

Notes to the unaudited results of the Group for the fourth quarter ended 31 Aug 2011.

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 August 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2010.

2 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 August 2010, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations by the Group with effect from 1 September 2010.

FRSs, Amendments to FRSs and Interpretations

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (Revised)
FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (Revised)
FRS 123: Borrowing Costs
FRS 127: Consolidated and Separate Finance Statements
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 2: Share-based Payment
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 5: Non-current Asset Held for Sales and Discontinued Operations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 132: Financial Instruments: Classification of Right Issues
Amendments to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Improvements to FRSs issued in 2009
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

Other than the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in accounting policies and presentation of the financial results of the Group.

2 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(a) FRS 101: Presentation of Financial Statement (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognized directly in equity, either in one single statement, or in two statements. The Group has elected to present this statement in two statement approach. This Standard does not have any impact on the financial position and results of the Group.

(b) FRS 139: Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognized on their settlement dates. Outstanding derivatives at the balance sheet date were not recognized. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognized at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognized and unrecognized in the prior financial year are classed into the following categories:

	Pre-FRS 139	Post-FRS 139
1	Long-term equity investments	Available-for-sale investments
2	Long-term quoted debt instruments	Held-to-maturity investments
3	Private-debt instruments	Loans and receivables
4	Current investments	Financial assets at fair value through profit or loss
5	Unrecognised derivative assets	Financial assets at fair value through profit or loss
6	Long-term borrowings and bonds	Financial liabilities at amortised cost
7	Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases applied to the financial asset and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit loss	At fair value through profit or loss
2	Held-to-maturity investments	At amortised cost effective interest method
3	Loans and receivables	At amortised cost effective interest method
4	Available-for-sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loans and other financial liabilities	At amortised cost effective interest method

2 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(b) FRS 139: Financial Instruments: Recognition and Measurement (Cont'd)

Financial assets and financial liabilities designated as hedged items and hedging financial derivative are accounted for using the specified hedge accounting requirement of FRS 139. All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 139.

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirement are applied prospectively from 1 January 2010. The effects of the remeasurement on 1 September 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits and other opening reserves as disclosed in the statement of changes in equity.

(c) Amendment to FRS 117: Leases

This amendment clarifies the classification of lease of land and requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. The reclassification of leasehold land from prepaid land lease payments to property, plant and equipment and investment properties have been accounted for retrospectively.

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

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendment to FRS 7: Improving Disclosures about Financial Instruments
Amendment to FRS 1: Additional Exemptions for First-time Adopters
Amendment to FRS 2: Group Cash-settled Share-based Payment Transactions
IC Interpretation 4: Determining whether an Arrangement contains a lease
IC Interpretation 18: Transfers of Assets from Customers
Improvements to FRSs issued in 2010

Effective for financial periods beginning on or after 1 July 2011

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 134: Related Party Disclosures
IC Interpretation 15: Agreements for the Construction of Real Estate

The Group plan to adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are expected to have no significant impact to the financial statements of the Group upon their initial application.

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3 Audit Report of the Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 August 2010 was not subjected to any qualification.

4 Seasonality and Cyclical Operations

The Group is subjected to the cyclical effects of the electronic industry as a result of the volatility of demand.

5 Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow that are Unusual Because of Their Nature, Size or Incidence.

There were no items affecting assets, liabilities, equity, net income or cash flow that are unusual because of their nature, size or incidence for the current quarter and financial year to date except for the following:

On 5 March 2011, a factory building that belongs to Attractive Venture Sdn. Bhd. ("AVSB") has caught fire. The entire building was destroyed. This incident will not have significant impact to the Group financial performance except for the loss of rental of RM40,000 per month.

The net book value of the affected building has been adjusted as at the financial year end with an offered compensation of RM2.3mil.

6 Material Changes in Accounting Estimates

There were no changes in accounting estimates of amounts reported in prior interim periods or the current financial period or changes in estimates of amounts reported in prior financial years.

7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares or resale of treasury shares for the current financial period.

8 Dividend Paid

No dividend was paid during the financial year to date.

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9 Segmental Reporting

The Group's segmental analysis is as follows:

12 months period ended 31 Aug 2011	Integrated Supply Chain Products And Services	Contract Manufacturing Services	Supply of Packaging Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	52,281	24,788	94,629	-	171,698
Inter-segment revenue	3,114	333	16,381	(19,828)	-
Total segment revenue	55,395	25,121	111,010	(19,828)	171,698
RESULTS					
Segment results	1,038	3,591	2,946	-	7,575
Unallocated corporate expenses					484
Operating profit					8,059
Finance costs, net					(1,460)
Profit before taxation					6,599
Taxation					(1,293)
Profit after taxation					5,306
Interest revenue	-	27	306	-	333
Interest expense	71	60	1,329	-	1,460
Depreciation and amortisation	64	1,505	2,615	-	4,184
Other significant non-cash items	94	(83)	236	-	247
Segment assets	11,584	16,669	80,846	-	109,099
Unallocated assets					3,700
Total assets					112,799
Segment liabilities	6,325	3,559	38,292	-	48,176
Unallocated liabilities					4,579
Total liabilities					52,755

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9 Segmental Reporting (Cont'd)

12 months period ended 31 Aug 2010	Integrated Supply Chain Products And Services	Contract Manufacturing Services	Supply of Packaging Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	63,807	25,074	97,739	-	186,620
Inter-segment revenue	5,487	98	18,475	(24,060)	-
Total segment revenue	69,294	25,172	116,214	(24,060)	186,620
RESULTS					
Segment results	1,980	837	3,390	-	6,207
Unallocated corporate expenses					224
Operating profit					6,431
Finance costs, net					(1,356)
Profit before taxation					5,075
Taxation					(471)
Profit after taxation					4,604
Interest revenue	-	13	305	-	318
Interest expense	53	64	1,239	-	1,356
Depreciation and amortisation	64	2,101	2,580	-	4,745
Other significant non-cash items	121	1,757	(451)	-	1,427
Segment assets	14,426	18,169	77,673	-	110,268
Unallocated assets					(183)
Total assets					110,085
Segment liabilities	8,717	3,673	38,625	-	51,015
Unallocated liabilities					4,081
Total liabilities					55,096

Segment profit and loss does not include taxation as this expense is managed on a group basis.

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10 Valuation of Property, Plant and Equipment

The valuations of the property, plant and equipment have been brought forward without any amendments from the previous audited financial statement.

11 Subsequent Material Event

There were no material events that have been taken place subsequent to the Balance Sheet date except for the following:-

As at 24 October 2011, the manufacturing facilities of a subsidiary in Thailand, ISCM Technology (Thailand) Co. Ltd. ("ISCMT"), were affected by flood in both Rojana and Navanakorn Industrial Estate.

The Directors are unable to determine the extent of the damage in both the manufacturing facilities at Rojana and Navanakorn as the flood has not subsided. However, the Directors also believe that the damages should be covered by insurance.

12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year to date except for the following:-

On 20 January 2011, the Company has entered into a Share Sale Agreement with Mayban-JAIC Asean Fund to acquire 30% equity interest of ISCM Technology (Thailand) Co. Ltd. ("ISCMT") comprising of 300,000 ordinary share of Baht 100 each for a purchase consideration of RM7.5 million. The Proposed Acquisition is expected to be completed on or before 28 February 2012. The shareholders have approved the proposed acquisition on 28 February 2011.

13 Changes in Contingent Liabilities and Assets

The Company provided corporate guarantees amounting to RM13,152,000 for the banking facilities granted to certain subsidiary companies.

14 Capital Commitment

The amount of commitments not provided for in the interim financial statements as at 31 Aug 2011 is as follows:

	RM'000
Approved and contracted for:	
- Land and Building	10,089
- Plant and Machinery	364
Approved and not contracted for:	
- Building	5,000
Total Capital Commitment	15,453

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15 Review of Performance of the Group

The current quarter's revenue is registered at approximately RM45 million with a profit before taxation of RM2.3 million. Comparing this to the same quarter last year, the Group's revenue has shown a reduction of approximately RM2.4 million. However, the current quarter's profit is RM324,000 higher than the same quarter of the previous year is mainly due to the net gain after offsetting the insurance company's compensation with the book value of our factory building that was burnt down.

The Group's revenue for the 12 month's period is recorded at RM172million which is a reduction of approximately RM15million from the previous year. This is mainly due to the flood incident in the Southern Thailand which occurred at the end of 2010. However, the Group's profit before taxation is RM1.5million higher than preceding year mainly due to a reversal of an amount owing to a trade creditor and also better cost control within the Group.

16 Material Changes in Profit Before Taxation Against Preceding Quarter

The current quarter's revenue has registered a decrease of RM1.6 million compared to the immediate preceding quarter.

Despite the lower revenue, this current quarter's profit before taxation is RM896,000 higher than immediate preceding quarter. This is mainly due to the net gain after offsetting the insurance company's compensation with the book value of our factory building that was burnt down and effective cost control within the Group.

17 Prospects

The current uncertainties in the global outlook, the slowdown of the Electrical and Electronic (E&E) sector and the recent flood in Bangkok, Thailand which has affected our manufacturing facilities is expected to give a negative impact on the Group's performance.

18 Profit Forecast and Profit Guarantee

Not applicable.

19 Taxation

	Current Quarter		Cumulative Quarter	
	31 Aug 2011	31 Aug 2010	31 Aug 2011	31 Aug 2010
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	278	(57)	1,846	744
Prior period	(6)	(88)	(6)	(99)
Deferred tax:				
Current period	(528)	(204)	(548)	(215)
Provision no longer required	(16)	1	1	11
Withholding tax:				
Current period	-	-	-	30
Total tax expenses	(272)	(348)	1,293	471

The effective taxation rate is lower than statutory taxation rate primarily due to the utilization of business losses to set off against the taxable income of certain subsidiaries.

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20 Sales of Un-quoted Investments and/or Properties

There were no sales of un-quoted investments and/or properties for the current quarter and financial year to date.

21 Quoted Investments

- (a) There were no purchases or disposal of quoted securities for the current quarter and financial year to date and;
- (b) The Company had no investment in quoted securities as at the end of this reporting period.

22 Status of Corporate Proposal

There were no corporate proposals announced but not yet completed as at the date of this report except as follows:-

(a) Employees' Share Option Scheme (ESOS)

ESOS	First Tranche	Second Tranche	Total
Grant Date	20 Nov 2003	16 March 2004	
Expiry Date	26 May 2013	26 May 2013	
As at 1 Sep 2010	926,000	64,000	990,000
Granted	-	-	-
Exercised	-	-	-
Foregone	42,000	8,000	50,000
As at 31 Aug 2011	884,000	56,000	940,000
Option price per Ordinary Share (RM)	1.00	1.34	

(b) Status of Utilization of Proceeds from the ESOS

There were no proceeds during current financial period.

23 Group Borrowings and Debt Securities

The Group Borrowings as at the end of the reporting period comprised secured term loan, bank overdrafts, bills payable and hire purchases denominated in Ringgit Malaysia payable in the following manner:-

	As At 31 Aug 2011 RM'000	As At 31 Aug 2010 RM'000
Secured:		
Short Term	17,098	15,409
Long Term	7,377	8,025
Total	24,475	23,434
Unsecured:		
Short Term	330	967
Grand Total	24,804	24,401

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24 Derivative Financial Instrument

As at 31 Aug 2011, the foreign currency contracts which have been entered into by the Group to hedged its foreign receivable in foreign currency is as follow:

Forward Foreign Currency Contracts	Contract Value RM'000	Fair Value (RM'000)	Gain / (Losses) (RM'000)
Less than 1 year	3,325	3,245	80

The fair value changes of derivative financial asset had resulted in a gain of RM79,824 for the current quarter.

Prior to the adoption of FRS 139, derivative financial instruments were recognized in the financial statements on settlement date. With the adoption of FRS 139, derivative financial instruments are now categorized as fair value through profit or loss and measured at their fair value with the gain or loss recognized in the profit or loss.

25 Realised and unrealised profit/losses disclosure

	As At 31 Aug 2011 RM'000	As At 31 May 2011 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:-		
- Realised	1,249	2,944
- Unrealised	508	(17)
	1,757	2,927
Add : Consolidated adjustments	(14,844)	(18,686)
Total Group accumulated losses as per consolidated income statements	(13,087)	(15,759)

26 Material Litigation

The Group is not engaged in any material litigation as at 24 Oct 2011 except for the following:-

Mr. Goh Hong Lim (“GHL”), the ex Managing Director of D’nonce Technology Bhd (“DTB”) filed an industrial claim through the Industrial Court Case No. 9/4-2896/2006 seeking monetary compensation due to wrongful termination. GHL’s position in DTB ceased due to his non re-election to the Board of Directors of DTB. The estimated claim is about RM577,296 if the Industrial Court rules in favor of GHL, which is 24 months of his last drawn salary. DTB’s legal advisers have advised that there is a likelihood that GHL’s claim may not succeed.

No provision has been made by the directors of D’nonce for any further liabilities that may arise relating to the above claim.

27 Dividend

The Directors will not be recommending any dividend for the current financial period.

28 Comparatives

The presentation and classification of items in the financial position for the current financial period have been consistent with the previous financial year except that certain comparative amounts were reclassified to conform with current quarter’s presentation.

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29 Earnings Per Share

	Current Quarter		Cumulative Quarter	
	31 Aug 2011	31 Aug 2010	31 Aug 2011	31 Aug 2010
Basic				
Profit attributable to ordinary equity holders of the parent (RM'000)	2,676	2,149	4,734	2,920
Number of ordinary shares in issue ('000)	45,101	45,101	45,101	45,101
Basic earnings per share (sen)	5.93	4.76	10.50	6.47

	Current Quarter		Cumulative Quarter	
	31 Aug 2011	31 Aug 2010	31 Aug 2011	31 Aug 2010
Diluted				
Profit attributable to ordinary equity holders of the parent (RM'000)	2,676	2,149	4,734	2,920
Number of ordinary shares in issue ('000)	45,101	45,101	45,101	45,101
Effect of dilution : share options ('000)	-	-	-	-
Adjusted number of ordinary shares in issue and issuable('000)	45,101	45,101	45,101	45,101
Diluted earnings per share (sen)	5.93	4.76	10.50	6.47

30 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 28 October 2011.

By Order of the Board
Gunn Chit Geok
Yeap Kok Leong
 Company Secretaries
 28 October 2011
 Pulau Pinang