

Notes to the unaudited results of the Group for the second quarter ended 28 February 2013.

1 Basis of Preparation

The quarterly financial report has been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This quarterly financial report also complies with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

This quarterly financial report is the Group's first MFRS quarterly financial report for the part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 August 2013, and hence, MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards has been applied.

The quarterly financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2012, which have been prepared in accordance with Financial Reporting Standards (FRS).

The adoptions of the MFRSs do not have any material impact on the financial statements of the Group.

2 Changes in Accounting Policies and Effects Arising from Adoption of MFRSs

As at the date of authorisation of this quarterly financial report, the following MFRSs, amendments to MFRSs 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 2013

MFRS 3: Business Combinations
MFRS 10: Consolidated Financial Statements
MFRS 11: Joint Arrangements
MFRS 12: Disclosure of Interests in Other Entities
MFRS 13: Fair Value Measurement
MFRS 119: Employee Benefits
MFRS 127: Separate Financial Statements
MFRS 128: Investments in Associates and Joint Ventures
Amendments to MFRS 1: Government Loans
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRSs Annual Improvements 2009 - 2011 Cycle
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

MFRS 9: Financial Instruments

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

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 2012 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 financial period.

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:

6 months period ended 28 February 2013	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	27,410	13,435	49,598	-	90,444
Inter-segment revenue	486	203	8,135	(8,824)	-
Total segment revenue	27,896	13,638	57,733	(8,824)	90,444
RESULTS					
Segment results	985	(479)	2,236	-	2,742
Unallocated corporate expenses					(1,000)
Operating profit					1,742
Finance costs, net					(1,146)
Profit before taxation					596
Taxation					(416)
Profit after taxation					180
Interest revenue	-	26	134	-	160
Interest expense	36	78	1,032	-	1,146
Depreciation and amortisation	29	1,035	1,486	-	2,550
Other significant non-cash items	(66)	24	61	-	19
Segment assets	10,565	22,065	93,802	-	126,432
Unallocated assets					575
Total assets					127,007
Segment liabilities	6,034	6,902	53,182	-	66,118
Unallocated liabilities					2,742
Total liabilities					68,860

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9 Segmental Reporting (Cont'd)

6 months period ended 29 February 2012	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	28,156	3,598	44,560	-	76,314
Inter-segment revenue	580	129	7,631	(8,340)	-
Total segment revenue	28,736	3,727	52,191	(8,340)	76,314
RESULTS					
Segment results	(300)	(10,881)	(1,205)	-	(12,386)
Unallocated corporate expenses					(537)
Operating loss					(12,923)
Finance costs, net					(840)
Loss before taxation					(13,763)
Taxation					(293)
Loss after taxation					(14,056)
Interest revenue	-	5	156	-	161
Interest expense	7	67	766	-	840
Depreciation and amortisation	32	429	1,533	-	1,994
Other significant non-cash items	15	6,476	1,214	-	7,705
Segment assets	11,967	8,715	82,970	-	103,652
Unallocated assets					5,829
Total assets					109,481
Segment liabilities	5,456	5,466	48,169	-	59,091
Unallocated liabilities					4,422
Total liabilities					63,513

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 financial period except for an application to strike off a wholly owned subsidiary, Dønonce Labels (M) Sdn. Bhd. (øDønonce Labelsø) which has ceased operations since October 2006. As at 19 April 2013, the application to strike off Dønonce Labels is still pending approval from Companies Commission of Malaysia.

13 Changes in Contingent Liabilities and Assets

The Company provided corporate guarantees amounting to RM30,119,000 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 29 February 2013 are as follows:

	RM'000
Approved and contracted for:	
- Building	4,400
Total Capital Commitments	4,400

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

The Group's revenue and segmental results for the current quarter have increase by RM6.9 million and RM6.0 million respectively. The improvement was mainly due to the resumption of our operations which was inundated by the flood in Thailand last year that had impacted us in the first half of 2012.

The performance by business segments are further analysed as below:-

Integrated Supply Chain Products and Services

The current quarter's revenue of RM12.7 million is slightly lower compared to the same quarter last year. However, the segmental results in current reporting quarter is RM0.8 million higher than last year because there was a stock written off in last year due to the flood in Southern Thailand.

The revenue for current six months period is RM0.7 million lower than last year due to lower demand from customers. Despite the lower revenue the profitability in current six months period is RM1.3 million higher than last year mainly due to impact of stock written off in last year.

Contract Manufacturing Services

The current quarter's revenue is RM4.5 million higher than last year. This is mainly due to the resumption of our operations where the flood in Bangkok forced this business division to temporary cease operation.

The current quarter reported a higher segmental results of RM3.2 million as compared to same quarter last year because there was a staff retrenchment exercise incurred last year due to the flood in Bangkok.

The revenue for current six months period is RM9.8 million higher than last year due to resumption of our Thailand operations as well as commencement of new business as explained above. The segmental results for current six months period is RM10.4 million higher than last year as this business segment had written off the assets and inventories due to the flood in Bangkok last year.

Supply of Packaging Materials

The current quarter's revenue and segmental results is RM2.7 million and RM1.9 million higher than last year. The better performance reflected in current reporting quarter is mainly due to higher demand from customers and better margin product.

The revenue and profitability for current six months period is RM5.0 million and RM3.0 million higher than last year mainly attributable to higher demand from customer.

16 Material Changes in Profit Before Taxation Against Preceding Quarter

The Group's current quarter revenue is RM5.5 million lower than immediate preceding quarter mainly due to the lower demand from the customers and festive seasons. The segmental results is lower by RM0.5 million as compared to the immediate preceding quarter due to the lower sales generated.

Integrated Supply Chain Product and Services

The revenue for this business segment is RM1.9 million lower than immediate preceding quarter mainly due to lower demand from our customers and festive seasons.

Despite lower revenue, this business segmental results is slightly higher than immediate preceding quarter mainly due to better margin products.

Contract Manufacturing Services

The revenue in this business segment has decreased by RM3.1 million to RM5.1 million as compared to the immediate preceding quarter mainly due to the lower revenue generated from our new contract manufacturing business in Southern Thailand.

The segmental results for this business segment is lower by RM0.8 million as compared to immediate preceding quarter is mainly due to the lower sales generated as explained above.

Supply of Packaging Materials

The revenue in this current quarter is RM0.5 million lower than immediate preceding quarter due to lower demand from customer. The segmental results is slightly higher than immediate preceding quarter mainly due to different sales mix.

17 Prospects

The Global business sentiment remains challenging due to the prevailing global economic conditions. The Group had ventured into other market segments as well as expanding its existing business 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.

19 Taxation

	Current Quarter		Cummulative Quarter	
	28 Feb 2013	29 Feb 2012	28 Feb 2013	29 Feb 2012
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	226	(70)	404	177
Prior period	-	100	-	100
Deferred tax:				
Current period	(11)	(1)	(11)	(17)
Provision no longer required	-	-	23	33
Total tax expenses	215	29	416	293

The effective tax rate for the current financial period was higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

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 2012	785,000	56,000	841,000
Granted	-	-	-
Exercised	-	-	-
Foregone	51,000	-	51,000
As at 28 Feb 2013	734,000	56,000	790,000
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:-

	As At 28 Feb 2013 RM'000	As At 29 Feb 2012 RM'000
Secured:		
Short Term	28,017	19,172
Long Term	12,067	14,067
Total	40,084	33,239
Unsecured:		
Short Term	1,984	1,364
Grand Total	42,068	34,603

22 Derivative Financial Instrument

There was no derivative financial instrument as at the current financial period.

23 Realised and unrealised profit disclosure

	As At 28 Feb 2013 RM'000	As At 31 Aug 2012 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,798	3,722
- Unrealised	42	522
Add : Consolidated adjustments	1,840 (11,849)	4,244 (14,272)
Total Group accumulated losses as per consolidated income statements	(10,009)	(10,028)

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24 Material Litigation

The Group is not engaged in any material litigation as at 19 April 2013 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 Industrial Court has on 3 April 2013 dismissed the claim and GHL can seek for a judicial review within 90 days from the date of the decision. It was not known as of this report whether the application for a judicial review has been filed.

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 Loss Per Share

	Current Quarter		Cummulative Quarter	
	28 Feb 2013	29 Feb 2012	28 Feb 2013	29 Feb 2012
Basic				
Loss attributable to ordinary equity holders of the parent (RMø000)	(306)	(4,617)	(6)	(10,730)
Weighted average number of ordinary shares in issue (-000)	45,101	45,101	45,101	45,101
Basic loss per share (sen)	(0.68)	(10.24)	(0.01)	(23.79)

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26 Loss Per Share (Cont'd)

Diluted	Current Quarter		Cummulative Quarter	
	28 Feb 2013	29 Feb 2012	28 Feb 2013	29 Feb 2012
Loss attributable to ordinary equity holders of the parent (RMø000)	(306)	(4,617)	(6)	(10,730)
Weighted average number of ordinary shares in issue (-000)	45,101	45,101	45,101	45,101
Effect of dilution : share options (-000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable (-000)	45,101	45,101	45,101	45,101
Diluted loss per share (sen)	(0.68)	(10.24)	(0.01)	(23.79)

27 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 25 April 2013.

By Order of the Board
Gunn Chit Geok
Chew Siew Cheng
 Company Secretaries
 25 April 2013
 Pulau Pinang