



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FIRST QUARTER ENDED 30 NOVEMBER 2016

D'NONCE TECHNOLOGY BHD.

(503292-K)

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 Nov 2016.

Unaudited Condensed Consolidated Statement of Financial Position As At 30 Nov 2016

		As At 30/11/2016 RM'000	As At 31/08/2016 RM'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	56,898	53,944
Investment properties		2,730	2,773
Intangible assets		289	289
Trade receivable		21,786	23,082
Deferred tax assets		99	92
		<u>81,802</u>	<u>80,180</u>
Currents assets			
Inventories		20,331	18,159
Trade receivables		49,844	45,807
Other receivables, deposit and prepayment		10,323	10,596
Tax recoverable		1,019	1,223
Cash and bank balances		23,527	33,329
		<u>105,044</u>	<u>109,114</u>
Asset of disposal group classified as held for sale		8,522	8,994
TOTAL ASSETS		<u>195,368</u>	<u>198,288</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	<i>7</i>	45,101	45,101
Share premium		394	394
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,274	5,014
Employees share option scheme reserve		3,566	3,566
Legal reserve		32	32
Warrant reserve		8,777	8,777
Accumulated losses		(1,375)	(2,257)
		<u>67,889</u>	<u>65,747</u>
Non-controlling interest		<u>4,753</u>	<u>4,562</u>
Total equity		<u>72,642</u>	<u>70,309</u>
Non-current liabilities			
Retirement benefit obligations		661	580
Borrowings	<i>22</i>	30,822	30,281
Deferred tax liabilities		420	423
		<u>31,903</u>	<u>31,284</u>

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Unaudited Condensed Consolidated Statement of Financial Position As At 30 Nov 2016 (cont'd)

	<i>Note</i>	As At 30/11/2016 RM'000	As At 31/08/2016 RM'000
Current liabilities			
Retirement benefit obligations		114	90
Borrowings	22	56,007	60,471
Trade payables		22,024	25,072
Other payables		12,145	10,405
Current tax payable		533	607
Derivatives	23	-	50
		<u>90,823</u>	<u>96,695</u>
Total liabilities		<u>122,726</u>	<u>127,979</u>
TOTAL EQUITY AND LIABILITIES		<u>195,368</u>	<u>198,288</u>
Net tangible assets per share (RM)	27	<u>0.37</u>	<u>0.36</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2016.)

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 first financial quarter ended 30 Nov 2016.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 Nov 2016

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/11/2016	30/11/2015	30/11/2016	30/11/2015
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	45,979	45,184	45,979	45,184
Operating expenses	(44,877)	(43,222)	(44,877)	(43,222)
Other income including investment income	771	646	771	646
Profit from operations	1,873	2,608	1,873	2,608
Depreciation	(1,728)	(1,690)	(1,728)	(1,690)
Fair value changes in derivatives	50	188	50	188
Foreign exchange gain/(loss)	244	(330)	244	(330)
Gain on disposal of property, plant and equipment	1,841	8	1,841	8
Reversal of impairment loss on property, plant and equipment	5	-	5	-
Interest expense	(1,389)	(1,340)	(1,389)	(1,340)
Interest income	626	685	626	685
Property, plant and equipment written off	(4)	-	(4)	-
Provision for/(Reversal) and written off of inventories	26	(22)	26	(22)
Profit before taxation	1,544	107	1,544	107
Taxation	20 (471)	(492)	(471)	(492)
Profit/(Loss) for the period	1,073	(385)	1,073	(385)
Profit/(Loss) attributable to :				
Owner of the parent	882	(462)	882	(462)
Non-controlling interest	191	77	191	77
	1,073	(385)	1,073	(385)
Earnings/(Loss) per share :-	26			
(a) Basic (sen)	0.49	(0.49)	0.49	(0.49)
(b) Fully Diluted (sen)	0.46	(0.49)	0.46	(0.49)

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2016.)

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 first financial quarter ended 30 Nov 2016.

Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 30 Nov 2016 (cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/11/2016	30/11/2015	30/11/2016	30/11/2015
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	1,073	(385)	1,073	(385)
Foreign currency transaction differences for foreign operations	1,260	209	1,260	209
Total comprehensive income/(loss) for the period	<u>2,333</u>	<u>(176)</u>	<u>2,333</u>	<u>(176)</u>
Total comprehensive income/(loss) attributable to:				
Owner of the parent	2,142	(253)	2,142	(253)
Non-controlling interest	191	77	191	77
	<u>2,333</u>	<u>(176)</u>	<u>2,333</u>	<u>(176)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2016.)

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 first financial quarter ended 30 Nov 2016.

Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 30 Nov 2016

	← Attributable to owners of the parent →											
	← Non-distributable →											
	Share Capital	Share Premium	Other Capital Reserve	Foreign Currency Translation Reserve	Employees' share option scheme reserve ("ESOS")	Legal Reserve	Warrant 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	RM'000	
At 1 September 2016	45,101	394	5,120	5,014	3,566	32	8,777	(2,257)	65,747	4,562	70,309	
Par value reduction	(33,826)	-	-	-	-	-	-	-	(33,826)	-	(33,826)	
Issuance of rights issue with warrants	22,551	-	-	-	-	-	-	-	22,551	-	22,551	
Issuance of bonus shares	11,275	-	-	-	-	-	-	-	11,275	-	11,275	
Total comprehensive income for the period	-	-	-	1,260	-	-	-	882	2,142	191	2,333	
At 30 Nov 2016	45,101	394	5,120	6,274	3,566	32	8,777	(1,375)	67,889	4,753	72,642	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2016.)

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 first financial quarter ended 30 Nov 2016.

Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 30 Nov 2016 (cont'd)

	← Attributable to owners of the parent →											
	← Non-distributable →											
	Share Capital	Share Premium	Other Capital Reserve	Foreign Currency Translation Reserve	Employees' share option ("ESOS")	Legal Reserve	Warrant Reserve	(Accumulated Loss)/Retained Earnings	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	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 expense	-	(901)	-	-	-	-	-	-	(901)	-	(901)	
Total comprehensive income for the period	-	-	-	209	-	-	-	(462)	(253)	77	(176)	
At 30 Nov 2015	45,101	134	5,120	5,490	-	32	8,777	7,895	72,549	4,817	77,366	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2016.)

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 first financial quarter ended 30 Nov 2016.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 Nov 2016

	3 months ended	
	30/11/2016	30/11/2015
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,544	107
Adjustments for non-cash flows:-		
Depreciation	1,728	1,690
Gain on disposal of property, plant and equipment	(1,841)	(8)
Interest expense	1,389	1,340
Interest income	(626)	(685)
Provision for/(Reversal) and written off of inventories	(26)	22
Net fair value changes in derivatives	(50)	(188)
Property, plant and equipment written off	4	-
Reversal of impairment loss on property, plant and equipment	(5)	-
Non-operating items	849	(1,287)
Operating profit before working capital changes	2,966	991
(Increase)/Decrease in receivables	(2,468)	2,434
(Increase)/Decrease in inventories	(2,146)	449
(Decrease)/Increase in payables	(2,099)	12,033
Cash (used in)/generated from operations	(3,747)	15,907
Tax (paid)/refund	(351)	90
Interest paid	(1,389)	(1,340)
Retirement benefit obligations paid	-	(198)
Net cash (used in)/generated from operating activities	(5,487)	14,459
Cash Flows From Investing Activities		
Interest income	626	685
Purchases of property, plant and equipment	(2,626)	(779)
Proceed from disposal of property, plant and equipment	2,650	8
Net changes to fixed deposit	3,341	(530)
Net cash generated from/(used in) investing activities	3,991	(616)
Cash Flows From Financing Activities		
Proceeds from issuance of rights issue	-	22,551
(Repayment)/Drawdown of short term borrowings	(2,293)	891
Repayment of hire purchase and lease financing	(272)	(519)
Drawdown/(Repayment) of term loans	1,900	(556)
Net cash (used in)/generated from financing activities	(665)	22,367

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Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 Nov 2016
(cont'd)

Net (decrease)/increase in cash and cash equivalents	(2,161)	36,210
Effect of exchange rate changes	(737)	(14)
Cash and cash equivalents at beginning of the period	<u>(2,876)</u>	<u>(9,171)</u>
Cash and cash equivalents at end of the period	<u>(5,774)</u>	<u>27,025</u>
Cash and cash equivalents comprise:		
Cash and bank balances	23,527	47,583
Bank overdraft - secured	<u>(12,651)</u>	<u>(15,602)</u>
	10,876	31,981
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	<u>(16,650)</u>	<u>(4,956)</u>
	<u>(5,774)</u>	<u>27,025</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2016.)

The accompanying notes are an integral part of this statement.

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Notes to the condensed consolidated interim financial statements of the Group for the first quarter ended 30 Nov 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.

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 2016. 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 2016.

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 2016.

The adoption of the following amendments to MFRSs and improvements to published standards that came into effect on 1 January 2016 did not have any significant impact on the unaudited condensed financial statements upon their initial application.

Effective for financial periods beginning on or after 1 January 2016

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 – Clarification of Acceptable Methods of Depreciation and Amortisation

Annual Improvements to MFRSs 2012-2014 Cycle

MFRSs and amendments to MFRSs that are applicable to the Group but not yet effective

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 2017

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

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 12: Annual Improvements to MFRS Standards 2014-2016 Cycle

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

MFRS 15: Revenue from Contracts with Customers

Clarifications to MFRS 15

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

Amendments to MFRS 140: Transfers of Investment Property

Amendments to MFRSs: Annual Improvements to 2014-2016 Cycle

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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

Deferred

Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

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 2016 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 21.

6 Material Changes in Accounting Estimates

There were no changes in accounting estimates of amounts reported in prior interim periods or the current financial period or changes in estimates of amounts reported in prior financial years.

7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares or resale of treasury shares for the current financial period.

8 Dividend Paid

No dividend was paid during the financial year to date.

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9 Segmental Reporting

The Group's segmental analysis is as follows:

3 months period ended 30-Nov-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	13,739	4,030	28,210	-	45,979
Inter-segment revenue	10	100	4,867	(4,977)	-
Total segment revenue	13,749	4,130	33,077	(4,977)	45,979
RESULTS					
Segment results	1,822	250	3,588	-	5,660
Unallocated expenses					(2,727)
Operating profit					2,933
Finance costs, net					(1,389)
Profit before taxation					1,544
Taxation					(471)
Profit after taxation					1,073
Interest revenue	-	3	623	-	626
Interest expense	51	170	1,168	-	1,389
Depreciation and amortisation	12	658	1,058	-	1,728
Other significant non-cash items	62	4	(2,596)	-	(2,530)
Segment assets	12,166	24,694	151,937	-	188,797
Unallocated assets					6,571
Total assets					195,368
Segment liabilities	7,504	14,034	98,940	-	120,478
Unallocated liabilities					2,247
Total liabilities					122,725

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9 Segmental Reporting (cont'd)

3 months period ended 30-Nov-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	13,362	5,386	26,436	-	45,184
Inter-segment revenue	119	112	4,567	(4,798)	-
Total segment revenue	13,481	5,498	31,003	(4,798)	45,184
RESULTS					
Segment results	1,459	1,046	806	-	3,311
Unallocated expenses					(1,864)
Operating loss					1,447
Finance costs, net					(1,340)
Loss before taxation					107
Taxation					(492)
Loss after taxation					(385)
Interest revenue	-	(3)	688	-	685
Interest expense	38	161	1,141	-	1,340
Depreciation and amortisation	6	637	1,047	-	1,690
Other significant non-cash items	13	15	1,162	-	1,190
Segment assets	12,794	17,916	148,155	-	178,865
Unallocated assets					36,246
Total assets					215,111
Segment liabilities	11,007	10,402	100,949	-	122,358
Unallocated liabilities					15,387
Total liabilities					137,745

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 was no revaluations of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

11 Material Events During the Quarter Under Review

On 29 August 2016, the Board of Directors of the Company announced that the Company's wholly-owned subsidiary, Attractive Venture Sdn. Bhd. ("AVSB") entered into a Sale and Purchase Agreement with Fagerdala Malaysia Sdn. Bhd. ("FMSB") to dispose of all that piece of leasehold land measuring approximately 8,627.90 square meters held under H.S.(D) 14901, PT 2942, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang together with a two storey detached factory cum office bearing assessment no. PMT 1483 (formerly known as Plot 36), Lorong Perusahaan Maju 7, Kawasan Perusahaan Perai, 13600 Perai, Penang to FMSB for a total consideration of RM15,400,000 only subject to terms and conditions as stipulated in the Agreement.

There was an Extraordinary General Meeting ("EGM") conducted on 30 November 2016 for approving the proposed disposal of all that piece of leasehold land together with a two storey detached factory cum office. The shareholders had approved the proposed disposal.

The disposal is now pending completion.

12 Subsequent Material Event

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

13 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter and financial period to date.

14 Changes in Contingent Liabilities and Assets

The Company provided corporate guarantees amounting to RM85,785,268 (31.8.2016: RM89,679,554) for the banking facilities granted to certain subsidiary companies.

15 Capital Commitments

The amount of commitments not provided for in the interim financial statements as at 30 Nov 2016 are as follows:

	RM'000
Approved and contracted for:	
- Building	5,065
- Motor vehicles	424
Total Capital Commitments	5,489

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

Compared to the first quarter of last year, the Group's revenue for the first quarter have increased by RM0.8 million to RM46 million. The profit for the quarter was RM1.5 million compared to profit of RM0.1 million for the same quarter last year.

One of the major contributor to the profit for the quarter is the gain on disposal of property, plant and equipment of RM1.8 million.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The current quarter's revenue of RM13.7 million is an increase of RM0.3 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 RM0.3 million higher than the comparative quarter because of the higher revenue.

Contract Manufacturing Services

The current quarter's revenue of RM4.0 million is lower compared to the same quarter last year. This is mainly due to the reduced demand from our customers in the Hard Disk Drive industry in this quarter as compared to the same quarter last year.

The current quarter reported a profit of RM0.3 million compared to profit of RM1.0 million for the same quarter last year. The lower profit in this year was mainly due to the lower revenue.

Supply of Packaging and Other Materials

The current quarter's revenue is RM28.2 million. The revenue generated is an increase of RM1.8 million from the revenue in the same quarter for last financial year.

The segmental profit in this quarter is RM3.6 million compared to same quarter in previous year which reported a segmental profit of RM0.8 million. The higher profit this year is due to gain on disposal of property, plant and equipment of RM1.8 million and higher revenue.

17 Material Changes in Profit Before Taxation Against Preceding Quarter

The Group's current quarter revenue is RM46 million compared to previous quarter revenue of RM43.2 million. The results for this period is profit of RM1.5 million compared to previous quarter loss of RM6.8 million. Higher revenue and profit in this quarter is mainly due to recovery in the 2 subsidiaries in Thailand which is in Bangkok and Sadao district.

The main contributor to the preceding quarter's loss is ESOS fair value cost recognised of RM3.6 million in that quarter.

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

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 RM0.2 million compared to the revenue in previous quarter.

The segmental result for this quarter is RM1.8 million. This is higher by RM0.1 million compared to the previous quarter.

Contract Manufacturing Services

The revenue in this business segment has increased by RM0.8 million to RM4.0 million as compared to the immediate preceding quarter mainly due to the improved demand by our customers in the Hard Disk Drive industry.

The segmental results for this business segment registered a profit of RM0.3 million which is higher than the loss recorded in previous quarter of RM0.9 million due to lower revenue and ESOS fair value cost recognised in this segment recorded in previous quarter.

Supply of Packaging and Other Materials

The revenue in this current quarter of RM28.2 million which is higher by RM1.7 million compared to preceding quarter.

This segment registered a profit of RM3.6 million in this current quarter compared to loss of RM2.4 million in the previous quarter. The loss in the previous quarter is due to unfavourable foreign currency fluctuation, lower margin of our products and ESOS fair value cost recognised in this segment.

18 Prospects

The current global business sentiment remains challenging due to the prevailing global economic conditions and 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.

19 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)****20 Taxation**

	Current Quarter		Cumulative Quarter	
	30-Nov-2016	30-Nov-2015	30-Nov-2016	30-Nov-2015
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	474	493	474	493
Prior period	-	-	-	-
Deferred tax:				
Current period	(10)	(1)	(10)	(1)
Prior period	7	-	7	-
Total tax expenses	471	492	471	492

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

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21 Status of Corporate Proposal

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

As disclosed in prior quarters, the Company had proposed and received shareholders' approval to carry out the following corporate proposals:

- (i) Proposed Par Value Reduction
- (ii) Proposed Rights Issue with Warrants
- (iii) Proposed Bonus Issue
- (iv) Proposed Private Placement with Warrants
- (v) Proposed Memorandum And Articles of Association Amendments
- (vi) Proposed Employee Share Option Scheme ("ESOS")
- (vii) Proposed Share Buy-Back; and
- (viii) Proposed Increase in Authorised Share Capital

As at today, all the proposals have been implemented except the Proposed Private Placement with Warrants (please see subsequent paragraphs on the status of this proposal) and Proposed Share Buy-Back.

(a) Proposed Private Placement with Warrants

On 17 October 2016, the Board of Directors of the Company announced that the Inter-Pacific Securities Sdn. Bhd. ("IPS") on behalf of the Board submitted an application to Bursa Securities for an extension of time of six months from 22 November 2016 to 21 May 2017 to enable the Company to complete the implementation of the Private Placement with Warrants.

On 8 November 2016, the Board of Directors of the Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 7 November 2016, resolved to approve the application by D'nonce Technology Bhd.

(b) Proposed Share Buy-Back

On 29 August 2016, the Board of Directors of the Company announced that the Company intends to seek the approval of its shareholders for the Proposed Share Buy-back Authority ("SBB Authority") at the Extraordinary General Meeting to be held in November 2016.

However, on 10 October 2016, the Board of Directors of the Company announced that the Company will not seek for its shareholders' approval for the SBB Authority at the Extraordinary General Meeting to be held in November 2016. The Directors have now decided to seek for the shareholders' approval for such SBB Authority at the forthcoming Annual General Meeting to be convened on 25 January 2017.

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21 Status of Corporate Proposal (cont'd)

(c) Extension of time for the utilisation of proceeds raised from the rights issue with warrants

On 22 November 2016, the Board of Directors of the Company announced that the estimated timeframe of 3 of the planned utilisation of proceeds from the rights issue with warrants have been extended from 12 months to 24 months from the listing date.

The 3 planned utilisation are:

- (i) To partly finance the purchase of land and factory building, renovation and refurbishment expenses
- (ii) Construction of clean room facility and purchase of 3 lines of tray cleaning systems in Thailand
- (iii) Construction of new factory building in Thailand

The extension of time for the Utilisation of Proceeds are not subject to any regulatory or shareholders' approval. Notwithstanding the aforesaid, the Company shall continue to be vigilant and prudent in managing the proceeds raised from the Rights Issue with Warrants and will continue to disclose the status of the Utilisation of the Proceeds in the Company's quarterly results and annual reports until its full utilisation.

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21 Status of Corporate Proposal (cont'd)

(d) Utilisation of proceeds from corporate proposal:

Purpose	Proposed Utilisation	Actual Utilisation *	Adjustments	Balance yet to be utilised	Extended Timeframe for Utilisation from date of listing of the Rights Shares	Deviation	
						Amount RM'000	%
	RM'000	RM'000	RM'000	RM'000			
(i) To partly finance the purchase of land and factory building, renovation and refurbishment expenses	5,000	-	-	5,000	Within 24 months	N/A	N/A
(ii) Construction of clean room facility and purchase of 3 lines of tray cleaning systems in Thailand	4,400	-	-	4,400	Within 24 months	N/A	N/A
(iii) Construction of new factory building in Penang	1,600	1,600	-	-	Completed	N/A	N/A
(iv) Construction of new factory building in Thailand	2,200	-	-	2,200	Within 24 months	N/A	N/A
(v) Renovation and refurbishment of factory building in Penang	1,000	1,000	-	-	Completed	N/A	N/A
(vi) Working capital	6,751	6,751	-	-	Completed	N/A	N/A
(vii) Expenses in relation to the Corporate Exercises	1,600	1,079	521	-	Completed	N/A	N/A
Total	22,551	10,430	521	11,600		N/A	N/A

* As at 18 January 2017.

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22 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:

30 Nov 2016	Denominated in Ringgit Malaysia RM'000	Denominated in Thai Baht RM'000	Total RM'000
Secured:			
Short Term	38,564	17,443	56,007
Long Term	25,820	5,002	30,822
Total	64,384	22,445	86,829

31 Aug 2016	Denominated in Ringgit Malaysia RM'000	Denominated in Thai Baht RM'000	Total RM'000
Secured:			
Short Term	44,034	16,437	60,471
Long Term	25,295	4,986	30,281
Total	69,329	21,423	90,752

23 Derivative Financial Instrument

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

24 Realised and Unrealised Profit Disclosure

	As At 30 Nov 2016 RM'000	As At 31 Aug 2016 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	11,304	7,142
- Unrealised	(2,257)	1,053
	9,047	8,195
Add : Consolidation adjustments	(10,422)	(10,452)
Total Group retained earnings/(accumulated losses) as per consolidated income statements	(1,375)	(2,257)

24 Material Litigation

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

25 Dividend

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

D'NONCE TECHNOLOGY BHD.**(503292-K)****26 Earnings/(Loss) Per Share**

	Current Quarter		Cumulative Quarter	
	30 Nov 2016	30 Nov 2015	30 Nov 2016	30 Nov 2015
Basic				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	882	(462)	882	(462)
Weighted average number of ordinary shares in issue ('000)	180,404	95,213	180,404	95,213
Basic earnings/(loss) per share (sen)	0.49	(0.49)	0.49	(0.49)

	Current Quarter		Cumulative Quarter	
	30 Nov 2016	30 Nov 2015	30 Nov 2016	30 Nov 2015
Diluted				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	882	(462)	882	(462)
Weighted average number of ordinary shares in issue ('000)	190,221	95,213	190,221	95,213
Basic earnings/(loss) per share (sen)	0.46	(0.49)	0.46	(0.49)

27 Net Tangible Assets Per Share

	As At 30 Nov 2016	As At 31 Aug 2016
Equity attributable to equity holders of the parent (RM'000)	67,889	65,747
Less: Intangible assets	(289)	(289)
Net Tangible Assets	67,600	65,458

Number of ordinary shares in issue ('000)	180,404	180,404
Net Tangible Assets (RM)	0.37	0.36

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28 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 25 January 2017.

By Order of the Board

Gunn Chit Geok

Chew Siew Cheng

Company Secretaries

25 January 2017

Pulau Pinang