

**Notes to the unaudited results of the Group for the fourth quarter ended 31 August 2012.**

**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 Appendix 9B 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 2011. 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 2011.

**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 2011, except for the adoption of the following new Financial Reporting Standards (öFRSsö), Amendments to FRSs and IC Interpretations by the Group with effect from 1 September 2011.

**FRSs, Amendments to FRSs and IC Interpretations**

- Technical Release 3 Guidance on Disclosures of Transition to IFRSs
- Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1 Additional Exemptions for First-time Adopters
- Amendments to FRS 2 Group Cash-Settled Share-based Payment Transactions
- Amendments to FRS 7 Improving Disclosures about Financial Instruments
- IC Interpretation 4 Determining whether an Arrangement contains a Lease
- IC Interpretation 14 Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)
- IC Interpretation 18 Transfers of Assets from Customers
- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to FRSs issued in 2010

Other than the new disclosures required under the Amendments to FRS 7, the application of the above amendments to FRSs, IC Interpretations and improvements to FRSs did not result in any significant changes in accounting policies and presentation of the financial results of the Group.

As at the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and IC 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 2012**

- FRS 124 Related Party Disclosures
- Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7 Disclosures - Transfers of Financial Assets
- Amendments to FRS 112 Deferred Tax: Recovery of Underlying Assets

**Effective for financial periods beginning on or after 1 July 2012**

- Amendments to FRS 101 Presentation of Items of Other Comprehensive Income

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

### **Effective for financial periods beginning on or after 1 January 2013**

- FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 Employee Benefits
- FRS 127 Separate Financial Statements
- FRS 128 Investment in Associates and Joint Ventures
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The initial application of the above FRSs, amendments to FRSs and IC Interpretations is not expected to have any significant impact on the Group.

The Malaysian Accounting Standards Board (MASB) has on 19 November 2011 issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework comprises Standards as issued by the International Accounting Standards Board (IASB) that are effective on 1 January 2012. It also comprises new/revised Standards recently issued by the IASB that will be effective after 1 January 2012 such as Standards on financial instruments, consolidation, joint arrangements, fair value measurement and employee benefits, amongst others. The Group is in the process of making an assessment of the impact of this new framework.

## **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 2011 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:

The manufacturing facilities of a subsidiary in Thailand, ISCM Technology (Thailand) Co. Ltd. (໔ISCMT໔), were affected by flood in both Rojana and Navanakorn Industrial Estate from October 2011 to November 2011 respectively forcing the subsidiary to cease operations temporarily. The impact of this damaged was reported in previous quarters performance. As of 31 August 2012, ISCMT has received second payment of the insurance claims.

## **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.

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**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.

**9 Segmental Reporting**

The Group's segmental analysis is as follows:

<b>12 months period ended 31 Aug 2012</b>	<b>Integrated Supply Chain Products And Services</b>	<b>Contract Manufacturing Services</b>	<b>Supply of Packaging Materials</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>					
External revenue	61,670	10,949	95,209	-	167,828
Inter-segment revenue	1,065	249	15,332	(16,646)	-
<b>Total segment revenue</b>	<b>62,735</b>	<b>11,198</b>	<b>110,541</b>	<b>(16,646)</b>	<b>167,828</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>864</b>	<b>11,911</b>	<b>(350)</b>	<b>-</b>	<b>12,425</b>
Unallocated corporate expenses					(5,520)
Operating profit					6,905
Finance costs, net					(2,040)
Profit before taxation					4,865
Taxation					(716)
Profit after taxation					4,149
<b>Interest revenue</b>	-	8	310	-	318
<b>Interest expense</b>	71	201	1,768	-	2,040
<b>Depreciation and amortisation</b>	63	1,173	3,063	-	4,299
<b>Other significant non-cash items</b>	52	7,203	1,645	-	8,900
<b>Segment assets</b>	12,888	22,171	95,052	-	130,111
Unallocated assets					428
<b>Total assets</b>					<b>130,539</b>
<b>Segment liabilities</b>	8,165	5,998	53,975	-	68,138
Unallocated liabilities					5,583
<b>Total liabilities</b>					<b>73,721</b>

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**9 Segmental Reporting (Cont'd)**

<b>12 months period ended 31 Aug 2011</b>	<b>Integrated Supply Chain Products And Services</b>	<b>Contract Manufacturing Services</b>	<b>Supply of Packaging Materials</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>					
External revenue	52,281	24,788	94,630	-	171,699
Inter-segment revenue	3,114	333	21,107	(24,554)	-
<b>Total segment revenue</b>	<b>55,395</b>	<b>25,121</b>	<b>115,737</b>	<b>(24,554)</b>	<b>171,699</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>1,510</b>	<b>5,060</b>	<b>5,940</b>	<b>-</b>	<b>12,510</b>
Unallocated corporate expenses					(4,461)
Operating profit					8,049
Finance costs, net					(1,464)
Profit before taxation					6,585
Taxation					(1,293)
Profit after taxation					5,292
<b>Interest revenue</b>	-	27	306	-	333
<b>Interest expense</b>	72	60	1,332	-	1,464
<b>Depreciation and amortisation</b>	65	1,505	2,489	-	4,059
<b>Other significant non-cash items</b>	92	(83)	2,399	-	2,408
<b>Segment assets</b>	11,552	15,646	81,046	-	108,244
Unallocated assets					4,254
Total assets					112,498
<b>Segment liabilities</b>	6,295	3,559	38,878	-	48,732
Unallocated liabilities					3,737
Total liabilities					52,469

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.

**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 (SSA) with Mayban-JAIC Asean Fund (Mayban-JAIC) 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.

On 20 December 2011, both Mayban-JAIC and the Company have agreed to vary the term of payment by splitting the balance payment of RM4.5 million into two settlements. The first balance payment of RM2 million has been settled before 31 December 2011, whereas the final settlement of RM2.5 million has been settled on 31 May 2012.

On 1 June 2012, both parties have fulfilled the obligations in accordance with the terms and conditions of the SSA and the above acquisition was completed.

**13 Changes in Contingent Liabilities and Assets**

The Company provided corporate guarantees amounting to RM26,211,000 for the banking facilities granted to certain subsidiary companies.

**14 Capital Commitments**

The amount of commitments not provided for in the interim financial statements as at 31 August 2012 are as follows:

	<b>RM'000</b>
Approved and contracted for: - Building	5,000
<b>Total Capital Commitments</b>	<b>5,000</b>

## **15 Analysis of performance for current quarter and financial period-to-date**

The current quarter's revenue is registered at approximately RM48.3 million, comparing this to the same quarter of last year, the Group's revenue has shown an increase of approximately 7% by RM3.3 million. Whereas, the profit before taxation has registered at RM4.7 million.

The details of the performance of the segments are as follows:

### **Integrated Supply Chain Products and Services**

The current quarter's revenue and profit before taxation has increased by RM3.4 million and RM402,000 respectively as compared to the same quarter last year. The improvement is mainly due to higher demand from the customers.

Revenue for the twelve months period is RM9.4 million higher than last year however the profitability for this business segment has worsen by RM0.6 million. This loss is mainly due to higher inventories written off as some of our inventories were damaged due to flood at our customer's factory in Southern Thailand.

### **Contract Manufacturing Services**

The current quarter's revenue has decreased by 25% to RM4.6 million compared to revenue of RM6.2 million reported in the same quarter of last year. This is because of the lower demand from the customer as the industries in Thailand have yet to normalize their operations. A significant increase in profit before taxation of RM5.6 million has been recorded upon receiving of insurance claims.

Revenue for the twelve months period is approximately RM13.8 million lower compared to the twelve months period in 2011 due to the flood in Bangkok, Thailand. Whereas, the profit before tax is RM6.9 million higher than last year after net of the proceeds from the insurance claims and the damages which we had written off during the financial year.

### **Supply of Packaging Materials**

The current quarter's revenue has increased by RM1.5 million to RM26.2 million as compared to the same quarter last year due to higher demand. Whereas the loss before taxation has reduced by RM1.0 million as compared to the same quarter last year. Revenue for twelve months period is slightly higher than last year. However, the performance for this business segment has reduced from a profit of RM4.8 million to a loss of RM350,000 mainly due to inventory write off arising from the flood in Bangkok, impairment of fixed assets in a Malaysia subsidiary in addition to higher operating cost.

In overall, the loss incurred is mainly due to the impact of the flood and increase in labour costs and operating costs, which have badly affected our revenue as well as the profitability across all business segments.

## **16 Material Changes in Profit Before Taxation Against Preceding Quarter**

The current quarter's revenue is higher by RM5.1 million as compared to the immediate preceding quarter and the profit reported in current quarter is RM9.3 million lower than last quarter. The details analysis by business segment is further analysed as follows:

### **Integrated Supply Chain Products and Services**

The current quarter's revenue has increased by RM1.4 million as compared to last quarter. This is due to increase demand from our customers which in turn contribute to the higher profit before taxation by RM80,000.

### **Contract Manufacturing Services**

The current quarter's revenue has improved by an additional RM1.9 million as compared to last quarter following customer's qualification to assemble their products. It registered a profit of RM7.1 million mainly due to recognition of the compensation of insurance claims.

### **Supply of Packaging Materials**

The current quarter's revenue has shown an increase by 7% to RM26.2 million as compared to last quarter mainly due to higher demand. This business segment recorded a higher loss at RM0.7 million in current quarter as compared to a profit of RM0.6 million due to impairment of fixed assets.

## **17 Prospects**

The Global business sentiment has slowed down but despite the challenges, the Group had ventured into other market segments as well as expanding its existing businesses to offset the impact. The management is continuously monitoring the group's operational cost and efficiency to improve the overall profitability.

## **18 Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast or profit guarantee for the year.

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**19 Taxation**

	Current Quarter		Cumulative Quarter	
	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	(209)	282	203	1,847
Prior period	74	(6)	295	(6)
Deferred tax:				
Current period	(231)	(573)	(231)	(573)
Provision no longer required	478	25	449	25
<b>Total tax expenses</b>	<b>112</b>	<b>(272)</b>	<b>716</b>	<b>1,293</b>

The effective tax rate for the current period was lower than the statutory tax rate principally due to certain income is not subjected to tax.

**20 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 2011	926,000	64,000	990,000
Granted	-	-	-
Exercised	-	-	-
Foregone	141,000	8,000	149,000
As at 31 Aug 2012	785,000	56,000	841,000
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.



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**21 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:-

	<b>As At 31 Aug 2012 RM'000</b>	<b>As At 31 Aug 2011 RM'000</b>
<b>Secured:</b>		
Short Term	24,908	17,807
Long Term	13,098	6,665
<b>Total</b>	<b>38,006</b>	<b>24,472</b>
<b>Unsecured:</b>		
Short Term	2,041	330
<b>Grand Total</b>	<b>40,047</b>	<b>24,802</b>

**22 Derivative Financial Instrument**

As at 31 August 2012, the foreign currency contracts which have been entered into by the Group to hedge its foreign receivables and payables in foreign currency are as follow:

<b>Forward Foreign Currency Contracts</b>	<b>Contract Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Gain/(Loss) RM'000</b>
<b>Less than 1 year</b>			
Used to hedge trade receivables/ anticipated sales	555	567	(12)
Used to hedge trade payables	1,424	1,440	16

The net fair value changes of derivative financial assets/ liabilities had resulted in a gain of RM106,000 for the current quarter.

**23 Realised and unrealised profit disclosure**

	<b>As At 31 Aug 2012 RM'000</b>	<b>As At 31 Aug 2011 RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
- Realised	4,016	84
- Unrealised	523	592
	4,539	676
Add : Consolidated adjustments	(13,383)	(13,816)
Total Group accumulated losses as per consolidated income statements	<b>(8,844)</b>	<b>(13,140)</b>

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**24 Material Litigation**

The Group is not engaged in any material litigation as at 25 October 2012 except for the following:-

Mr. Goh Hong Lim (øGHLø), the ex Managing Director of Dønonce Technology Bhd (øDTBø) filed an industrial claim through the Industrial Court Case No. 9/4-2896/2006 seeking monetary compensation due to wrongful termination. GHLø'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. DTBø's legal advisers have advised that there is a likelihood that GHLø's claim may not succeed.

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

**25 Dividend**

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

**26 Earnings Per Share**

	Current Quarter		Cumulative Quarter	
	31 Aug 2012	31 Aug 2011	31 Aug 2012	31 Aug 2011
<b>Basic</b>				
Profit attributable to ordinary equity holders of the parent (RMø000)	5,479	2,618	3,950	4,681
Weighted average number of ordinary shares in issue (ø000)	45,101	45,101	45,101	45,101
<b>Basic earnings per share (sen)</b>	<b>12.15</b>	<b>5.80</b>	<b>8.76</b>	<b>10.38</b>

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**26 Earnings Per Share (Cont'd)**

<b>Diluted</b>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 Aug 2012</b>	<b>31 Aug 2011</b>	<b>31 Aug 2012</b>	<b>31 Aug 2011</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	5,479	2,618	3,950	4,681
Weighted average number of ordinary shares in issue ('000)	45,101	45,101	45,101	45,101
Effect of dilution : share options ('000)	-	-	-	-
<b>Adjusted weighted average number of ordinary shares in issue and issuable ('000)</b>	<b>45,101</b>	<b>45,101</b>	<b>45,101</b>	<b>45,101</b>
<b>Diluted earnings per share (sen)</b>	<b>12.15</b>	<b>5.80</b>	<b>8.76</b>	<b>10.38</b>

**27 Authorisation For Issue**

The Board of Directors authorised the issue of this unaudited interim financial statements on 31 October 2012.

By Order of the Board  
**Gunn Chit Geok**  
**Chew Siew Cheng**  
 Company Secretaries  
 31 October 2012  
 Pulau Pinang