



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FOURTH QUARTER ENDED 31 AUGUST 2015

This report is prepared for tabling to the audit committee meeting to be held on 29th of October 2015.

Lam Kim Goon
Chief Financial Officer
MIA no.: 13824

The Board wishes to announce the following unaudited results of the Group for the fourth financial quarter ended 31 Aug 2015.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 Aug 2015

	<i>Note</i>	As At 31/08/2015 RM'000	As At 31/08/2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	54,306	40,913
Investment properties		12,011	12,414
Other investments		14	14
Intangible assets		289	289
Trade receivable		36,621	180
Deferred tax assets		76	781
Cash and bank balances		105	105
		103,422	54,696
Currents assets			
Inventories		17,529	37,069
Trade receivables		48,480	27,913
Other receivables, deposit and prepayment		9,768	38,704
Tax recoverable		413	175
Cash and bank balances		9,977	11,549
		86,167	115,410
TOTAL ASSETS		189,589	170,106
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		45,101	45,101
Share premium		12,310	12,310
Other capital reserve		5,120	5,120
Foreign currency translation reserve		5,224	578
Legal reserve		32	32
Accumulated loss		(16,963)	(17,352)
		50,824	45,789
Non-controlling interest		4,441	3,917
Total equity		55,265	49,706
Non-current liabilities			
Retirement benefit obligations		683	491
Borrowings	<i>21</i>	39,118	43,503
Deferred income		3,525	-
Deferred tax liabilities		625	241
		43,951	44,235

Unaudited Condensed Consolidated Statement of Financial Position As At 31 Aug 2015 (cont'd)

	<i>Note</i>	As At 31/08/2015 RM'000	As At 31/08/2014 RM'000
Current liabilities			
Retirement benefit obligations		717	1,031
Borrowings	<i>21</i>	45,151	39,264
Trade payables		25,583	17,236
Other payables		16,320	18,601
Current tax payable		81	33
Deferred income		2,333	-
Derivatives		188	-
		<u>90,373</u>	<u>76,165</u>
Total liabilities		<u>134,324</u>	<u>120,400</u>
TOTAL EQUITY AND LIABILITIES		<u>189,589</u>	<u>170,106</u>
Net tangible assets per share (RM)		<u>1.12</u>	<u>1.01</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2014.)

The accompanying notes are an integral part of this statement.

The Board wishes to announce the following unaudited results of the Group for the fourth financial quarter ended 31 Aug 2015.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 Aug 2015

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/08/2015	31/08/2014	31/08/2015	31/08/2014
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	39,784	55,141	223,772	178,764
Operating expenses	(42,482)	(55,684)	(223,151)	(178,952)
Other income including investment income	4,770	6,018	10,202	13,847
Profit from operations	2,072	5,475	10,823	13,659
Depreciation	(2,075)	(1,418)	(6,496)	(5,353)
Fair value changes in derivatives	(179)	(29)	(188)	34
Foreign exchange gain/(loss)	353	(688)	1,690	565
Gain/(loss) on disposal of property, plant and equipment	93	2,019	110	2,021
Impairment of assets	799	(150)	798	(1,496)
Interest expense	(1,596)	(1,091)	(4,954)	(2,922)
Interest income	712	261	1,856	419
Property, plant and equipment written off	-	(17)	(34)	(322)
Provision for and written off of inventories	(1,025)	(168)	(1,078)	(3,242)
Provision for and written off of receivables	880	58	825	731
Staff retrenchment benefits	6	-	(39)	(467)
Profit/(Loss) before taxation	40	4,252	3,313	3,627
Taxation	19	(150)	(2,400)	(1,029)
Profit/(Loss) for the period		4,102	913	2,598
Profit/(Loss) attributable to :				
Owner of the parent	(1,588)	4,267	389	2,305
Non-controlling interest	156	(165)	524	293
	(1,432)	4,102	913	2,598
Earnings/(Loss) per share :-	26			
(a) Basic (sen)	(3.52)	9.46	0.86	5.11
(b) Fully Diluted (sen)	(3.52)	9.46	0.86	5.11

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2014.)

The accompanying notes are an integral part of this statement.

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The Board wishes to announce the following unaudited results of the Group for the fourth financial quarter ended 31 Aug 2015.

Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 31 Aug 2015

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/08/2015	31/08/2014	31/08/2015	31/08/2014
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	(1,432)	4,102	913	2,598
Foreign currency transaction differences for foreign operations	2,143	158	4,646	(623)
Actuarial gains and losses in defined benefit plans	-	-	-	-
Total comprehensive income for the period	<u>711</u>	<u>4,260</u>	<u>5,559</u>	<u>1,975</u>
Total comprehensive income attributable to:				
Owner of the parent	555	4,425	5,035	1,682
Non-controlling interest	156	(165)	524	293
	<u>711</u>	<u>4,260</u>	<u>5,559</u>	<u>1,975</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with

The accompanying notes are an integral part of this statement.

The Board wishes to announce the following unaudited results of the Group for the fourth financial quarter ended 31 Aug 2015.
Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 31 Aug 2015

	←————— Attributable to owners of the parent —————→								
	←————— Non-distributable —————→								
	Share Capital	Share Premium	Other Capital Reserve	Foreign Currency Translation Reserve	Legal Reserve	Accumulated Loss	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2014	45,101	12,310	5,120	578	32	(17,352)	45,789	3,917	49,706
Total comprehensive income for the period	-	-	-	4,646	-	389	5,035	524	5,559
At 31 Aug 2015	45,101	12,310	5,120	5,224	32	(16,963)	50,824	4,441	55,265
At 1 September 2013	45,101	12,310	5,120	1,201	32	(19,657)	44,107	3,624	47,731
Total comprehensive income for the period	-	-	-	(623)	-	2,305	1,682	293	1,975
At 31 Aug 2014	45,101	12,310	5,120	578	32	(17,352)	45,789	3,917	49,706

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2014.)

The accompanying notes are an integral part of this statement.

The Board wishes to announce the following unaudited results of the Group for the fourth financial quarter ended 31 Aug 2015.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 Aug 2015

	12 months ended	
	31/08/2015	31/08/2014
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	3,313	3,627
Adjustments for non-cash flows:-		
Depreciation	6,496	5,353
Gain on disposal of property, plant and equipment	(110)	(2,021)
Interest expense	4,954	2,922
Interest income	(1,856)	(419)
Provision for and written off of inventories	1,078	3,242
Net fair value changes in derivatives	188	(34)
Property, plant and equipment written off	34	322
Provision for and written off of receivables	(825)	(731)
(Reversal)/Impairment of assets	(798)	1,496
Non-operating items	(197)	906
Operating profit before working capital changes	12,277	14,663
Increase in receivables	(27,722)	(30,460)
Decrease/(Increase) in inventories	18,462	(21,513)
Increase/(Decrease) in payables	12,317	7,292
Cash generated from/(used in) operations	15,334	(30,018)
Tax paid	(1,023)	(606)
Interest paid	(4,954)	(2,922)
Retirement benefit obligations paid	(322)	(1,296)
Net cash generated from/(used in) operating activities	9,035	(34,842)
Cash Flows From Investing Activities		
Interest income	1,856	419
Purchases of property, plant and equipment	(11,601)	(3,889)
Proceed from disposal of property, plant and equipment	137	2,768
Net changes to fixed deposit	(663)	(1,257)
Net cash used in investing activities	(10,271)	(1,959)
Cash Flows From Financing Activities		
(Repayment)/Drawdown of short term borrowings	(2,645)	4,533
Repayment of hire purchase and lease financing	(1,348)	(1,094)
(Repayment)/Drawdown of term loans	(580)	29,933
Net cash (used in)/generated from financing activities	(4,573)	33,372
Net decrease in cash and cash equivalents	(5,809)	(3,429)
Effect of exchange rate changes	(100)	101
Cash and cash equivalents at beginning of the period	(4,699)	(1,372)
Cash and cash equivalents at end of the period	(10,608)	(4,700)
Cash and cash equivalents comprise:		
Cash and bank balances	10,082	11,654
Bank overdraft - secured	(15,114)	(11,439)
	(5,032)	215
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(5,576)	(4,914)
	(10,608)	(4,699)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2014.)

The accompanying notes are an integral part of this statement.

Notes to the condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 Aug 2015.

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 2014. 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 2014.

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 2014, except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations by the Group with effect from 1 September 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
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 101: Disclosure Initiative
Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the
Amendments to MFRS 11: Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138 – Clarification of Acceptable Methods of Depreciation
Amendments to MFRS 116 and MFRS 141 – Agriculture: Bearer Plants
Amendments to MFRS 127: Consolidated Financial Statements - Equity Method in Separate
Annual Improvements to MFRSs 2012-2014 Cycle

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

Effective for financial periods beginning on or after 1 January 2017

MFRS 15: Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)

Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7

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 2014 was not subjected to any qualification.

4 Seasonality and Cyclical Operations

The Group is subjected to the volatility of demand of its products in the electronic industry.

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 other than the recognition of a long term trade receivable of RM36.6 million arising from the recognition of the revenue from the agreement to supply equipment for the installation of surveillance system.

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.

9 Segmental Reporting

The Group's segmental analysis is as follows:

12 months period ended 31-Aug-15	Integrated Supply Chain Products And Services	Contract Manufacturin g Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	44,261	21,850	157,661	-	223,772
Inter-segment revenue	1,118	328	18,107	(19,553)	-
Total segment revenue	45,379	22,178	175,768	(19,553)	223,772
RESULTS					
Segment results	2,387	(3,836)	15,680	-	14,231
Unallocated expenses					(5,964)
Operating profit					8,267
Finance costs, net					(4,954)
Profit before taxation					3,313
Taxation					(2,400)
Profit after taxation					913
Interest revenue	-	5	1,851	-	1,856
Interest expense	138	686	4,130	-	4,954
Depreciation and amortisation	37	2,489	3,970	-	6,496
Other significant non-cash items	107	41	(66)	-	82
Segment assets	10,308	17,005	158,732	-	186,045
Unallocated assets					3,544
Total assets					189,589
Segment liabilities	9,256	10,289	109,819	-	129,364
Unallocated liabilities					4,960
Total liabilities					134,324

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9 Segmental Reporting (cont'd)

12 months period ended 31-Aug-14	Integrated Supply Chain Products And Services	Contract Manufacturin g Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	52,044	19,455	107,265	-	178,764
Inter-segment revenue	1,012	719	22,102	(23,833)	-
Total segment revenue	53,056	20,174	129,367	(23,833)	178,764
RESULTS					
Segment results	1,659	(229)	9,204	-	10,634
Unallocated expenses					(4,085)
Operating loss					6,549
Finance costs, net					(2,922)
Loss before taxation					3,627
Taxation					(1,029)
Loss after taxation					2,598
Interest revenue	-	-	419	-	419
Interest expense	172	443	2,307	-	2,922
Depreciation and amortisation	58	2,339	2,956	-	5,353
Other significant non-cash items	21	695	1,018	-	1,734
Segment assets	10,831	23,536	134,222	-	168,589
Unallocated assets					1,517
Total assets					170,106
Segment liabilities	4,957	2,626	27,559	-	35,142
Unallocated liabilities					85,258
Total liabilities					120,400

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

There were no valuations of property, plant and equipment brought forward from the previous annual financial statements. The property, plant and equipment are stated at their historical cost less accumulated depreciation.

11 Subsequent Material Event

There were no material events that have taken place subsequent to the reporting date other than as disclosed in Note 20 and 24.

12 Changes in the Composition of the Group

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

13 Changes in Contingent Liabilities and Assets

The Company has provided corporate guarantees amounting to RM82,343,000 for the banking facilities granted by financial institutions to certain subsidiary companies.

14 Capital Commitments

Save as disclosed below, the Group has no capital commitments as at the end of the current financial quarter.

	RM'000
Approved and not contracted for:	
- Construction cost of a factory	4,400

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

Performance financial period-to-date

The Group's revenue for the year ended 31 August 2015 was RM223.7 million as compared with RM178.7 million for the year ended 31 August 2014, an increase of 25%. The increase is primarily due to the additional revenue generated from the supply of surveillance system equipment pursuant to a contract secured in May 2014 for the installation for 496 CCTV systems and 50 control centres across 25 town councils for a total contract sum of RM53.0 million ("CCTV project").

The profit after taxation for the Group had decreased by RM1.7 million or 65.4% from RM2.6 million in financial year ended 2014 to RM0.9 million in financial year ended 2015 mainly due to additional finance costs incurred pursuant to borrowings taken to fund the CCTV project and higher tax expense in financial year ended 31 August 2015.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue from the segment for the year ended 31 August 2015 was RM44.4 million as compared with RM52.0 million for the financial year ended 31 August 2014, a reduction of 14.6%. The lower revenue was the result of lower orders received from customers.

The segment results was RM2.4 million, an increase of 14.8% over RM1.7 million registered in the previous financial year. The better segment results was due to better cost control.

Contract manufacturing services

The revenue from this segment for the year ended 31 August 2015 was RM21.8 million as compared with RM19.4 million for the financial year ended 31 August 2014, an increase of 12.4%.

This increase in revenue was the result of increased orders from customers in this segment.

The segment results was a loss of RM3.8 million as compared to the loss of RM0.2 million in the previous financial year. The higher loss was the result of stock written off.

Supply of packaging and other materials

Revenue from the segment for the year ended 31 August 2015 was RM157.6 million as compared with RM107.3 million for the financial year ended 31 August 2014, an increase of 46.9%.

This was mainly due to the CCTV project revenue recognised during the year.

The segment results for the year was RM15.6 million, an increase of 69.6% over RM9.2 million registered in the previous financial year. The increase was mainly due to the higher revenue generated in the year.

15 Analysis of performance for current quarter and financial period-to-date (cont'd)

Performance for current quarter

Compared to the same quarter of last year, the Group's revenue for the current quarter have decreased by RM15.3 million to RM39.7 million.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The current quarter's revenue of RM11.8 million is a reduction of RM1.5 million compared to the same quarter last year due to lower sales from customers.

With this slight drop in revenue, it affected the segmental results to drop by RM0.3 million compared to corresponding quarter of last year.

Contract Manufacturing Services

The current quarter's revenue of RM3.9 million is lower than the same quarter of last year. This is mainly due to lower sales from customer.

The current quarter reported a higher loss compared to same quarter of last year is because of lower revenue from new and existing customers and additional stocks written off for the quarter.

Supply of Packaging and Other Materials

The current quarter's revenue is RM24.1 million with a segmental profit of RM8.1 million. The decrease of RM13.6 million in revenue is mainly due to the higher sales of surveillance system recorded in the same quarter of last year.

This higher segmental profit in this quarter compared to same quarter in previous' year is due to reversal of provision of receivables.

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16 Material Changes in Profit Before Taxation Against Immediate Preceding Quarter

The Group's current quarter revenue is RM39.7 million compared to previous quarter revenue of RM43.9 million. The reduction in revenue in this quarter against the immediate preceding quarter is lower sales from certain customers in this quarter. Segment results for both period are the same at RM1.6 million.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue for this business segment is consistent compared to the revenue in previous quarter.

The segmental profit for this quarter is RM0.6 million. This is higher by RM0.25 million in the previous quarter because of margin of certain products is higher in this quarter.

Contract Manufacturing Services

The revenue in this business segment has decreased by RM1.8 million to RM3.9 million as compared to the immediate preceding quarter. This is because the sales for our contract manufacturing services in Southern Thailand has scaled down after the fire incident.

The segmental results for this business segment registered a loss of RM6.1 million compared to a profit recorded in previous quarter. The losses are mainly due to the stocks provision and reduction in customer's order in Southern Thailand for the contract manufacturing services.

Supply of Packaging and Other Materials

The revenue in this current quarter is RM4.1 million lower than immediate preceding quarter is because in the previous quarter, there were higher sales of surveillance system recorded.

This segment registered a profit of RM8.1 million in this current quarter and it is higher compared to the previous quarter mainly due to the reversal of provision for receivables.

17 Prospects

We have re-commence our operations for the printing of packaging materials in Southern Thailand in the first quarter of this year. This segment is gradually recovering and has started to contribute to the Group's turnover in this quarter.

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.

19 Taxation

	Current Quarter		Cumulative Quarter	
	31 Aug 2015 RM'000	31 Aug 2014 RM'000	31 Aug 2015 RM'000	31 Aug 2014 RM'000
Income tax:				
Current period	379	277	1,249	804
Prior period	(67)	239	(12)	239
Deferred tax:				
Current period	388	(326)	385	(170)
Prior period	772	(40)	778	156
Total tax expenses	1,472	150	2,400	1,029

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

20 Status of Corporate Proposal

There were no corporate proposals announced as at the date of this report other than as disclosed below:

On 11 June 2015, the Company had issued a Circular to Shareholders and Notice of Extraordinary General Meeting (“EGM”) in relation to the:

- (i) Proposed reduction of the issued and paid-up share capital of D'nonce Technology Bhd. (“DTB”) pursuant to Section 64(1) of the Companies Act, 1965 (“Act”), involving the cancellation of RM0.75 of the par value of each ordinary share of RM1.00 each in DTB (“proposed par value reduction”);
- (ii) Proposed renounceable rights issue of up to 90,202,000 new ordinary shares of RM0.25 each in DTB (“rights share(s)”) on the basis of two (2) rights shares for one (1) DTB ordinary share of RM0.25 each (“DTB share(s)”) held after the proposed par value reduction, together with up to 90,202,000 free detachable warrants (“warrant(s)”) on the basis of one (1) warrant for every one (1) rights share subscribed (“proposed rights issue with warrants”);
- (iii) Proposed bonus issue of up to 45,101,000 new ordinary shares of RM0.25 each in DTB (“bonus share(s)”) on the basis of one (1) bonus share for every two (2) rights shares subscribed pursuant to the proposed rights issue with warrants (“proposed bonus issue”);
- (iv) Proposed private placement of up to 36,080,800 new ordinary shares of RM0.25 each in DTB (“placement share(s)”), representing approximately up to twenty percent (20%) of the enlarged issued and paid-up share capital of DTB after the proposed rights issue with warrants and proposed bonus issue together with up to 18,040,400 warrants on the basis of one (1) warrant for every two (2) placement shares to be subscribed by potential investors (“proposed private placement with warrants”);

20 Status of Corporate Proposal (cont'd)

- (v) Proposed amendments to the Memorandum And Articles of Association (“M&A”) of DTB (“proposed M&A amendments”);
- (vi) Proposed establishment of an Employees’ Share Option Scheme (“ESOS”) of up to fifteen percent (15%) of the enlarged issued and paid-up share capital of DTB after the proposals (i) to (iv) above for the eligible directors and employees of DTB and its subsidiaries (“DTB group” or “group”) (“proposed ESOS”);
- (vii) Proposed share buy-back of its ordinary shares of RM0.25 each by DTB of up to ten percent (10%) of its issued and paid-up share capital (“proposed share buy-back”); and
- (viii) Proposed increase in the authorised share capital of DTB from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM200,000,000 comprising 800,000,000 ordinary shares of RM0.25 each (“proposed increase in authorised share capital”).

(Collectively referred to as the Proposals.)

On 3 July 2015, the shareholders of the Company had approved all resolutions set-out in the Notice of EGM on 11 June 2015 in relation to the above Proposals.

On 8 September 2015, the High Court of Malaysia had on 8 September 2015 granted an order confirming the Company’s Proposed Par Value Reduction (“Order”).

On 23 September 2015, an office copy of the sealed Order has been lodged with the Companies Commission of Malaysia, upon which the reduction of the par value of each existing ordinary share of DTB from RM1.00 to RM0.25 and amendments of the M&A had taken effect and hence deemed completed.

On 9 October 2015, the Board of Directors of DTB has resolved to fix the issue price for the Rights Shares at RM0.25 per Rights Share and the exercise price for the Warrants at RM0.25 per Warrant.

On 12 October 2015, DTB had entered into an underwriting agreement with IPS for the underwriting of 37,842,410 Rights Shares at an issue price of RM0.25 per Rights Share. Taking into consideration of the above and the undertaking by the undertaking shareholder for 14,515,590 Rights Shares, the Proposed Rights Issue with Warrants is to be undertaken based on the minimum subscription level of 52,358,000 Rights Shares together with 52,358,000 Warrants which will raise a gross proceed of RM13.09 million. In connection with the issuance of the Warrants, the Company had also on even date, executed the deed poll constituting the Warrants.

The Abridged Prospectus has been approved by the Securities Commission of Malaysia (“SC”) and issued to the Company’s shareholders on 29 October 2015.

21 Group Borrowings and Debt Securities

The Group's borrowings as at the end of the reporting period comprised secured term loan, bank overdrafts, bills payable and hire purchases. The Group's borrowings are denominated in Ringgit Malaysia and Thai Baht. The breakdown of the borrowings are disclosed as follow:

31 Aug 2015	Denominated in Ringgit Malaysia	Denominated in Thai Baht	Total
	RM'000	RM'000	RM'000
Secured:			
Short Term	32,454	12,697	45,151
Long Term	28,032	11,086	39,118
Total	60,486	23,783	84,269

31 Aug 2014	Denominated in Ringgit Malaysia	Denominated in Thai Baht	Total
	RM'000	RM'000	RM'000
Secured:			
Short Term	26,222	13,042	39,264
Long Term	39,800	3,703	43,503
Total	66,022	16,745	82,767

22 Derivative Financial Instrument

As at 31 Aug 2015, the foreign currency contracts which have been entered into by the Group to hedge its foreign receivable are as follow:

Forward Foreign Currency Contracts	Contract Value RM'000	Fair Value RM'000	Liabilities RM'000
Less than 1 year	1,456	1,268	188

The net fair value changes of derivative financial liability had resulted in a loss of RM179,000 for the current quarter.

23 Realised and unrealised profit disclosure

	As At 31 Aug 2015 RM'000	As At 31 Aug 2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(14,368)	(13,927)
- Unrealised	(245)	760
	(14,613)	(13,167)
Add : Consolidated adjustments	(2,350)	(4,185)
Total Group accumulated losses as per consolidated income statements	(16,963)	(17,352)

24 Material Litigation

As announced in our previous quarterly report, a former Director of the Company (“the Respondent”) had filed an industrial claim in 2006 through the Industrial Court of Malaysia (“Industrial Court”) seeking monetary compensation due to wrongful termination.

Following this, the Respondent’s claim for damages for breach of contract went for full trial in the High Court on 11 and 12 May 2015. On 30 June 2015, the High Court delivered its judgement that all claims by the Respondent were dismissed with cost of RM55,000, which the Respondent did not appeal to the judgement.

Following this development, the Board is of the opinion that there is no further material litigation for the Group.

25 Dividend

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

26 Earnings/(Loss) Per Share

	Current Quarter		Cumulative Quarter	
	31 Aug 2015	31 Aug 2014	31 Aug 2015	31 Aug 2014
Basic/ Diluted				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM’000)	(1,588)	4,267	389	2,305
Weighted average number of ordinary shares in issue (‘000)	45,101	45,101	45,101	45,101
Basic earnings/(loss) per share (sen)	(3.52)	9.46	0.86	5.11

27 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 29 October 2015.

By Order of the Board
Gunn Chit Geok
Chew Siew Cheng
 Company Secretaries
 29 October 2015
 Pulau Pinang