMPANY

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

Notes To The Financial Statements

31 August 2004

15. INVENTORIES

GROUP	2004 RM	2003 RM
At cost		
Raw materials	3,313,619	3,147,385
Work-in-progress	293,289	186,433
Finished goods	7,267,050	6,075,581
Trading goods	4,830,400	5,031,383
	<u>15,704,358</u>	<u>14,440,782</u>
At net realisable value		
Finished goods	-	5,901
	<u>15,704,358</u>	<u>14,446,683</u>

16. TRADE RECEIVABLES

GROUP	2004 RM	2003 RM
Trade receivables	19,740,185	21,091,253
Provision for doubtful debts	(414,936)	(609,386)
	<u>19,325,249</u>	<u>20,481,867</u>

The Group's normal trade credit terms range from 15 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has significant concentration of credit risk primarily arising from the amount due from a single group of debtors which constitutes approximately 14.6% of the total trade receivables as at 31 August 2004. The sales to this single group of debtors constitute approximately 41.2% of the total revenue for the year.

17. OTHER RECEIVABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits	298,419	226,037	1,000	1,000
Prepayments - taxation	891,629	711,312	19,740	19,240
- others	534,189	380,602	17,488	17,488
Sundry receivables	<u>1,507,326</u>	<u>1,036,874</u>	<u>64,154</u>	<u>4,500</u>
	<u>3,231,563</u>	<u>2,354,825</u>	<u>102,382</u>	<u>42,228</u>

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Notes To The Financial Statements

31 August 2004

18. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash at bank and in hand	4,609,036	3,865,317	552,155	127,901
Deposits with licensed bank	2,972,979	606,721	2,500,000	500,000
	<u>7,582,015</u>	<u>4,472,038</u>	<u>3,052,155</u>	<u>627,901</u>

Deposits of the Group amounting to RM137,862 (2003: RM56,470) are pledged to banks for credit facilities granted to certain subsidiaries as referred to in Note 19.

The interest rates of the deposits with licensed banks during the financial year range from 2.30% to 4.00% per annum and the maturities of the deposits as at 31 August 2004 range from 4 days to 365 days.

19. BORROWINGS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Secured				
Bank overdrafts	2,695,426	3,669,504	-	-
Bankers' acceptance	6,498,427	1,500,000	-	-
Trust receipts	152,267	278,415	-	-
Term loans (Note 23)	1,509,230	2,156,555	-	-
Hire-purchase and lease payables (Note 24)	923,124	1,638,497	136,441	193,103
	<u>11,778,474</u>	<u>9,242,971</u>	<u>136,441</u>	<u>193,103</u>
Unsecured				
Bank overdrafts	-	753,204	-	-
Bankers' acceptance	2,605,000	4,001,000	-	-
Trust receipts	55,177	40,466	-	-
	<u>2,660,177</u>	<u>4,794,670</u>	<u>-</u>	<u>-</u>
	<u>14,438,651</u>	<u>14,037,641</u>	<u>136,441</u>	<u>193,103</u>

The above banking facilities for the Group are secured by:

- legal charges over the Group's property, plant and equipment as disclosed in Note 11;
- deposits of the Group as disclosed in Note 18; and
- corporate guarantee from the Company and two subsidiaries, D'nonce (M) Sdn. Bhd and Attractive Venture Sdn. Bhd.

The interest rates per annum at the balance sheet date for borrowings, excluding hire-purchase and finance lease payables and term loans, were as follows:

	GROUP	
	2004 %	2003 %
Bank overdrafts	7.25 - 8.0	7.25 - 8.40
Bankers' acceptance	4.33 - 5.25	4.50 - 5.50
Trust receipts	7.25 - 7.65	7.25 - 7.65

Notes To The Financial Statements

31 August 2004

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days.

21. OTHER PAYABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Accruals	1,847,639	1,668,424	61,764	71,054
Accrued directors' remuneration	315,200	186,000	315,200	186,000
Due to directors of subsidiaries	99,975	255,632	-	-
Sundry payables	3,610,874	1,994,711	403	-
Short term accumulating compensated absences	593,429	502,373	159,198	126,358
	<u>6,467,117</u>	<u>4,607,140</u>	<u>536,565</u>	<u>383,412</u>

The amounts due to directors of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

22. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
At 1 September 2003/2002	40,000,000	40,000,000	40,000,000	40,000,000
Issued for cash:				
Private placement	4,000,000	-	4,000,000	-
Pursuant to ESOS	<u>1,101,000</u>	<u>-</u>	<u>1,101,000</u>	<u>-</u>
At 31 August 2004/2003	<u>45,101,000</u>	<u>40,000,000</u>	<u>45,101,000</u>	<u>40,000,000</u>

(a) Ordinary Shares Issued for Cash

During the financial year, the Company issued 4,000,000 new ordinary shares of RM1 each through the private placement of 2,000,000 shares at an issue price of RM1.00 per share for RM2,000,000 cash on 26 December 2003 and another 2,000,000 shares at an issue price of RM1.03 per share for RM2,060,000 cash on 13 January 2004, for additional working capital purposes. The share premium arising amounted to RM60,000 has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Employees' Share Options Scheme ("ESOS")

The Company's Employees' Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 26 February 2003. The duration of ESOS was from 20 November 2003 and is to be in force for a period of 5 years from the date of implementation. The Board of Directors and ESOS Committee may as deemed fit, extend the ESOS for another 5 years.

Notes To The Financial Statements

31 August 2004

The salient features of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.
- (ii) Subject to the discretion of the ESOS Committee, any employee whose employment has been confirmed and any executive directors holding office in a full-time executive capacity of the Group, shall be eligible to participate in the ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) The option price for each share shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date on which the option is granted less, if the Options Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM1.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

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

Grant Date	Expiry Date	Exercise Price RM	Granted '000	Exercised '000	Lapsed '000	At 31 August 2004 '000
20 November 2003	19 December 2008	1.00	3,270	1,101	(-)	2,169

Number of share options vested:

	2004 '000	2003 '000
At 1 September 2003/2002	-	-
At 31 August 2004/2003	2,169	-

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

Exercise Date	Exercise Price RM	Fair Value of Ordinary Shares RM	Number of Share Options '000	Consideration Received RM'000
2004				
January - August	1.00	1.00	1,101	1,101
Less: Par value of ordinary shares				<u>1,101</u>
Share premium				<u>-</u>

Notes To The Financial Statements

31 August 2004

23. TERM LOANS

GROUP	2004 RM	2003 RM
Term loans (secured)	4,151,822	6,304,874
Due within 12 months (Note 19)	<u>(1,509,230)</u>	<u>(2,156,555)</u>
Due after 12 months	<u>2,642,592</u>	<u>4,148,319</u>
Maturity of term loans		
Within 1 year	1,509,230	2,156,555
More than 1 year and less than 2 years	330,477	1,512,854
More than 2 years and less than 5 years	1,012,225	1,019,056
5 years or more	<u>1,299,890</u>	<u>1,616,409</u>
	<u>4,151,822</u>	<u>6,304,874</u>

The securities for the term loans are disclosed under Note 19.

The interest rates for the term loans range from 4.30% to 7.90% (2003: 4.30% to 8.15%) per annum.

24. HIRE-PURCHASE AND LEASE PAYABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Minimum lease payments:				
Not later than 1 year	989,733	1,812,635	139,909	209,862
Later than 1 year and not later than 2 years	220,471	937,396	-	139,909
Later than 2 years and not later than 5 years	<u>176,574</u>	<u>244,380</u>	<u>-</u>	<u>-</u>
	1,386,778	2,994,411	139,909	349,771
Future finance charges	<u>(101,823)</u>	<u>(249,098)</u>	<u>(3,468)</u>	<u>(20,227)</u>
Present value of finance lease liabilities	<u>1,284,955</u>	<u>2,745,313</u>	<u>136,441</u>	<u>329,544</u>
Present value of finance lease liabilities:				
Not later than 1 year	923,124	1,638,497	136,441	193,103
Later than 1 year and not later than 2 years	199,421	880,640	-	136,441
Later than 2 years and not later than 5 years	<u>162,410</u>	<u>226,176</u>	<u>-</u>	<u>-</u>
	<u>1,284,955</u>	<u>2,745,313</u>	<u>136,441</u>	<u>329,544</u>
Analysed as:				
Due within 12 months (Note 19)	923,124	1,638,497	136,441	193,103
Due after 12 months	<u>361,831</u>	<u>1,106,816</u>	<u>-</u>	<u>136,441</u>
	<u>1,284,955</u>	<u>2,745,313</u>	<u>136,441</u>	<u>329,544</u>

Notes To The Financial Statements

31 August 2004

Certain hire-purchase and lease payables of the Group and Company are secured by:

- (i) joint and several guarantee by certain directors of the Group; and
- (ii) corporate guarantee from the Company.

The hire-purchase and lease liabilities of the Group and of the Company bore interest at the balance sheet date of between 3.78% to 8.00% (2003: 3.78% to 8.00%) per annum and 3.78% (2003: 3.78%) per annum respectively.

25. LONG TERM BORROWING

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

26. DEFERRED TAX

GROUP	2004 RM	2003 RM
At 1 September 2003/2002	(664,100)	271,800
Recognised in the income statement (Note 9)	<u>45,990</u>	<u>(935,900)</u>
At 31 August 2004/2003	<u>(618,110)</u>	<u>(664,100)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(713,000)	(713,000)
Deferred tax liabilities	<u>94,890</u>	<u>48,900</u>
	<u>(618,110)</u>	<u>(664,100)</u>

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

Deferred Tax Assets of the Group:	Tax Losses, Unabsorbed Capital Allowances and Reinvestment Allowances RM	Others RM	Total RM
At 1 September 2003	(734,794)	(39,737)	(774,531)
Recognised in the income statement	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2004	<u>(734,794)</u>	<u>(39,737)</u>	<u>(774,531)</u>
Deferred Tax Liabilities of the Group:	Accelerated Capital Allowances RM	Others RM	Total RM
At 1 September 2003	110,431	-	110,431
Recognised in the income statement	<u>84,091</u>	<u>(38,101)</u>	<u>45,990</u>
At 31 August 2004	<u>194,522</u>	<u>(38,101)</u>	<u>156,421</u>

Notes To The Financial Statements

31 August 2004

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

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Capital allowances in excess of depreciation	3,251,314	2,658,732	13,140	10,933
Unused tax losses	(2,776,598)	(2,702,313)	(937,782)	(592,363)
Unabsorbed capital allowances	(4,440,752)	(2,591,370)	(21,396)	(14,630)
Unabsorbed reinvestment allowances	(2,707,249)	(2,647,029)	-	-
Other deductibles temporary differences	(19,471)	(16,947)	591	-
	<u>(6,692,756)</u>	<u>(5,298,927)</u>	<u>(945,447)</u>	<u>(596,060)</u>

The unused tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances are available indefinitely for offset against future taxable profits of the Company and the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of the Company and the subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

27. RESERVE ON CONSOLIDATION

GROUP	2004 RM	2003 RM
At 1 September 2003/2002	7,259,652	7,177,475
Reserve arising from acquisition of subsidiaries	-	82,177
	<u>7,259,652</u>	<u>7,259,652</u>
Less: Accumulated amortisation	(6,447,616)	(4,997,054)
At 31 August 2004/2003	<u>812,036</u>	<u>2,262,598</u>

28. PRIOR YEAR ADJUSTMENTS

The changes in accounting policy have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

GROUP	2004 RM	2003 RM
Effects on accumulated losses:		
At 1 September 2003/2002, as previously stated	(13,364,303)	(6,762,107)
Effects of adopting MASB 29	(502,373)	(365,863)
At 1 September 2003/2002, as restated	<u>(13,866,676)</u>	<u>(7,127,970)</u>
Effects on net profit/(loss) for the year:		
Net profit/(loss) before changes in accounting policies	779,049	(6,602,196)
Effects of adopting MASB 29	(91,056)	(136,510)
Net profit/(loss) for the year	<u>687,993</u>	<u>(6,738,706)</u>

Notes To The Financial Statements

31 August 2004

	2004 RM	2003 RM
COMPANY		
Effects on accumulated losses:		
At 1 September 2003/2002, as previously stated	(2,738,866)	(1,479,035)
Effects of adopting MASB 29	<u>(126,358)</u>	<u>(80,144)</u>
At 1 September 2003/2002, as restated	<u>(2,865,224)</u>	<u>(1,559,179)</u>
Effects on net loss for the year:		
Net loss before changes in accounting policies	(1,248,628)	(1,259,831)
Effects of adopting MASB 29	<u>(32,840)</u>	<u>(46,214)</u>
Net loss for the year	<u>(1,281,468)</u>	<u>(1,306,045)</u>

Comparatives amounts as at 31 August 2003 have been restated as follows:

	Previously stated RM	Adjustments RM	As restated RM
GROUP			
Balance Sheet			
Other payables	4,104,767	502,373	<u>4,607,140</u>
Income statement			
Staff costs	20,831,869	(136,510)	<u>20,968,379</u>
Cash flow statement			
Provision for short term accumulating compensated absences	-	(136,510)	<u>136,510</u>
COMPANY			
Balance sheet			
Other payables	257,054	126,358	<u>383,412</u>
Income statement			
Staff costs	1,067,548	(46,214)	<u>1,113,762</u>
Cash flow statement			
Provision for short term accumulating compensated absences	-	(46,214)	<u>46,214</u>

29. CAPITALISATION ARISING FROM BONUS ISSUE BY SUBSIDIARIES

During the year, 2 subsidiaries D'nonce (Johor) Sdn. Bhd. and AV (KL) Sdn. Bhd. issued bonus shares amounting to 970,000 and 450,000 ordinary shares of RM1.00 each respectively by capitalizing these amounts from their retained profits. As a result, the Group has capitalised the total amount of RM1,420,000 as other capital reserve.

Notes To The Financial Statements

31 August 2004

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Expenses charged by Segi Reka Integrated Sdn. Bhd., in which a director, Law Kim Choon has an interest	77,640	176,985	-	-
Expenses charged by Nikado Enterprise (M) Sdn. Bhd., in which a director, Law Kim Choon has an interest	253,751	233,000	-	-
Rental expenses charged by the following directors, Law Kim Choon, Lim Teik Hoe and Chan Seng Sun	24,000	24,000	-	-
Rental expenses charged by Wintry Enterprise Sdn. Bhd., in which certain directors, Law Kim Choon, Lim Teik Hoe and Chan Seng Sun have interests	9,600	9,600	-	-
Expenses charged to subsidiaries	-	-	(961,803)	(244,900)
Management fees charged to subsidiaries	-	-	(559,000)	(430,000)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31. COMMITMENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Capital Commitments Further investment in equity of a foreign subsidiary approved and contracted for	-	-	1,422,853	-
(b) Expenditure Commitments Expenditure for restructuring proposals approved but not contracted for	2,500,000	-	2,500,000	-

Notes To The Financial Statements

31 August 2004

32. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2004	2003
	RM	RM
(a) Corporate guarantees given to banks for banking facilities granted to certain subsidiaries	<u>22,617,002</u>	<u>16,929,242</u>

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

- (b) On 21 July 2003, a Writ of Summons was served on D'nonce (M) Sdn. Bhd. ("DMSB"), a subsidiary of the Company by DAE-A Lead Wire Co. Ltd. claiming for approximately USD507,000 being goods sold to DMSB. DMSB has claimed that the Plaintiff's goods which have been fully accrued are defective and not according to specifications. Furthermore, DMSB has correspondence with the Plaintiff establishing its complaints regarding the quality of the Plaintiff's goods. The legal advisers have advised the directors of the subsidiary that in view of this there is a likelihood that the Plaintiff's claim may not succeed.

Accordingly, no provisions have been made by the directors of DMSB for any further liabilities that may arise relating to the above claim.

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31 August 2004. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at banks.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly Japanese Yen, Singapore Dollar, Thai Baht and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

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.

Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

Notes To The Financial Statements

31 August 2004

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

At 31 August 2004:

Functional Currency of Group Companies	Net Financial Assets/(Liabilities) Held in Non-Functional Currency				Total RM
	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM	Others RM	
Trade Receivables					
Ringgit Malaysia	325,766	120,935	2,550,585	46,080	3,043,366
Other Receivables					
Ringgit Malaysia	-	4,254	271,594	-	275,848
Cash and Bank Balances					
Ringgit Malaysia	777	2,448	619,838	9,043	632,106
Trade Payables					
Ringgit Malaysia	143,620	221,891	3,164,569	-	3,530,080
Thai Baht	-	-	215,335	58,488	273,823
	143,620	221,891	3,379,904	58,488	3,803,903
Other Payables					
Ringgit Malaysia	-	4,357	68	-	4,425
At 31 August 2003:					
Trade Receivables					
Ringgit Malaysia	-	78,821	2,299,866	-	2,378,687
Other Receivables					
Ringgit Malaysia	-	4,254	225,551	-	229,805
Cash and Bank Balances					
Ringgit Malaysia	777	-	1,575,378	9,928	1,586,083
Trade Payables					
Ringgit Malaysia	307,988	256,304	3,881,996	7,071	4,453,359
Thai Baht	-	-	294,025	-	294,025
	307,988	256,304	4,176,021	7,071	4,747,384
Other Payables					
Ringgit Malaysia	-	16,931	260	-	17,191

Notes To The Financial Statements

31 August 2004

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

	Currency	|----- Maturities -----|			Total Notional Amount RM
		Within 1 Year RM	1 Year Up to 5 Years RM	5 Years or More RM	
At 31 August 2004:					
Forwards used to hedge trade receivables	US Dollar	5,749,000	-	-	5,749,000
At 31 August 2003:					
Forwards used to hedge trade receivables	US Dollar	1,141,000	-	-	1,141,000

There are no unrecognised gains or loss as at 31 August 2004 on forward contracts used to hedge anticipated sales which are expected to occur.

(d) Liquidity Risk

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

(e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 16.

Notes To The Financial Statements

31 August 2004

(f) Fair Values

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

	Note	GROUP		COMPANY	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets					
At 31 August 2004:					
Non-current other investments	13	221,205	#	-	-
Amount due from subsidiaries	14	-	-	12,019,195	*
At 31 August 2003:					
Non-current other investments	13	221,205	#	-	-
Amount due from subsidiaries	14	-	-	15,180,896	*
Financial Liabilities					
At 31 August 2004:					
Amount due to subsidiaries	14	-	-	3,712,576	*
Amount due to directors of subsidiaries	21	99,975	*	-	-
Term loans	23	4,151,822	4,601,090	-	-
Hire-purchase and lease payables	24	1,284,955	1,279,288	136,441	136,441
Long term borrowing	25	4,707	*	-	-
At 31 August 2003:					
Amount due to subsidiaries	14	-	-	4,309,397	*
Amount due to directors of subsidiaries	21	255,632	*	-	*
Term loans	23	6,304,874	7,191,562	-	-
Hire-purchase and lease payables	24	2,745,313	2,913,308	329,544	344,675
Long term borrowing	25	4,707	*	-	*

It is not practical to estimate the fair values of the Group's non-current other investments because of the lack of market prices and the inability to estimate fair value without incurring excessive costs.

* It is also not practical to estimate the fair values of the amounts due from/to subsidiaries, amount due to directors of subsidiaries and long term borrowing due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The nominal amounts and net fair values of the financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Note	COMPANY	
		Nominal Amount RM	Net Fair Value RM
At 31 August 2004:			
Contingent liabilities	32	22,617,002	❖
At 31 August 2003:			
Contingent liabilities	32	16,929,242	❖

❖ It is not practical to estimate the fair values of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

Notes To The Financial Statements

31 August 2004

The following methods and assumptions are used to estimate the fair value of the following classes of financial instruments:

i. **Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings**

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

ii. **Borrowings**

The fair values of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

34. SEGMENTAL INFORMATION

(a) Business Segments:

The Group is organised into four major business segments:

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

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Integrated Supply Chain Products and Services RM	Contract Manufacturing RM	Supply of Packaging Materials RM	Plastic Injection Mould Products RM	Eliminations RM	Consolidation RM
31 August 2004						
Revenue						
External sales	62,460,028	16,433,471	64,242,554	259,800	-	143,395,853
Inter-segments sales	13,912,884	1,262,030	13,392,249	2,473,735	(31,040,898)	-
Total revenue	76,372,912	17,695,501	77,634,803	2,733,535	(31,040,898)	<u>143,395,853</u>
Results						
Segment results	994,543	(678,483)	2,196,319	308,388		2,820,767
Unallocated corporate expenses						1,437,456
Unallocated corporate income						<u>(1,450,562)</u>

Notes To The Financial Statements

31 August 2004

	Integrated Supply Chain Products and Services RM	Contract Manufacturing RM	Supply of Packaging Materials RM	Plastic Injection Mould Products RM	Eliminations RM	Consolidation RM
Profit from operations						2,807,661
Finance costs, net						(1,346,460)
Taxation						<u>(326,927)</u>
Profit after taxation						1,134,274
Minority interest						<u>(446,281)</u>
Net profit for the year						<u>687,993</u>
Assets						
Segment assets	18,155,046	17,615,763	43,977,371	2,172,926		81,921,106
Unallocated corporate assets						<u>3,282,064</u>
Consolidated total assets						<u>85,203,170</u>
Liabilities						
Segment liabilities	6,517,974	5,665,339	24,533,397	743,365		37,460,075
Unallocated corporate liabilities						<u>1,381,435</u>
Consolidated total liabilities						<u>38,841,510</u>
Other Information						
Capital expenditure	147,079	1,960,016	531,671	10,514		2,649,280
Depreciation	150,153	1,970,663	1,956,673	124,139		4,201,628
Amortisation of reserve on consolidation	-	-	-	-		(1,450,562)
Reversal of impairment losses	-	-	(88,005)	-		(88,005)
Non-cash expenses other than depreciation and impairment losses	357,082	114,712	826,908	-		1,298,702
31 August 2003 (restated)						
Revenue						
External sales	51,293,192	21,094,507	59,512,331	978,622	-	132,878,652
Inter-segments sales	<u>13,636,351</u>	<u>1,092,615</u>	<u>13,225,347</u>	<u>2,994,726</u>	<u>(30,949,039)</u>	-
Total revenue	64,929,543	22,187,122	72,737,678	3,973,348	(30,949,039)	<u>132,878,652</u>
Results						
Segment results	(135,487)	(5,729,202)	1,485,320	(1,372,680)		(5,752,049)
Unallocated corporate expenses						(1,168,586)
Unallocated corporate income						<u>1,450,562</u>

Notes To The Financial Statements

31 August 2004

	Integrated Supply Chain Products and Services RM	Contract Manufacturing RM	Supply of Packaging Materials RM	Plastic Injection Mould Products RM	Eliminations RM	Consolidation RM
Loss from operations						(5,470,073)
Finance costs, net						(1,517,143)
Taxation						479,351
Loss after taxation						(6,507,865)
Minority interest						(230,841)
Net loss for the year						<u>(6,738,706)</u>
Assets						
Segment assets	11,326,503	18,903,185	51,018,139	2,391,337		83,639,164
Unallocated corporate assets						<u>1,138,692</u>
Consolidated total assets						<u>84,777,856</u>
Liabilities						
Segment liabilities	8,664,965	7,690,489	22,154,857	3,367,040		41,877,351
Unallocated corporate liabilities						<u>2,997,401</u>
Consolidated total liabilities						<u>44,874,752</u>
Other Information						
Capital expenditure	501,995	699,779	5,543,872	37,618		6,783,264
Depreciation	81,919	2,523,531	1,823,735	357,285		4,786,470
Amortisation of reserve on consolidation	-	-	-	-		(1,450,562)
Impairment losses	-	510,794	-	874,146		1,384,940
Non-cash expenses other than depreciation and impairment losses	-	2,445,513	255,296	6,157		2,706,966

Notes To The Financial Statements

31 August 2004

(b) Geographical Segments:

Although the Group's four major business segments are managed on a worldwide basis, they operate in two principal geographical areas of the world. In Malaysia, its home country, the Group's areas of operation are principally contract manufacturing and supply of packaging materials.

The Group also operates in Thailand which mainly engage in integrated supply chain products and services activities.

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Malaysia	99,475,879	94,693,881	73,205,850	74,965,775	739,719	6,314,339
Thailand	43,919,974	38,184,771	11,997,320	9,812,081	1,928,886	501,995
Consolidated	143,395,853	132,878,652	85,203,170	84,777,856	2,668,605	6,816,334

35. SIGNIFICANT EVENTS

The Company has on 4 August 2004 entered into a Memorandum of Understanding with Timeless Solution Sdn. Bhd. to acquire 100% equity interest in Edison Transformer & Technology Sdn. Bhd. (formerly known as Edison Transforma & Technology Sdn. Bhd.) an investment holding company which will hold either directly or indirectly shares in the following companies ("Edison Group").

- (a) 100% equity in Edison Electrical Holdings Limited;
- (b) 100% equity in JMC China Strategy Inc;
- (c) 100% equity in Pacific Resources Enterprises Limited;
- (d) 100% equity in Edison International Sales Limited;
- (e) 51% equity in Shandong JMC Electric Group Company Limited; and
- (f) 51% equity in Shenzhen Berg Transformer Company Limited

The acquisition of the Edison Group is expected to allow the Group to gain access to the cutting edge technologies in power distribution and propel the Group to become a player in power distribution, domestically and regionally.

Subsequently on 17 November 2004, the Company entered into a conditional sale and purchase agreement ("SPA") with Timeless Solutions Sdn. Bhd. ("Vendor") to acquire the entire issued and paid-up capital of Edison Electrical Holdings Limited (formerly known as JMC Electrical Holdings Limited) ("Edison") comprising 128,000,000 ordinary shares of USD0.10 each in Edison ("Edison Shares") as at the date of the SPA, for a purchase consideration of RM152,000,000 ("Purchase Consideration") to be satisfied by the issuance of 152,000,000 new ordinary shares of RM1.00 each in the Company ("D'nonce Share(s)") at a proposed issue price of RM1.00 per D'nonce Share ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, the Company also proposes the following:-

- (i) Proposed exemption to the Vendor from the obligation to undertake a mandatory offer in accordance with the Malaysian Code on Take-Overs and Mergers 1998 ("Code") for the remaining D'nonce Shares not already owned by the Vendor upon the completion of the Proposed Acquisition ("Proposed Exemption");
- (ii) Proposed private placement of new D'nonce Shares of up to 10% of the issued and paid-up share capital upon completion of the Proposed Acquisition ("Proposed Private Placement by Company");
- (iii) Proposed transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company upon completion of the Proposed Acquisition and Proposed Private Placement by Company from the Second Board to the Main Board of the Bursa Malaysia Securities Berhad ("Proposed Transfer");

Notes To The Financial Statements

31 August 2004

- (iv) Proposed private placement of up to 30,000,000 D'nonce Shares by the Vendor upon completion of the Proposed Acquisition ("Proposed Private Placement by Vendor"); and
- (v) Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 100,000,000 D'nonce Shares to RM250,000,000 comprising 250,000,000 D'nonce Shares prior to the completion of the Proposed Acquisition ("Proposed Increase in Authorised Share Capital").

The Proposed Acquisition, Proposed Exemption, Proposed Private Placement by Company, Proposed Transfer, Proposed Private Placement by Vendor and Proposed Increase in Authorised Share Capital are collectively known as Proposals.

The Proposed Acquisition is conditional upon a waiver or approval being granted by Securities Commission in relation to the Proposed Exemption. The Proposed Acquisition is conditional upon the Proposed Increase in Authorised Share Capital. The Proposed Private Placement by Company, Proposed Transfer and Proposed Private Placement by vendor are conditional upon the Proposed Acquisition.

The Proposals are subject to approval by the relevant authorities and shareholders.

36. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 2 (a) and Note 28.

37. CURRENCY

All amounts are stated in Ringgit Malaysia (RM), unless otherwise stated.

List Of Properties Owned

As At 31 August 2004

Beneficial owner/ Location	Description/ Existing Use	Land/Built up area (sq.ft.)	Age of building (years) 31.08.2004	Type of land/tenure (Year of expiry for leasehold)	Net book value as at 31.08.2004 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	14	60 years - leasehold (2045)	96	05.11.1990
51-14 B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10500 Penang	Building/Corporate Head Office	*/ 3,670	10	Freehold	809	14-B: 21.03.1994 14C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur	Condominium	*/ 975	13	99 years - leasehold (2090)	133	02.01.1992
Attractive Venture Sdn Bhd						
No.1 Puncak Perusahaan 1, Kawasan MIEL, Prai Industrial Estate, 13600 Penang	Industrial land and building/Factory	21,590 / 12,208	13	60 years - leasehold (2045)	717	19.12.1991
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang	Industrial land and building/Factory	46,800 / 29,614	16	60 years - leasehold (2046)	3,588	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	9	Freehold	313	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	7	Freehold	287	04.07.1997
Plot 37, 1652 Mukim 11, Lorong Perusahaan Maju 7, Taman Perindustrian Bukit Tengah, Phase IV, 13600 Prai, Penang	Industrial land and building/Factory	44,800 / 50,000	7	60 years - leasehold (2052)	6,491	27.08.1997
Plot 36, Mukim 11, Lorong Perusahaan Maju 7, Taman Perindustrian Bukit Tengah, Phase IV, 13600 Prai, Penang	Industrial land and building/Factory	96,500 / 66,342	2	60 years - leasehold (2052)	3,251	13.06.2002
Attractive Venture (JB) Sdn Bhd						
1273, Jalan Sri Putri 3/4 Taman Putri Kulai, 81000 Kulai, Johor	Building/Factory	2,400 / 2,777	5	Freehold	248	10.09.1999
D'nonce (Johore) Sdn Bhd						
8 Jalan Mutiara Emas 5/17, Taman Mount Austin, Johore Bahru, 81100 Johore	Industrial land and building/Office	3,120 / 2,568	8	Freehold	330	05.08.1996
D'nonce (KL) Sdn Bhd						
No 39, Jalan 1/119, Taman Bukit Hijau, 6th Mile, Jalan Cheras, 56000 Kuala Lumpur	Building and land/ Office	1,540 / 4,510	13	Freehold	566	15.07.1997
Total					16,829	

* Not applicable

Analysis Of Shareholdings

31 December 2004

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid	:	RM45,101,000.00
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Total Number of Shareholders	:	2,258
Voting right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of holdings	Number of Shareholders	% of Total Shareholders	Number of Shares	% of Issued Share Capital
1 – 99	5	0.22	179	0.00
100 – 1,000	1,053	46.63	1,046,700	2.32
1,001 – 10,000	987	43.71	4,001,000	8.87
10,001 – 100,000	174	7.71	4,918,742	10.91
100,001 – 2,255,049	36	1.59	18,934,236	41.98
2,255,050 & above	3	0.14	16,200,143	35.92

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest	% Number of Share Held	Deemed Interest	%
Khazanah Nasional Berhad	9,000,000	19.96	-	-
Cartaban Nominees (Asing) Sdn. Bhd. (beneficial owner: Pan Asia Special Opportunities Fund)	4,690,000	10.40	-	-
General Produce Agency Sdn. Bhd.	2,510,143	5.57	-	-
Chan Seng Sun	2,326,800	5.16	-	-

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	% Number of Share Held	Deemed Interest	%
Chan Seng Sun	2,326,800	5.16	-	-
Lim Teik Hoe	1,780,000	3.95	-	-
Law Kim Choon	1,660,000	3.68	-	-
Chin Yam Sin	20,000	0.04	-	-

In the Subsidiaries

None of the directors have any direct shareholdings in the subsidiaries

Thirty Largest Shareholders

Name of Shareholder	Number of Shares	% of Issued Share Capital
1. Khazanah Nasional Berhad	9,000,000	19.96
2. Cartaban Nominees (Asing) Sdn. Bhd. Dexia BQ Intl A Lux for Pan Asia Special Opportunities Fund	4,690,000	10.40
3. General Produce Agency Sdn. Berhad	2,510,143	5.57
4. Lembaga Tabung Angkatan Tentera	1,984,800	4.40
5. Commerce Technology Ventures Sdn. Bhd.	1,800,000	3.99
6. Lim Teik Hoe	1,480,000	3.28
7. Law Kim Choon	1,260,000	2.79
8. Chan Seng Sun	1,212,000	2.69
9. AmFinance Berhad Pledged Securities Account for Ng Keng Keong (Coastal)	1,173,400	2.60
10. Citicorp Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khor Chee Kong (473344)	1,019,000	2.26
11. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koperasi Polis Diraja Malaysia Berhad (3309 Daya)	1,000,000	2.22
12. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Seng Sun	814,800	1.81
13. Goh Shze Yinn	498,000	1.10
14. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for UT Securities Sdn. Bhd. (2531002)	491,000	1.09
15. Citicorp Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lam Mei Fong (474021)	449,971	1.00
16. Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Keng Keong (AmFinance)	438,000	0.97
17. Law Kim Choon	400,000	0.89
18. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kam Leng	393,200	0.87
19. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account A.A. Anthony Securities Sdn. Bhd. (3193 Hpza)	340,000	0.75
20. K&N Kenanga Bhd. IVT (B1)	329,000	0.73

Thirty Largest Shareholders

	Name of Shareholder	Number of Shares	% of Issued Share Capital
21.	Chan Seng Sun	300,000	0.67
22.	Lim Teik Hoe	300,000	0.67
23.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pauline Koh Siok Huang	296,300	0.66
24.	Khor Chee Kong	277,100	0.61
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Beh Cheng Siong	253,200	0.56
26.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiah Mui Kiang	244,000	0.54
27.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Choo Beng Soon (AmFinance)	235,150	0.52
28.	Quah Guan Lai	218,508	0.48
29.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for On Boon Kai	200,000	0.44
30.	Reno Teh Hak Aik	200,000	0.44
		33,807,572	74.96

This page has been deliberately left blank.

FORM OF PROXY

D'NONCE TECHNOLOGY BHD

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

Shareholding represented by Proxy	
-----------------------------------	--

I/We
(Full Name In Capital Letters)

of
(Address)

being a member/members of **D'nonce Technology Bhd.** ("the Company"), hereby appoint

.....
(Full Name)

of

or failing him/her

of

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the FIFTH ANNUAL GENERAL MEETING of the Company to be held at The City Bayview Hotel, Sri Gangsa Room, No. 25A Lebu Farquhar, 10200 Penang on Friday, 25 February 2005 at 10.00 a.m. and at any adjournment thereof in the manner indicated:-

			FOR	AGAINST
Resolution 1	-	Adoption of financial statements and reports of Directors and Auditors		
Resolution 2	-	Approval of Directors' fees		
		Re-election of Directors:		
Resolution 3	-	Mr Lim Teik Hoe		
Resolution 4	-	Dato' Oon Choo Eng @ Oon Choo Khye		
Resolution 5	-	Cik Nuranisah binti Mohd Anis		
Resolution 6	-	Mr Looi Kok Leong		
Resolution 7	-	Re-appointment of External Auditors and to authorise the Directors to fix their remuneration		
Resolution 8	-	Authority to allot shares		
Resolution 9	-	Renewal of Shareholders' Mandate - Item 1		
Resolution 10	-	Renewal of Shareholders' Mandate - Item 2		

Please indicate with "X" how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this day of 2005.

CDS Account Number	
Number of shares held	

.....
Signature/Common Seal of Appointer

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.
2. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 21 Persiaran Midlands 10250 Penang not less than 48 hours before the time set for the meeting.
3. Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. 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.

Fold this flap for sealing



Then fold here



AFFIX
STAMP

The Company Secretary
D'NONCE TECHNOLOGY BHD (503292-K)
21, Persiaran Midlands
10250 Penang
Malaysia



1st fold here