



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

THIRD QUARTER ENDED 31 MAY 2016

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

The Board wishes to announce the following unaudited results of the Group for the third financial quarter ended 31 May 2016.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 May 2016

	<i>Note</i>	As At 31/05/2016 RM'000	As At 31/08/2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	53,645	53,256
Investment properties		11,786	12,099
Other investments		-	14
Intangible assets		289	289
Trade receivable		26,421	33,096
Deferred tax assets		62	64
Cash and bank balances		469	469
		<u>92,672</u>	<u>99,287</u>
Currents assets			
Inventories		18,284	17,503
Trade receivables		49,383	46,111
Other receivables, deposit and prepayment		9,055	8,464
Tax recoverable		809	474
Cash and bank balances		20,589	10,405
		<u>98,120</u>	<u>82,957</u>
TOTAL ASSETS		<u>190,792</u>	<u>182,244</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
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		4,706	5,281
Legal reserve		32	32
Warrant reserve		8,777	-
Retained earnings/(Accumulated loss)		3,571	(16,692)
		<u>67,417</u>	<u>51,152</u>
Non-controlling interest		<u>5,039</u>	<u>4,740</u>
Total equity		<u>72,456</u>	<u>55,892</u>
Non-current liabilities			
Retirement benefit obligations		486	441
Borrowings	<i>21</i>	32,665	37,866
Deferred tax liabilities		582	583
		<u>33,733</u>	<u>38,890</u>

D'NONCE TECHNOLOGY BHD.
(503292-K)

Unaudited Condensed Consolidated Statement of Financial Position As At 31 May 2016 (cont'd)

	<i>Note</i>	As At 31/05/2016 RM'000	As At 31/08/2015 RM'000
Current liabilities			
Retirement benefit obligations		67	437
Borrowings	21	51,873	47,740
Trade payables		21,497	25,767
Other payables		10,004	12,440
Current tax payable		1,073	890
Derivatives	22	89	188
		<u>84,603</u>	<u>87,462</u>
Total liabilities		<u>118,336</u>	<u>126,352</u>
TOTAL EQUITY AND LIABILITIES		<u>190,792</u>	<u>182,244</u>
Net tangible assets per share (RM)	27	<u>0.37</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 third financial quarter ended 31 May 2016.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 May 2016

	<i>Note</i>	CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended		9 months ended	
		31/05/2016	31/05/2015	31/05/2016	31/05/2015
		RM'000	RM'000	RM'000	RM'000
Revenue		44,274	43,892	132,768	183,988
Operating expenses		(46,157)	(42,059)	(132,672)	(180,714)
Other income including investment income		2,423	339	3,819	5,432
Profit from operations		540	2,172	3,915	8,706
Depreciation		(1,683)	(1,533)	(5,095)	(4,421)
Fair value changes in derivatives		(99)	65	99	(9)
Foreign exchange (loss)/gain		(91)	512	(399)	1,337
Gain on disposal of property, plant and equipment		-	6	8	17
Impairment of assets		-	(1)	-	(1)
Interest expense		(1,188)	(1,108)	(3,757)	(3,358)
Interest income		606	454	1,969	1,144
Property, plant and equipment written off		(2)	(17)	(2)	(34)
Provision for and written off of inventories		(20)	(28)	(88)	(53)
Provision for and written off of receivables		(3)	-	(3)	(55)
Gain on disposal of quoted or unquoted investments or properties		34	-	34	-
(Loss)/Profit before taxation		(1,906)	522	(3,319)	3,273
Taxation	19	(279)	(103)	(1,168)	(928)
(Loss)/Profit for the period		(2,185)	419	(4,487)	2,345
(Loss)/Profit attributable to :					
Owner of the parent		(2,184)	255	(4,786)	1,977
Non-controlling interest		(1)	164	299	368
		(2,185)	419	(4,487)	2,345
(Loss)/Earnings per share :-	26				
(a) Basic (sen)		(1.21)	0.28	(2.65)	2.19
(b) Fully Diluted (sen)		(1.21)	0.28	(2.65)	2.19

(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 third financial quarter ended 31 May 2016.

Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 31 May 2016

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31/05/2016	31/05/2015	31/05/2016	31/05/2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(2,185)	419	(4,487)	2,345
Foreign currency transaction differences for foreign operations	(605)	(232)	(575)	2,503
Total comprehensive income for the period	<u>(2,790)</u>	<u>187</u>	<u>(5,062)</u>	<u>4,848</u>
Total comprehensive (loss)/income attributable to:				
Owner of the parent	(2,789)	23	(5,361)	4,480
Non-controlling interest	(1)	164	299	368
	<u>(2,790)</u>	<u>187</u>	<u>(5,062)</u>	<u>4,848</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 third financial quarter ended 31 May 2016.

Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 31 May 2016

	← Attributable to owners of the parent →									
	← Non-distributable →									
	Share Capital RM'000	Share Premium RM'000	Other Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Retained Earnings/ (Accumulated Loss) RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity 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	-	-	-	(575)	-	-	(4,786)	(5,361)	299	(5,062)
At 31 May 2016	45,101	110	5,120	4,706	32	8,777	3,571	67,417	5,039	72,456
At 1 September 2014	45,101	12,310	5,120	578	32	-	(17,384)	45,757	3,948	49,705
Total comprehensive income for the period	-	-	-	2,503	-	-	1,977	4,480	368	4,848
At 31 May 2015	45,101	12,310	5,120	3,081	32	-	(15,407)	50,237	4,316	54,553

(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 third financial quarter ended 31 May 2016.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 May 2016

	9 months ended	
	31/05/2016	31/05/2015
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(3,319)	3,273
Adjustments for non-cash flows:-		
Depreciation	5,095	4,421
Gain on disposal of property, plant and equipment	(8)	(17)
Gain on disposal of investments	(34)	-
Interest expense	3,757	3,358
Interest income	(1,969)	(1,144)
Provision for and written off of inventories	88	53
Net fair value changes in derivatives	(99)	9
Property, plant and equipment written off	2	34
Provision for and written off of receivables	(3)	55
Impairment of assets	-	1
Non-operating items	(322)	79
Operating profit before working capital changes	3,188	10,122
Decrease/(Increase) in receivables	2,144	(20,418)
(Increase)/Decrease in inventories	(869)	15,242
(Decrease)/Increase in payables	(7,204)	5,410
Cash (used in)/generated from operations	(2,741)	10,356
Tax refund	(651)	(447)
Interest paid	(3,757)	(3,358)
Retirement benefit obligations paid	(431)	(226)
Net cash (used in)/generated from operating activities	(7,580)	6,325
Cash Flows From Investing Activities		
Interest income	1,969	1,144
Purchases of property, plant and equipment	(5,042)	(7,546)
Proceed from disposal of property, plant and equipment	8	17
Proceed from disposal of investments	48	-
Net changes to fixed deposit	(245)	124
Net cash used in investing activities	(3,262)	(6,261)
Cash Flows From Financing Activities		
Proceeds from issuance of rights issue	22,551	-
Drawdown/(Repayment) of short term borrowings	6,709	(1,612)
Repayment of hire purchase and lease financing	(1,591)	(968)
Repayment of term loans	(3,680)	(2,455)
Net cash generated from/(used in) financing activities	23,989	(5,035)
Net increase/(decrease) in cash and cash equivalents	13,147	(4,971)
Effect of exchange rate changes	(152)	340
Cash and cash equivalents at beginning of the period	(9,171)	(4,699)
Cash and cash equivalents at end of the period	3,824	(9,330)

D'NONCE TECHNOLOGY BHD.
(503292-K)

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 May 2016
(cont'd)

Cash and cash equivalents comprise:

Cash and bank balances	21,058	10,458
Bank overdraft - secured	(12,563)	(14,999)
	<u>8,495</u>	<u>(4,541)</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(4,671)	(4,789)
	<u>3,824</u>	<u>(9,330)</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 third quarter ended 31 May 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 Board.

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, 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

Amendments to MFRS 107: Disclosure Initiative

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

Effective for financial periods beginning on or after 1 January 2018

MFRS 15: Revenue from Contracts with Customers

MFRS 9: Financial Instruments

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 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

On 23 September 2015, the Company had lodged the office copy of the sealed Order with the Companies Commission of Malaysia, upon which the 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 is completed;

On 30 November 2015, the Company had announced the 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 is completed. 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)

On 30 November 2015, the Company had also announced the 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 is completed. 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 31/5/16	As at 31/8/15	As at 31/5/16 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 31/5/16 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:

9-months period ended 31-May-16	Integrated Supply Chain Products And Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	38,839	13,720	80,209	-	132,768
Inter-segment revenue	139	560	13,427	(14,126)	-
Total segment revenue	38,978	14,280	93,636	(14,126)	132,768
RESULTS					
Segment results	3,901	581	1,287	-	5,769
Unallocated expenses					(5,331)
Operating loss					438
Finance costs, net					(3,757)
Loss before taxation					(3,319)
Taxation					(1,168)
Loss after taxation					(4,487)
Interest revenue	-	(3)	1,972	-	1,969
Interest expense	83	447	3,227	-	3,757
Depreciation and amortisation	24	1,827	3,244	-	5,095
Other significant non-cash items	3	20	454	-	477
Segment assets	9,568	26,228	148,499	-	184,295
Unallocated assets					6,497
Total assets					190,792
Segment liabilities	9,700	12,399	94,606	-	116,705
Unallocated liabilities					1,631
Total liabilities					118,336

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D'NONCE TECHNOLOGY BHD.
(503292-K)

9 Segmental Reporting (cont'd)

9-months period ended 31-May-15	Integrated Supply Chain Products And Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	32,451	17,961	133,576	-	183,988
Inter-segment revenue	429	304	14,609	(15,342)	-
Total segment revenue	32,880	18,265	148,185	(15,342)	183,988
RESULTS					
Segment results	1,738	2,310	7,546	-	11,594
Unallocated expenses					(4,963)
Operating profit					6,631
Finance costs, net					(3,358)
Profit before taxation					3,273
Taxation					(928)
Profit after taxation					2,345
Interest revenue	-	5	1,139	-	1,144
Interest expense	89	484	2,785	-	3,358
Depreciation and amortisation	27	1,828	2,566	-	4,421
Other significant non-cash items	98	39	139	-	276
Segment assets	8,079	28,459	143,232	-	179,770
Unallocated assets					1,392
Total assets					181,162
Segment liabilities	7,769	10,465	101,612	-	119,846
Unallocated liabilities					6,763
Total liabilities					126,609

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 RM83,292,714 (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 31 May 2016 are as follows:

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

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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 increased by RM0.4 million to RM44.3 million. The loss for the quarter was RM1.9 million compared to profit of RM0.5 million for the same quarter last year.

For the performance for 9-month period, the revenue is RM132.8 million compared to previous year's 9-month period's revenue of RM184 million. The loss to date is RM3.3 million compared to profit of RM3.3 million for same 9-month period last year.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The current quarter's revenue of RM12.9 million is an increase of RM3.0 million compared to the same quarter last year. This is due to higher demand from the customers for this year's quarter.

The segmental results in the current reporting quarter is RM0.7 million higher than the comparative quarter because of the higher revenue.

For the performance for 9-month period, this sector's revenue is RM38.8 million with segmental results of RM3.9 million. Comparatively, the sector's performance for the comparative 9-month period was revenue of RM32.5 million and segmental results of RM1.7 million.

Contract Manufacturing Services

The current quarter's revenue of RM4.4 million is lower compared to the same quarter last year. This is mainly due to the reduced demand from our customers.

The current quarter reported a loss of RM0.1 million compared to profit of RM0.3 million for the same quarter last year as the result of the lower revenue earned.

In this segment, the revenue earned for 9-month period is RM13.7 million with segmental results of RM0.6 million. In comparison for the previous 9-month period to date, the revenue was RM18 million and segmental results of RM2.3 million.

Supply of Packaging and Other Materials

The current quarter's revenue is RM27.0 million. The revenue generated is a reduction of RM1.3 million from the revenue in the same quarter for last financial year.

The segmental profit in this quarter is RM1.3 million compared to same quarter in previous' year which reported a segmental profit of RM2.3 million. The lower profit this year is due to lower revenue and unfavourable foreign currency fluctuation.

For year to date, this segment revenue was RM80.2 million with segmental results of RM1.3 million. For the comparative 9-month period, the revenue was RM133.6 million and the segmental results was RM7.5 million. The profit for the 9-month period was higher last year is due to sales of surveillance system.

D'NONCE TECHNOLOGY BHD.

(503292-K)

16 Material Changes in Profit Before Taxation Against Preceding Quarter

The Group's current quarter revenue is RM44.3 million compared to previous quarter revenue of RM43.3 million. The increase in revenue in this quarter against the immediate preceding quarter is due to higher sales recorded in this quarter. The results for this period is loss of RM1.9 million which is higher by RM0.4 million compared to previous quarter 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 higher by RM0.3 million compared to the revenue in previous quarter.

The segmental result for this quarter is RM1.1 million. This is lower by RM0.1 million compared to the previous quarter.

Contract Manufacturing Services

The revenue in this business segment has increased by RM0.4 million to RM4.4 million as compared to the immediate preceding quarter mainly due to the higher demand by our customers.

The segmental results for this business segment registered a loss of RM0.1 million which is lower than the loss recorded in previous quarter of RM0.4 million.

Supply of Packaging and Other Materials

The revenue in this current quarter of RM27.0 million which approximates the sales in immediate preceding quarter.

This segment registered a loss of RM0.7 million in this current quarter compared to profit of RM1.1 million in the previous quarter. The loss in this current quarter is due to unfavourable foreign currency fluctuation and lower margin of our products.

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.

D'NONCE TECHNOLOGY BHD.

(503292-K)

19 Taxation

	Current Quarter		Cumulative Quarter	
	31-May-2016 RM'000	31-May-2015 RM'000	31-May-2016 RM'000	31-May-2015 RM'000
Income tax:				
Current period	286	115	1,175	870
Prior period	(5)	(12)	(5)	55
Deferred tax:				
Current period	(2)	-	(12)	(3)
Prior period	-	-	10	6
Total tax expenses	279	103	1,168	928

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”);

D'NONCE TECHNOLOGY BHD.

(503292-K)

20 Status of Corporate Proposal (cont'd)

(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.

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.

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.

On 5 May 2016, Bursa Malaysia Securities Berhad had resolved to approve the application by the Company for an extension of time of 6 months from 22 May 2016 until 21 November 2016 to complete the implementation of Private Placement with Warrants.

On 18 May 2016, the Company's Board has announced that the effective date for the implementation of the ESOS is on 18 May 2016.

On 4 July 2016, the Company has offered the options under ESOS to the employees of the Company and its subsidiaries.

The exercise price of the options offered was RM0.25. The number of options offered was 27,060,600. The market price of the Company's shares on date of offer is RM0.22.

The number of options offered to each director are as follows:

<u>Directors</u>	<u>Number of options</u>
Dato' Ahmad Ibnihajar	2,500,000
Law Kim Choon	2,500,000
Wong Thai Sun	2,000,000
Dato' Lee Kah Choon	1,500,000
Lena Leong Oy Lin	1,500,000
Roslant bin Abu	1,500,000

D'NONCE TECHNOLOGY BHD.
(503292-K)

20 Status of Corporate Proposal (cont'd)

As at 25 July 2015, all the above corporate exercises have been completed except for the 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 July 2016.

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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:

31 May 2016	Subsidiaries in Malaysia RM'000	Subsidiaries in Thailand RM'000	Total RM'000
Secured:			
Short Term	38,076	13,797	51,873
Long Term	27,535	5,130	32,665
Total	65,611	18,927	84,538

31 Aug 2015	Subsidiaries in Malaysia RM'000	Subsidiaries in Thailand RM'000	Total RM'000
Secured:			
Short Term	34,293	13,447	47,740
Long Term	33,647	4,219	37,866
Total	67,940	17,666	85,606

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 May 2016 RM'000	As At 31 Aug 2015 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	6,367	(13,101)
- Unrealised	421	(118)
	6,788	(13,219)
Add : Consolidation adjustments	(3,217)	(3,473)
Total Group retained earnings/(accumulated losses) as per consolidated income statements	3,571	(16,692)

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	
	31 May 2016	31 May 2015	31 May 2016	31 May 2015
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(2,184)	255	(4,786)	1,977
Weighted average number of ordinary shares in issue ('000)	180,404	90,202	180,404	90,202
Basic (loss)/earnings per share (sen)	(1.21)	0.28	(2.65)	2.19

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 31 May 2016	As At 31 Aug 2015
Equity attributable to equity holders of the parent (RM'000)	67,417	51,152
Less: Intangible assets (RM'000)	(289)	(289)
Net Tangible Assets	67,128	50,863

Number of ordinary shares in issue ('000)	180,404	45,101
Net Tangible Assets (RM)	0.37	1.13

28 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 29 July 2016.

By Order of the Board
Gunn Chit Geok
Chew Siew Cheng
 Company Secretaries
 29 July 2016
 Pulau Pinang