



**D'NONCE GROUP OF COMPANIES**

**INTERIM FINANCIAL RESULTS**

**SECOND QUARTER ENDED 28 FEBRUARY 2017**

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

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 28 Feb 2017.

**Unaudited Condensed Consolidated Statement of Financial Position As At 28 Feb 2017**

	<i>Note</i>	As At 28/02/2017 RM'000	As At 31/08/2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	57,993	53,944
Investment properties		2,686	2,773
Intangible assets		289	289
Trade receivable		19,413	23,082
Deferred tax assets		100	92
		<u>80,481</u>	<u>80,180</u>
<b>Currents assets</b>			
Inventories		21,852	18,159
Trade receivables		49,132	45,807
Other receivables, deposit and prepayment		11,997	10,596
Tax recoverable		943	1,223
Cash and bank balances		23,209	33,329
		<u>107,133</u>	<u>109,114</u>
Asset of disposal group classified as held for sale		8,522	8,994
<b>TOTAL ASSETS</b>		<u>196,136</u>	<u>198,288</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	<i>7</i>	45,495	45,101
Share premium	<i>7</i>	-	394
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,551	5,014
Employees share option scheme reserve		3,566	3,566
Legal reserve		32	32
Warrant reserve		8,777	8,777
Accumulated losses		(2,338)	(2,257)
		<u>67,203</u>	<u>65,747</u>
<b>Non-controlling interest</b>		<u>4,715</u>	<u>4,562</u>
<b>Total equity</b>		<u>71,918</u>	<u>70,309</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		712	580
Borrowings	<i>22</i>	29,175	30,281
Deferred tax liabilities		418	423
		<u>30,305</u>	<u>31,284</u>

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

**Unaudited Condensed Consolidated Statement of Financial Position As At 28 Feb 2017 (cont'd)**

	<i>Note</i>	As At 28/02/2017 RM'000	As At 31/08/2016 RM'000
<b>Current liabilities</b>			
Retirement benefit obligations		137	90
Borrowings	22	58,127	60,471
Trade payables		22,231	25,072
Other payables		13,288	10,405
Current tax payable		130	607
Derivatives	23	-	50
		<u>93,913</u>	<u>96,695</u>
<b>Total liabilities</b>		<u>124,218</u>	<u>127,979</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>196,136</u>	<u>198,288</u>
<b>Net tangible assets per share (RM)</b>	28	<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 second financial quarter ended 28 Feb 2017.

**Unaudited Condensed Consolidated Income Statement For The Quarter Ended 28 Feb 2017**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	47,150	43,310	93,129	88,494
Operating expenses	(46,988)	(43,293)	(91,864)	(86,471)
Other income including investment income	1,230	750	2,001	1,396
Profit from operations	1,392	767	3,266	3,419
Depreciation	(1,744)	(1,722)	(3,472)	(3,412)
Fair value changes in derivatives	-	10	50	198
Foreign exchange (loss)/gain	(124)	22	120	(352)
Gain on disposal of property, plant and equipment	47	-	1,888	8
Interest expense	(1,131)	(1,229)	(2,520)	(2,569)
Interest income	540	678	1,166	1,363
Reversal/(provision for and written off) of inventories	18	(46)	44	(68)
Reversal of provision for receivables	82	-	82	-
Profit before taxation	(920)	(1,520)	624	(1,413)
Taxation	(81)	(397)	(552)	(889)
(Loss)/Profit for the period	(1,001)	(1,917)	72	(2,302)
<b>(Loss)/Profit attributable to:</b>				
Owner of the parent	(963)	(2,140)	(81)	(2,602)
Non-controlling interest	(38)	223	153	300
	(1,001)	(1,917)	72	(2,302)
Loss per share:				
(a) Basic (sen)	(0.53)	(1.19)	(0.04)	(1.44)
(b) Fully Diluted (sen)	(0.52)	(1.19)	(0.04)	(1.44)

**(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 second financial quarter ended 28 Feb 2017.

**Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 28 Feb 2017 (cont'd)**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(1,001)	(1,917)	72	(2,302)
Foreign currency translation differences for foreign operations	276	(179)	1,537	30
Total comprehensive (loss)/income for the period	<u>(725)</u>	<u>(2,096)</u>	<u>1,609</u>	<u>(2,272)</u>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owner of the parent	(687)	(2,319)	1,456	(2,572)
Non-controlling interest	(38)	223	153	300
	<u>(725)</u>	<u>(2,096)</u>	<u>1,609</u>	<u>(2,272)</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.**

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

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 28 Feb 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 28 Feb 2017**

	←————— Attributable to owners of the parent —————→										
	←————— Non-distributable —————→										
	Foreign										
	Share	Share	Other	Currency	Employees' Share	Legal	Warrant	Accumulated		Non-	Total
	Capital	Premium	Capital	Translation	Option Scheme	Reserve	Reserve	Loss	Total	controlling	Equity
	RM'000	RM'000	Reserve	Reserve	Reserve ("ESOS")	RM'000	RM'000	RM'000	RM'000	Interest	RM'000
	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 2016	45,101	394	5,120	5,014	3,566	32	8,777	(2,257)	65,747	4,562	70,309
Reclassification due to compliance with Companies Act 2016	394	(394)	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	1,537	-	-	-	(81)	1,456	153	1,609
At 28 Feb 2017	45,495	-	5,120	6,551	3,566	32	8,777	(2,338)	67,203	4,715	71,918

**(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 second financial quarter ended 28 Feb 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 28 Feb 2017 (cont'd)**

	←————— Attributable to owners of the parent —————→											
	←————— Non-distributable —————→											
	Foreign								(Accumulated			
	Share	Share	Other	Currency	Employees' Share	Legal	Warrant	Loss)/		Non-	Total	
	Capital	Premium	Capital	Translation	Option Scheme	Reserve	Reserve	Retained	Total	controlling	Equity	
	RM'000	RM'000	Reserve	Reserve	Reserve ("ESOS")	RM'000	RM'000	Earnings	RM'000	Interest	RM'000	
	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 expenses	-	(925)	-	-	-	-	-	-	(925)	-	(925)	
Total comprehensive income /(loss) 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	

(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 second financial quarter ended 28 Feb 2017.

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 28 Feb 2017**

	<b>6 months ended</b>	
	<b>28/02/2017</b>	<b>29/02/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	624	(1,413)
Adjustments for non-cash flows:		
Depreciation	3,472	3,412
Gain on disposal of property, plant and equipment	(1,888)	(8)
Interest expense	2,520	2,569
Interest income	(1,166)	(1,363)
Reversal/(provision for and written off) of inventories	(44)	68
Net fair value changes in derivatives	(50)	(198)
Reversal of provision for receivables	(82)	-
Non-operating items	580	(806)
Operating profit before working capital changes	<u>3,966</u>	<u>2,261</u>
(Increase)/Decrease in receivables	(975)	3,605
Increase in inventories	(3,649)	(1,012)
Decrease in payables	(434)	(6,670)
Cash used in operations	<u>(1,092)</u>	<u>(1,816)</u>
Tax paid	(762)	(357)
Interest paid	(2,520)	(2,569)
Retirement benefit obligations paid	-	(431)
Net cash used in operating activities	<u>(4,374)</u>	<u>(5,173)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income	1,166	1,363
Purchases of property, plant and equipment	(4,688)	(1,352)
Proceed from disposal of property, plant and equipment	2,697	8
Net changes to fixed deposit	4,250	(230)
Net cash generated from/(used in) investing activities	<u>3,425</u>	<u>(211)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of rights issue	-	22,551
(Repayment)/Drawdown of short term borrowings	(164)	1,709
Repayment of hire purchase and lease financing	(806)	(1,067)
Drawdown/(Repayment) of term loans	190	(3,389)
Net cash (used in)/generated from financing activities	<u>(780)</u>	<u>19,804</u>



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

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 28 Feb 2017**  
**(cont'd)**

Net (decrease)/increase in cash and cash equivalents	(1,729)	14,420
Effect of exchange rate changes	(902)	(80)
Cash and cash equivalents at beginning of the period	(2,876)	(9,171)
Cash and cash equivalents at end of the period	<u>(5,507)</u>	<u>5,169</u>
Cash and cash equivalents comprise:		
Cash and bank balances	23,209	23,015
Bank overdraft - secured	(12,975)	(13,190)
	<u>10,234</u>	<u>9,825</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(15,741)	(4,656)
	<u>(5,507)</u>	<u>5,169</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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## **D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

### **Notes to the condensed consolidated interim financial statements of the Group for the second quarter ended 28 Feb 2017.**

#### **1 Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 August 2016.

The Group has adopted all the new and revised MFRs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 September, 2016. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

#### **2 Significant Accounting Policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 August 2016.

#### **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 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 other than reclassification of share premium account to share capital as required by Companies Act 2016 ("CA2016").

With the implementation of the CA 2016 on 26 January 2017, all shares shall have no par or nominal value. In view thereof, the amount standing in share premium as at 31 January 2017 will be part of the Company's share capital. Nevertheless, the Company may within 24 months upon the commencement of the CA 2016, utilised the amount standing in share premium account for such purposes allowed under CA 2016.

#### **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 28-Feb-17</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	27,391	8,705	57,033	-	93,129
Inter-segment revenue	40	244	10,472	(10,756)	-
<b>Total segment revenue</b>	<b>27,431</b>	<b>8,949</b>	<b>67,505</b>	<b>(10,756)</b>	<b>93,129</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>3,590</b>	<b>667</b>	<b>2,751</b>	<b>-</b>	<b>7,008</b>
Unallocated expenses					(3,864)
Operating profit					3,144
Finance costs, net					(2,520)
Profit before taxation					624
Taxation					(552)
Profit after taxation					72
<b>Interest revenue</b>	<b>-</b>	<b>8</b>	<b>1,158</b>	<b>-</b>	<b>1,166</b>
<b>Interest expense</b>	<b>111</b>	<b>362</b>	<b>2,047</b>	<b>-</b>	<b>2,520</b>
<b>Depreciation and amortisation</b>	<b>25</b>	<b>1,319</b>	<b>2,128</b>	<b>-</b>	<b>3,472</b>
<b>Other significant non-cash items</b>	<b>(56)</b>	<b>(7)</b>	<b>(2,047)</b>	<b>-</b>	<b>(2,110)</b>
<b>Segment assets</b>	<b>12,682</b>	<b>24,948</b>	<b>151,448</b>	<b>-</b>	<b>189,078</b>
Unallocated assets					7,058
Total assets					196,136
<b>Segment liabilities</b>	<b>8,385</b>	<b>13,532</b>	<b>100,084</b>	<b>-</b>	<b>122,001</b>
Unallocated liabilities					2,217
Total liabilities					124,218

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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

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

<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 loss					1,156
Finance costs, net					(2,569)
Loss 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
Total assets					189,861
<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
Total liabilities					114,615

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**

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 RM86,171,225 (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 28 Feb 2017 are as follows:

<b>RM'000</b>	
Approved and contracted for:	
- Building	3,850
- Motor vehicles	426
<b>Total Capital Commitments</b>	<b>4,276</b>

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

**(503292-K)**

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

Compared to the second quarter of last year, the Group's revenue for the second quarter have increased by RM3.8 million to RM47.1 million. The loss for the quarter was RM0.9 million compared to loss of RM1.5 million for the same quarter last year.

The improved results in this second quarter as compared to the same quarter last year is mainly due to the increased in revenue mainly from our subsidiaries in Thailand.

With regards to the first half of this financial year, the revenue has increased by RM4.6 million to RM93.1 million.

The result for this first half of this financial year improved from loss of RM1.4 million to profit of RM0.6 million is mainly due to the increased in revenue and gain on disposal of property, plant and equipment.

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 RM1.1 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 RM0.5 million higher than the comparative quarter because of the higher revenue.

The first half of this financial year for this segment revenue has increased by RM1.5 million to RM27.4 million.

Concurrently, the segment results has improved by RM0.8 million to RM3.6 million.

For the first half of the financial year, the higher demand from customers has resulted in the higher revenue. As a result, segment results improved.

#### **Contract Manufacturing Services**

The current quarter's revenue of RM4.7 million is higher by RM0.7 million compared to the same quarter of last year. This is mainly due to higher demand from our customers in Bangkok, Thailand.

The current quarter reported a profit of RM0.4 million compared to loss of RM0.4 million for the same quarter last year. The higher profit in this year was mainly due to the higher revenue.

For this segment, the first half of the financial year has recorded revenue of RM8.7 million and segment results of RM0.7 million. The effect is a reduction of RM0.6 million in the revenue when comparing the first half of both financial years but the segment maintained the segment results for both years.

The lower revenue was the result of lower customer demand in the first quarter which has since recovered in second quarter of the year.

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

**(503292-K)**

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

#### **Supply of Packaging and Other Materials**

The current quarter's revenue is RM28.8 million. The revenue generated is an increase of RM2 million from the revenue in the same quarter for last financial year. This is mainly contributed by our subsidiary in South Thailand.

The segmental loss in this quarter is RM0.8 million compared to same quarter in previous year which reported a segmental profit of RM1.2 million. The loss in this quarter is due to unfavourable foreign currency fluctuation and lower margin.

In the first half of this financial year, this segment revenue was RM57.0 million which is RM3.8 million higher than the same first half in FY2016.

The segment results was RM2.8 million which is RM0.8 million higher than the same first half in FY2016. This was because of gain on disposal of property, plant and equipment offset by unfavourable foreign currency fluctuation and lower margin.

### **17 Material Changes in Profit Before Taxation Against Preceding Quarter**

The Group's current quarter revenue is RM47.1 million compared to previous quarter revenue of RM46.0 million. The results for this period is loss of RM0.9 million compared to previous quarter profit of RM1.5 million.

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

The performance by business segments are further analysed as below:

#### **Integrated Supply Chain Products and Services**

The revenue and segmental result for this business segment was constant compared to the revenue and segmental result in previous quarter.

#### **Contract Manufacturing Services**

The revenue in this business segment has increased by RM0.6 million to RM4.6 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 RM0.4 million which is higher than the profit recorded in previous quarter of RM0.3 million due to higher revenue in this quarter.

#### **Supply of Packaging and Other Materials**

The revenue in this current quarter of RM28.8 million which is higher by RM0.6 million compared to preceding quarter.

This segment registered a loss of RM0.8 million in this current quarter compared to profit of RM3.6 million in the previous quarter. The loss in this quarter is due to unfavourable foreign currency fluctuation and lower margin in this quarter and gain on disposal of property, plant and equipment recorded in previous quarter.

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

**20 Taxation**

	Current Quarter		Cumulative Quarter	
	28-Feb-2017 RM'000	29-Feb-2016 RM'000	28-Feb-2017 RM'000	29-Feb-2016 RM'000
Income tax:				
Current period	83	396	557	889
Prior period	-	-	-	-
Deferred tax:				
Current period	(2)	(9)	(12)	(10)
Prior period	-	10	7	10
<b>Total tax expenses</b>	<b>81</b>	<b>397</b>	<b>552</b>	<b>889</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.

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**D'NONCE TECHNOLOGY BHD.****(503292-K)****21 Status of Corporate Proposal**

As disclosed in prior quarters, the Company has implemented and completed the corporate proposals except the Proposed Private Placement with Warrants and full utilisation of proceeds from the rights issue with warrants.

Utilisation of proceeds from corporate proposal:

Purpose	Proposed Utilisation RM'000	Actual Utilisation * RM'000	Adjustments RM'000	Balance yet to be utilised RM'000	Extended 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	-	-	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	646	-	3,754	Within 24 months	N/A	N/A
(iii) Construction of new factory building in Thailand	2,200	-	-	2,200	Within 24 months	N/A	N/A
<b>Total</b>	<b>11,600</b>	<b>646</b>	<b>-</b>	<b>10,954</b>		<b>N/A</b>	<b>N/A</b>

\* As at 18 April 2017.

Other than the above, there are no corporate proposals announced as at the date of this report.

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

<b>28 Feb 2017</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	40,373	17,754	58,127
Long Term	24,656	4,519	29,175
<b>Total</b>	<b>65,029</b>	<b>22,273</b>	<b>87,302</b>

<b>31 Aug 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	44,034	16,437	60,471
Long Term	25,295	4,986	30,281
<b>Total</b>	<b>69,329</b>	<b>21,423</b>	<b>90,752</b>

**23 Derivative Financial Instrument**

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

**24 Realised and Unrealised Profit Disclosure**

	<b>As At 28 Feb 2017 RM'000</b>	<b>As At 31 Aug 2016 RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	9,696	7,142
- Unrealised	(1,946)	1,053
	7,750	8,195
Add : Consolidation adjustments	(10,088)	(10,452)
Total Group accumulated losses as per consolidated income statements	<b>(2,338)</b>	<b>(2,257)</b>

**25 Material Litigation**

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

**26 Dividend**

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

**D'NONCE TECHNOLOGY BHD.****(503292-K)****27 Earnings/(Loss) Per Share**

<b>Basic</b>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>28 Feb 2017</b>	<b>28 Feb 2016</b>	<b>28 Feb 2017</b>	<b>28 Feb 2016</b>
Loss attributable to ordinary equity holders of the parent (RM'000)	(963)	(2,140)	(81)	(2,602)
Weighted average number of ordinary shares in issue ('000)	180,404	180,404	180,404	180,404
<b>Basic loss per share (sen)</b>	<b>(0.53)</b>	<b>(1.19)</b>	<b>(0.04)</b>	<b>(1.44)</b>

<b>Diluted</b>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>28 Feb 2017</b>	<b>28 Feb 2016</b>	<b>28 Feb 2017</b>	<b>28 Feb 2016</b>
Loss attributable to ordinary equity holders of the parent (RM'000)	(963)	(2,140)	(81)	(2,602)
Weighted average number of ordinary shares in issue ('000)	185,676	180,404	185,676	180,404
<b>Diluted loss per share (sen)</b>	<b>(0.52)</b>	<b>(1.19)</b>	<b>(0.04)</b>	<b>(1.44)</b>

**28 Net Tangible Assets Per Share**

	<b>As At 28 Feb 2017 RM'000</b>	<b>As At 31 Aug 2016 RM'000</b>
Equity attributable to equity holders of the parent	67,203	65,747
Less: Intangible assets	(289)	(289)
<b>Net Tangible Assets</b>	<b>66,914</b>	<b>65,458</b>

Number of ordinary shares in issue ('000)	180,404	180,404
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<b>Net Tangible Assets Per Share (RM)</b>	<b>0.37</b>	<b>0.36</b>
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**29 Authorisation For Issue**

The Board of Directors authorised the issue of this unaudited interim financial statements on 26 April 2017.

By Order of the Board  
**Gunn Chit Geok**  
**Chew Siew Cheng**  
 Company Secretaries  
 26 April 2017  
 Pulau Pinang