

Notes to the condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 Aug 2014.

1 Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) No 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing requirement of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Boards.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2013. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2013.

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

The significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 August 2013, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and IC Interpretations by the Group with effect from 1 September 2013:

- MFRS 3: Business Combination (IFRS 3 *Business Combinations* issued by IASB in March 2004)
- 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 (IASA 19 as amended by IASB in June 2011)
- MFRS 127: Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
- MFRS 128: Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ó Government Loans
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 7: Disclosures ó Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)

2 Changes in Accounting Policies and Effects Arising from Adoption of MFRSs (cont'd)

As at the date of authorisation of these condensed consolidated interim financial statements, 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 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosure for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21: Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

Effective for financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 11: Joint Arrangements ó Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138 ó Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 ó Agriculture: Bearer Plants

Effective for financial periods beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

Effective date to be announced

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9: Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

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 2013 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 except for the following:

In the prior quarter, the Company announced that on 29 October 2013, one of the manufacturing facilities of the Company's subsidiary in Thailand, ISCM Industries (Thailand) Co., Ltd. ("ISCM") had caught fire. The fire had damaged certain property, plant and equipment of ISCM and also inventories of ISCM and inventories of another subsidiary placed in the premise i.e., Integrated SCM Co., Ltd. (ໄISCMໄ).

ISCM is principally involved in the printing of packaging materials and contract manufacturing of consumable electronic products and ISCM is involved in the sales and distribution of chemicals, packaging materials, spare parts and consumables.

The fire had caused extensive damages to ISCM especially in the printing of packaging materials segment and as a result it has not commenced operations at the date of this report.

ISCM and ISCM have made a full assessment of the extent of the damages to their assets and the financial impact from the fire incident has been included in the prior quarter's results. The insurance company has not finalized the final claim but has been progressively approving and paying partial payments to the subsidiaries.

On 2 May 2014, the Company has announced that its subsidiary company has entered into an agreement to supply equipment for the installation of surveillance systems in Malaysia. The Group has commenced the supply of the equipment during this quarter.

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 2014	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	52,089	19,454	107,345	-	178,888
Inter-segment revenue	1,012	719	17,254	(18,985)	-
Total segment revenue	53,101	20,173	124,599	(18,985)	178,888
RESULTS					
Segment results	1,589	(77)	9,818	-	11,330
Unallocated expenses					(4,234)
Operating profit					7,096
Finance costs, net					(2,941)
Profit before taxation					4,155
Taxation					(1,440)
Profit after taxation					2,715
Interest revenue	-	-	419	-	419
Interest expense	173	442	2,326	-	2,941
Depreciation and amortisation	58	2,158	3,137	-	5,353
Other significant non- cash items	(11)	21	1,690	-	1,700
Segment assets	11,192	26,704	134,664	-	172,560
Unallocated assets					569
Total assets					173,129
Segment liabilities	6,895	10,611	103,582	-	121,088
Unallocated liabilities					2,219
Total liabilities					123,307

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9 Segmental Reporting (cont'd)

12 months period ended 31 Aug 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	54,448	26,615	96,744	-	177,807
Inter-segment revenue	1,062	360	17,050	(18,472)	-
Total segment revenue	55,510	26,975	113,794	(18,472)	177,807
RESULTS					
Segment results	1,619	(2,668)	(2,045)	-	(3,094)
Unallocated expenses					(4,307)
Operating loss					(7,401)
Finance costs, net					(2,296)
Loss before taxation					(9,697)
Taxation					(87)
Loss after taxation					(9,784)
Interest revenue	3	28	286	-	317
Interest expense	65	199	2,032	-	2,296
Depreciation and amortisation	58	2,271	3,097	-	5,426
Other significant non- cash items	45	15	2,717	-	2,777
Segment assets	12,448	22,569	85,610	-	120,627
Unallocated assets					410
Total assets					121,037
Segment liabilities	8,483	10,247	51,055	-	69,785
Unallocated liabilities					3,520
Total liabilities					73,305

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

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 statements.

11 Subsequent Material Event

There were no material events that have taken place subsequent to the statements of financial position date.

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12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period.

13 Changes in Contingent Liabilities and Assets

The Company provided corporate guarantees amounting to RM79,077,000 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 Aug 2014 are as follows:

	RM'000
Approved and not contracted for: - Building	4,400
Approved and contracted for: - Plant and machinery	238
Total Capital Commitments	4,638

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

Compared to the same quarter of last year, the Group's revenue for the current quarter have increased by RM10.8 million to RM55.3 million. The increase is mainly due to the business of sales of surveillance system. In this quarter, the subsidiaries has recognized an insurance claim of Thai Baht 55 million (RM5.5 million) being the third partial payment approved for its overall claim. Other potential insurance claims have not been recognised as the insurance company has not approved the amount claimed.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The current quarter's revenue of RM13.4 million is approximately the same compared to the same quarter last year.

However, the segmental results in the current reporting quarter is RM0.4 million higher than the comparative quarter because the margin of products is higher this year compared to the same quarter of last year.

Contract Manufacturing Services

The current quarter's revenue of RM4.1 million is lower compared to the same quarter last year. This is mainly due to the lower demand from our customers.

The current quarter reported a loss of RM0.3 million compared to a loss of RM1.8 million in the same quarter last year. The improvements are because our operations in Bangkok have continued to show improved results in this quarter.

Supply of Packaging Materials

The current quarter's segmental results registered a revenue of RM37.7 million with a segmental profit of RM6.8 million compared to a loss of RM3.1 million in the comparative quarter. The increase in revenue is mainly due to the business of sales of surveillance system.

This higher segmental profit in this quarter compared to previous year is due to the recognition of the approved third partial payment of the insurance claim amounting to Thai Baht 55 million (RM5.5 million).

16 Material Changes in Profit Before Taxation Against Preceding Quarter

The Group's current quarter revenue of RM55.2 million is RM14.3 million higher than the immediate preceding quarter. The segmental results in this quarter registered a profit of RM5.9 million compared to a profit of RM4.7 million in the previous quarter. Other than the recognition of the insurance claims, this improvement in profitability is also because of improved contribution from our Bangkok operation.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue for this business segment is higher by RM1.2 million compared to previous quarter of RM12.1 million. This higher revenue is mainly due to the higher demand by our customers.

The segmental profit for this quarter is RM0.4 million higher compared to a profit of RM0.5 million in the previous quarter.

16 Material Changes in Profit Before Taxation Against Preceding Quarter (cont'd)

Contract Manufacturing Services

The revenue in this business segment has decreased by RM2.8 million to RM4.1 million as compared to the immediate preceding quarter mainly due to the lower demand by one of the contract manufacturing customer.

The segmental results for this business segment registered a loss of RM0.3 million which is a decrease of RM0.9 million from the previous quarter. This is the result of lower demand by one of the customer.

Supply of Packaging Materials

The revenue in this current quarter is RM16 million higher than immediate preceding quarter is because the increase is mainly due to the commencement of sales of surveillance systems. This segment registered a profit of RM6.8 million in this current quarter and this is mainly due to the recognition of the insurance claims of Thai Baht 55 million (RM5.5 million).

17 Prospects

As we have yet to re-commence our operations for the printing of packaging materials in Southern Thailand, this segment is still unable to contribute to the Group's coming period performance.

The global business sentiment also remains challenging due to the prevailing global economic conditions. The Group is trying to penetrate 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.

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19 Taxation

	Current Quarter		Cumulative Quarter	
	31 Aug 2014	31 Aug 2013	31 Aug 2014	31 Aug 2013
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	248	(348)	775	171
Prior period	138	16	138	16
Deferred tax:				
Current period	(267)	(487)	(111)	(480)
Prior period	-	280	-	280
Reversal	376	77	572	100
Real Property Gain Tax	66	-	66	-
Total tax expenses	561	(462)	1,440	87

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

20 Status of Corporate Proposal

There were no corporate proposals announced as at the date of this report.

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 and Thai Baht payable in the following manner:

31 Aug 2014	Denominated in Ringgit Malaysia RM'000	Denominated in Thai Baht RM'000	Total RM'000
Secured:			
Short Term	27,228	14,493	41,721
Long Term	38,507	3,703	42,210
Total	65,735	18,196	83,931
Unsecured:			
Short Term	3,463	-	3,463
Grand Total	69,198	18,196	87,394

21 Group Borrowings and Debt Securities (cont'd)

31 Aug 2013	Denominated in Ringgit Malaysia RM'000	Denominated in Thai Baht RM'000	Total RM'000
Secured:			
Short Term	14,976	13,733	28,709
Long Term	8,976	4,094	13,070
Total	23,952	17,827	41,779
Unsecured:			
Short Term	891	-	891
Grand Total	24,843	17,827	42,670

22 Derivative Financial Instrument

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

23 Realised and unrealised profit disclosure

	As At 31 Aug 2014 RM'000	As At 31 Aug 2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(12,506)	(5,838)
- Unrealised	284	329
	(12,222)	(5,509)
Add : Consolidated adjustments	(4,965)	(14,147)
Total Group accumulated losses as per consolidated income statements	(17,187)	(19,656)

24 Material Litigation

The Group is not engaged in any material litigation as at 24 October 2014 except for the following:

A former Director of the Company (the Respondent) had filed an industrial claim through the Industrial Court of Malaysia (the Industrial Court) seeking monetary compensation due to wrongful termination on 2006. The former Director's position in the Company has ceased as he was not re-elected to the Board of Directors of the Company at the members' Annual General Meeting held on 23 February 2006. The Respondent filed a representation for dismissal without just cause or excuse which was heard by the Industrial Court on 26 October 2010. The Industrial Court has on 3 April 2013 dismissed the claim on the premise that Respondent was not a 'workman' as defined under the Industrial Relations Act 1967.

Prior to the Industrial Court delivering its award, the Respondent began a claim in the High Court on 21 February 2012 and the Company succeeded in striking out the Respondent's claim.

24 Material Litigation (cont'd)

The Respondent then appealed to the Court of Appeal, which after hearing submission from both parties allowed the Respondent's appeal and directed the matter to be litigated at the High Court.

Following this, the Respondent's claim for damages for breach of contract will proceed to trial in the High Court. However, a hearing date in the High Court has been set on 6 November 2014.

The Board, having obtained advice from its solicitors, is of the opinion that there is likelihood of success for the Company. Thus no provision has been made in respect of the claim.

25 Dividend

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

26 Earnings/(Loss) Per Share

Basic/ Diluted	Current Quarter		Cumulative Quarter	
	31 Aug 2014	31 Aug 2013	31 Aug 2014	31 Aug 2013
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	4,430	(6,108)	2,469	(9,742)
Weighted average number of ordinary shares in issue ('000)	45,101	45,101	45,101	45,101
Basic earnings/(loss) per share (sen)	9.82	(13.54)	5.47	(21.60)

27 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 31 October 2014.

By Order of the Board
Gunn Chit Geok
Chew Siew Cheng
Company Secretaries
31 October 2014
Pulau Pinang