



**D'NONCE GROUP OF COMPANIES**

**INTERIM FINANCIAL RESULTS**

**SECOND QUARTER ENDED 29 FEBRUARY 2016**

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 29 Feb 2016.

**Unaudited Condensed Consolidated Statement of Financial Position As At 29 Feb 2016**

		As At 29/02/2016 RM'000	As At 31/08/2015 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	51,863	53,256
Investment properties		11,892	12,099
Other investments		14	14
Intangible assets		289	289
Trade receivable		27,737	33,096
Deferred tax assets		64	64
Cash and bank balances		469	469
		<u>92,328</u>	<u>99,287</u>
<b>Currents assets</b>			
Inventories		18,448	17,503
Trade receivables		46,862	46,111
Other receivables, deposit and prepayment		8,917	8,464
Tax recoverable		750	474
Derivatives		10	-
Cash and bank balances		22,546	10,405
		<u>97,533</u>	<u>82,957</u>
<b>TOTAL ASSETS</b>		<u>189,861</u>	<u>182,244</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	<i>7</i>	45,101	45,101
Share premium		110	12,310
Other capital reserve		5,120	5,120
Foreign currency translation reserve		5,311	5,281
Legal reserve		32	32
Warrant reserve		8,777	-
Retained earnings/(Accumulated loss)		5,755	(16,692)
		<u>70,206</u>	<u>51,152</u>
<b>Non-controlling interest</b>		<u>5,040</u>	<u>4,740</u>
<b>Total equity</b>		<u>75,246</u>	<u>55,892</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		482	441
Borrowings	<i>21</i>	38,017	37,866
Deferred tax liabilities		584	583
		<u>39,083</u>	<u>38,890</u>

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**Unaudited Condensed Consolidated Statement of Financial Position As At 29 Feb 2016 (cont'd)**

		<b>As At</b>	<b>As At</b>
		<b>29/02/2016</b>	<b>31/08/2015</b>
	<i>Note</i>	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>			
Retirement benefit obligations		44	437
Borrowings	<b>21</b>	42,755	47,740
Trade payables		22,398	25,767
Other payables		9,188	12,440
Current tax payable		1,147	890
Derivatives	<b>22</b>	-	188
		<u>75,532</u>	<u>87,462</u>
<b>Total liabilities</b>		<u>114,615</u>	<u>126,352</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>189,861</u>	<u>182,244</u>
<b>Net tangible assets per share (RM)</b>	<b>27</b>	<u>0.39</u>	<u>1.13</u>

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2015.)**

**The accompanying notes are an integral part of this statement.**

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 29 Feb 2016.

**Unaudited Condensed Consolidated Income Statement For The Quarter Ended 29 Feb 2016**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	43,310	85,285	88,494	140,096
Operating expenses	(43,293)	(83,928)	(86,471)	(138,655)
Other income including investment income	750	2,270	1,396	5,093
Profit from operations	767	3,627	3,419	6,534
Depreciation	(1,722)	(1,516)	(3,412)	(2,888)
Fair value changes in derivatives	10	35	198	(74)
Foreign exchange gain/(loss)	22	(103)	(352)	825
Gain/(loss) on disposal of property, plant and equipment	-	11	8	11
Interest expense	(1,229)	(1,184)	(2,569)	(2,250)
Interest income	678	680	1,363	690
Property, plant and equipment written off	-	(17)	-	(17)
Provision for and written off of inventories	(46)	(25)	(68)	(25)
Provision for and written off of receivables	-	(55)	-	(55)
(Loss)/Profit before taxation	(1,520)	1,453	(1,413)	2,751
Taxation	<i>19</i> (397)	(545)	(889)	(825)
(Loss)/Profit for the period	(1,917)	908	(2,302)	1,926
<b>(Loss)/Profit attributable to :</b>				
Owner of the parent	(2,140)	747	(2,602)	1,722
Non-controlling interest	223	161	300	204
	(1,917)	908	(2,302)	1,926
(Loss)/Earnings per share :-	<i>26</i>			
(a) Basic (sen)	(1.19)	0.83	(1.44)	1.91
(b) Fully Diluted (sen)	(1.19)	0.83	(1.44)	1.91

**(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2015.)**

**The accompanying notes are an integral part of this statement.**

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 29 Feb 2016.

**Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 29 Feb 2016**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(1,917)	908	(2,302)	1,926
Foreign currency transaction differences for foreign operations	(179)	1,685	30	2,735
Total comprehensive income for the period	<u>(2,096)</u>	<u>2,593</u>	<u>(2,272)</u>	<u>4,661</u>
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	(2,319)	2,432	(2,572)	4,457
Non-controlling interest	223	161	300	204
	<u>(2,096)</u>	<u>2,593</u>	<u>(2,272)</u>	<u>4,661</u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2015.)**

**The accompanying notes are an integral part of this statement.**

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 29 Feb 2016.  
**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 29 Feb 2016**

	←————— Attributable to owners of the parent —————→							Total	Non-controlling Interest	Total Equity
	←————— Non-distributable —————→		Other Capital Reserve	Foreign Currency Translation Reserve	Legal Reserve	Warrant Reserve	Retained Earnings/ (Accumulated Loss)			
	Share Capital	Share Premium	Other Capital Reserve	Foreign Currency Translation Reserve	Legal Reserve	Warrant Reserve	Retained Earnings/ (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	RM'000
At 1 September 2015	45,101	12,310	5,120	5,281	32	-	(16,692)	51,152	4,740	55,892
Par value reduction	(33,826)	-	-	-	-	-	33,826	-	-	-
Issuance of rights issue with warrants	22,551	-	-	-	-	8,777	(8,777)	22,551	-	22,551
Issuance of bonus shares	11,275	(11,275)	-	-	-	-	-	-	-	-
Corporate exercise expenses	-	(925)	-	-	-	-	-	(925)	-	(925)
Total comprehensive income for the period	-	-	-	30	-	-	(2,602)	(2,572)	300	(2,272)
At 29 Feb 2016	45,101	110	5,120	5,311	32	8,777	5,755	70,206	5,040	75,246
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	-	-	-	2,735	-	-	1,722	4,457	204	4,661
At 28 Feb 2015	45,101	12,310	5,120	3,313	32	-	(15,630)	50,246	4,121	54,367

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2015.)**

**The accompanying notes are an integral part of this statement.**

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 29 Feb 2016.

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 29 Feb 2016**

	<b>6 months ended</b>	
	<b>29/02/2016</b>	<b>28/02/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
(Loss)/Profit before taxation	(1,413)	2,751
Adjustments for non-cash flows:-		
Depreciation	3,412	2,888
Gain on disposal of property, plant and equipment	(8)	(11)
Interest expense	2,569	2,250
Interest income	(1,363)	(690)
Provision for and written off of inventories	68	25
Net fair value changes in derivatives	(198)	74
Property, plant and equipment written off	-	17
Provision for and written off of receivables	-	55
Non-operating items	(806)	177
Operating profit before working capital changes	2,261	7,536
Decrease/(Increase) in receivables	3,605	(18,387)
(Increase)/Decrease in inventories	(1,012)	16,276
Decrease in payables	(6,670)	(1,198)
Cash (used in)/generated from operations	(1,816)	4,227
Tax refund	(357)	29
Interest paid	(2,569)	(2,250)
Retirement benefit obligations paid	(431)	(226)
Net cash (used in)/generated from operating activities	(5,173)	1,780
<b>Cash Flows From Investing Activities</b>		
Interest income	1,363	690
Purchases of property, plant and equipment	(1,352)	(958)
Proceed from disposal of property, plant and equipment	8	11
Net changes to fixed deposit	(230)	153
Net cash used in investing activities	(211)	(104)
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of rights issue	22,551	-
Drawdown/(Repayment) of short term borrowings	1,709	(3,829)
Repayment of hire purchase and lease financing	(1,067)	(600)
Repayment of term loans	(3,389)	(1,966)
Net cash generated from/(used in) financing activities	19,804	(6,395)
Net increase/(decrease) in cash and cash equivalents	14,420	(4,719)
Effect of exchange rate changes	(80)	757
Cash and cash equivalents at beginning of the period	(9,171)	(4,699)
Cash and cash equivalents at end of the period	5,169	(8,661)

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 29 Feb 2016**  
**(cont'd)**

Cash and cash equivalents comprise:

Cash and bank balances	23,015	9,918
Bank overdraft - secured	(13,190)	(13,819)
	<u>9,825</u>	<u>(3,901)</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(4,656)	(4,760)
	<u>5,169</u>	<u>(8,661)</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2015.)**

**The accompanying notes are an integral part of this statement.**

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# **D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**Notes to the condensed consolidated interim financial statements of the Group for the second quarter ended 29 Feb 2016.**

## **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 2015. 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 2015.

## **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 2015.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

### **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 Consolidation Exception

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 and Amortisation

Amendments to MFRS 116 and MFRS 141 – Agriculture: Bearer Plants

Amendments to MFRS 127: Consolidated Financial Statements - Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012-2014 Cycle

### **Effective for financial periods beginning on or after 1 January 2017**

MFRS 107: Disclosure Initiative (Amendments to MFRS 107)

MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

## **D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

### **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 2018**

MFRS 15: Revenue from Contracts with Customers

MFRS 9: Financial Instruments

#### **Effective for financial periods beginning on or after 1 January 2019**

MFRS 16: Leases

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 2015 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 other than the implementation of the corporate exercise as mentioned in Note 7 and 20.

### **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**

For the first quarter ended 30 November 2015, the Company implemented the following:

(i) 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;

(ii) 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. The issued and fully paid ordinary share capital of RM22,550,500 and the warrant reserve arising from the issuance of warrants amounting to RM8,776,655 have been included in the respective accounts;

**D'NONCE TECHNOLOGY BHD.****(503292-K)****7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities (cont'd)**

(iii) 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. The bonus issue was franked from the share premium accounts. The amount franked out was RM11,275,250.

The movement of the share capital are as follows:

	Number of ordinary shares		Amount	
	As at 29/2/16	As at 31/8/15	As at 29/2/16 RM	As at 31/8/15 RM
<u>Authorised</u>				
At 1 September 2015/2014 (Par value of RM1.00 each)	100,000,000	100,000,000	100,000,000	100,000,000
Par value reduction to RM0.25 each	-	-	(75,000,000)	-
Creation of 700,000,000 ordinary shares of RM0.25 each	700,000,000	-	175,000,000	-
	800,000,000	100,000,000	200,000,000	100,000,000

	Amount	
	As at 29/2/16 RM	As at 31/8/15 RM
<u>Issued and fully paid up</u>		
At 1 September 2015/2014 (Par value of RM1.00 each)	45,101,000	45,101,000
Par value reduction to RM0.25 each	(33,825,750)	-
	11,275,250	45,101,000
Rights issue of 90,202,000 shares of par value RM0.25 each	22,550,500	-
	33,825,750	45,101,000
Bonus issue of 45,101,000 shares of par value RM0.25 each	11,275,250	-
	45,101,000	45,101,000

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares for the financial year-to-date.

**8 Dividend Paid**

No dividend was paid during the financial year to date.

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**9 Segmental Reporting**

The Group's segmental analysis is as follows:

<b>6 months period ended 29-Feb-16</b>	<b>Integrated Supply Chain Products And Services</b>	<b>Contract Manufacturing Services</b>	<b>Supply of Packaging and Other 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	25,920	9,321	53,253	-	88,494
Inter-segment revenue	128	339	8,950	(9,417)	-
<b>Total segment revenue</b>	<b>26,048</b>	<b>9,660</b>	<b>62,203</b>	<b>(9,417)</b>	<b>88,494</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>2,754</b>	<b>693</b>	<b>1,970</b>	<b>-</b>	<b>5,417</b>
Unallocated expenses					(4,261)
Operating profit					1,156
Finance costs, net					(2,569)
Profit before taxation					(1,413)
Taxation					(889)
Loss after taxation					(2,302)
<b>Interest revenue</b>	<b>-</b>	<b>(3)</b>	<b>1,366</b>	<b>-</b>	<b>1,363</b>
<b>Interest expense</b>	<b>64</b>	<b>296</b>	<b>2,209</b>	<b>-</b>	<b>2,569</b>
<b>Depreciation and amortisation</b>	<b>15</b>	<b>1,248</b>	<b>2,149</b>	<b>-</b>	<b>3,412</b>
<b>Other significant non-cash items</b>	<b>16</b>	<b>23</b>	<b>773</b>	<b>-</b>	<b>812</b>
<b>Segment assets</b>	<b>11,244</b>	<b>22,526</b>	<b>149,043</b>	<b>-</b>	<b>182,813</b>
Unallocated assets					7,048
<b>Total assets</b>					<b>189,861</b>
<b>Segment liabilities</b>	<b>10,501</b>	<b>9,494</b>	<b>92,845</b>	<b>-</b>	<b>112,840</b>
Unallocated liabilities					1,775
<b>Total liabilities</b>					<b>114,615</b>

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**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

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

<b>6 months period ended 28-Feb-15</b>	<b>Integrated Supply Chain Products And Services</b>	<b>Contract Manufacturing Services</b>	<b>Supply of Packaging and Other 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	22,520	12,238	105,338	-	140,096
Inter-segment revenue	344	217	10,137	(10,698)	-
<b>Total segment revenue</b>	<b>22,864</b>	<b>12,455</b>	<b>115,475</b>	<b>(10,698)</b>	<b>140,096</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>1,339</b>	<b>1,994</b>	<b>5,476</b>	<b>-</b>	<b>8,809</b>
Unallocated expenses					(3,808)
Operating loss					5,001
Finance costs, net					(2,250)
Loss before taxation					2,751
Taxation					(825)
Loss after taxation					1,926
<b>Interest revenue</b>	<b>-</b>	<b>5</b>	<b>685</b>	<b>-</b>	<b>690</b>
<b>Interest expense</b>	<b>58</b>	<b>334</b>	<b>1,858</b>	<b>-</b>	<b>2,250</b>
<b>Depreciation and amortisation</b>	<b>22</b>	<b>1,208</b>	<b>1,658</b>	<b>-</b>	<b>2,888</b>
<b>Other significant non-cash items</b>	<b>25</b>	<b>31</b>	<b>(11)</b>	<b>-</b>	<b>45</b>
<b>Segment assets</b>	<b>8,880</b>	<b>26,820</b>	<b>135,257</b>	<b>-</b>	<b>170,957</b>
Unallocated assets					545
<b>Total assets</b>					<b>171,502</b>
<b>Segment liabilities</b>	<b>7,915</b>	<b>11,403</b>	<b>94,042</b>	<b>-</b>	<b>113,360</b>
Unallocated liabilities					3,775
<b>Total liabilities</b>					<b>117,135</b>

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

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**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**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.

**12 Changes in the Composition of the Group**

There is an increase in issued and paid-up share capital of DTB pursuant to the Rights Issues with Warrants and Bonus Issue.

**13 Changes in Contingent Liabilities and Assets**

The Company provided corporate guarantees amounting to RM79,399,385 (31.8.2015: RM82,343,000) 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 Feb 2016 are as follows:

	<b>RM'000</b>
Approved and not contracted for:	
- Building	7,400
- Leasehold land & building	9,000
<b>Total Capital Commitments</b>	<b>16,400</b>

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**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**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 decreased by RM41.9 million to RM43.3 million.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The current quarter's revenue of RM12.6 million is an increase of RM2.8 million compared to the same quarter last year.

The segmental results in the current reporting quarter is RM0.6 million higher than the comparative quarter because the higher revenue.

**Contract Manufacturing Services**

The current quarter's revenue of RM3.9 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 which is higher by RM0.1 million compared to the same quarter last year as the result of the lower revenue earned as explained above.

**Supply of Packaging and Other Materials**

The current quarter's revenue is RM26.8 million with a segmental profit of RM1.1 million. The decrease of RM44.0 million in revenue is mainly due to the lower sales in this quarter. In the same quarter of last year, there was sales of surveillance system which contributed significantly to the revenue.

This lower segmental profit in this quarter compared to same quarter in previous' year is due to lower sales.

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

The Group's current quarter revenue is RM43.3 million compared to previous quarter revenue of RM45.1 million. The decrease in revenue in this quarter against the immediate preceding quarter is due to lower sales recorded in this quarter. The results for this period is loss of RM1.5 million.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The revenue for this business segment is lower by RM0.8 million compared to the revenue in previous quarter.

The segmental result for this quarter is RM1.3 million. This is lower by RM0.1 million compared to the previous quarter because of lower revenue in this quarter.

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

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

**Contract Manufacturing Services**

The revenue in this business segment has decreased by RM1.4 million to RM4.0 million as compared to the immediate preceding quarter mainly due to the lower demand by our customers.

The segmental results for this business segment registered a loss of RM0.3 million compared to a profit recorded in previous quarter of RM1.0 million because of the lower sales.

**Supply of Packaging and Other Materials**

The revenue in this current quarter of RM26.8 million approximates the sales in immediate preceding quarter.

This segment registered a profit of RM1.1 million in this current quarter and it is higher compared to the previous quarter.

**17 Prospects**

Under the current global business sentiment which remains challenging due to the prevailing global economic conditions and the fluctuation of foreign currencies. The Group will continue to actively 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	
	29-Feb-2016 RM'000	28-Feb-2015 RM'000	29-Feb-2016 RM'000	28-Feb-2015 RM'000
Income tax:				
Current period	396	545	889	755
Prior period	-	-	-	67
Deferred tax:				
Current period	(9)	-	(10)	(3)
Prior period	10	-	10	6
<b>Total tax expenses</b>	<b>397</b>	<b>545</b>	<b>889</b>	<b>825</b>

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) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) Amendments to the Memorandum And Articles of Association (“M&A”) of DTB;
- (vi) 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”);
- (vii) 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; and
- (viii) 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.

At the EGM held on 3 July 2015, the shareholders of the Company had approved the increase in the authorised capital of the Company from RM100 million to RM200 million. The Company had on 8 September 2015 obtained confirmation from the High Court of Malaya pursuant to Section 64 of the Act, to reduce its issued and paid-up share capital through the cancellation of RM0.75 of the par value of each existing ordinary share of RM1.00 each in DTB to RM0.25 each in DTB. The lodgement of the order with the Companies Commission of Malaysia was made on 23 September 2015, upon which the par value of each ordinary share of DTB is reduced from RM1.00 to RM0.25.

## 20 Status of Corporate Proposal (cont'd)

On 26 November 2015, the Company has issued 90,202,000 Rights Shares, 45,101,000 Bonus Shares and 90,202,000 Warrants pursuant to the Rights Issue with Warrants and Bonus Issue. The Rights Shares, Warrants and Bonus Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., 30 November 2015, marking the completion of the Rights Issue with Warrants and Bonus Issue.

As at 30 November 2015, all the above corporate exercises have been completed except for the Private Placement with Warrants, ESOS and Share Buy-Back.

On 25 April 2016, Inter-Pacific Securities Sdn Bhd ("IPS") announced that they have on behalf of the Board submitted an application to Bursa Securities for an extension of time of six (6) months from 22 May 2016 to 21 November 2016 to enable the Company to complete the implementation of Private Placement with Warrants.

Utilisation of proceeds from corporate proposal:

Purpose	Proposed Utilisation RM'000	Actual Utilisation* RM'000	Intended Timeframe for Utilisation from date of listing of the Rights Shares	Deviation	
				Amount RM'000	%
(i) To partly finance the purchase of land and factory building, renovation and refurbishment expenses	5,000	-	Within 12 months	N/A	N/A
(ii) Construction of clean room facility and purchase of 3 lines of tray cleaning systems in Thailand	4,400	-	Within 12 months	N/A	N/A
(iii) Construction of new factory building in Penang	1,600	633	Within 12 months	N/A	N/A
(iv) Construction of new factory building in Thailand	2,200	-	Within 12 months	N/A	N/A
(v) Renovation and refurbishment of factory building in Penang	1,000	814	Within 12 months	N/A	N/A
(vi) Working capital	6,751	6,751	Within 12 months	N/A	N/A
(vii) Expenses in relation to the Corporate Exercises	1,600	1,079	Within 3 months	N/A	N/A
Total	22,551	9,277		N/A	N/A

\* As at 27 April 2016.

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**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:

<b>29 Feb 2016</b>	<b>Denominated in Ringgit Malaysia RM'000</b>	<b>Denominated in Thai Baht RM'000</b>	<b>Total RM'000</b>
<b>Secured:</b>			
Short Term	28,623	14,132	42,755
Long Term	34,420	3,597	38,017
<b>Total</b>	<b>63,043</b>	<b>17,729</b>	<b>80,772</b>

<b>31 Aug 2015</b>	<b>Denominated in Ringgit Malaysia RM'000</b>	<b>Denominated in Thai Baht RM'000</b>	<b>Total RM'000</b>
<b>Secured:</b>			
Short Term	34,293	13,447	47,740
Long Term	33,647	4,219	37,866
<b>Total</b>	<b>67,940</b>	<b>17,666</b>	<b>85,606</b>

**22 Derivative Financial Instrument**

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

**23 Realised and unrealised profit disclosure**

	<b>As At 29 Feb 2016 RM'000</b>	<b>As At 31 Aug 2015 RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	5,655	(13,101)
- Unrealised	759	(118)
	6,414	(13,219)
Add : Consolidation adjustments	(659)	(3,473)
Total Group retained earnings/(accumulated losses) as per consolidated income statements	<b>5,755</b>	<b>(16,692)</b>

**24 Material Litigation**

There was no pending material litigation as at the date of this quarterly report.

**D'NONCE TECHNOLOGY BHD.**  
**(503292-K)**

**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	
	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	(2,140)	747	(2,602)	1,722
Weighted average number of ordinary shares in issue ('000)	180,404	90,202	180,404	90,202
<b>Basic (loss)/earnings per share (sen)</b>	<b>(1.19)</b>	<b>0.83</b>	<b>(1.44)</b>	<b>1.91</b>

The warrants were not assumed to be exercised because they were antidilutive in the period. Therefore, the basic and diluted earnings per share is the same.

**27 Net Tangible Assets Per Share**

	As At 29 Feb 2016	As At 31 Aug 2015
Equity attributable to equity holders of the parent (RM'000)	70,206	51,152
Less: Intangible assets	(289)	(289)
<b>Net Tangible Assets</b>	<b>69,917</b>	<b>50,863</b>

Number of ordinary shares in issue ('000)	180,404	45,101
<b>Net Tangible Assets (RM)</b>	<b>0.39</b>	<b>1.13</b>

**28 Authorisation For Issue**

The Board of Directors authorised the issue of this unaudited interim financial statements on 27 April 2016.

By Order of the Board  
**Gunn Chit Geok**  
**Chew Siew Cheng**  
 Company Secretaries  
 27 April 2016  
 Pulau Pinang