



**D'NONCE GROUP OF COMPANIES**

**INTERIM FINANCIAL RESULTS**

**THIRD QUARTER ENDED 31 MAY 2017**

**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 2017.

**Unaudited Condensed Consolidated Statement of Financial Position As At 31 May 2017**

		As At 31/05/2017 RM'000	As At 31/08/2016 RM'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	59,097	53,944
Investment properties		2,642	2,773
Intangible assets		289	289
Trade receivable		17,004	23,082
Deferred tax assets		99	92
		<u>79,131</u>	<u>80,180</u>
<b>Currents assets</b>			
Inventories		22,551	18,159
Trade receivables		49,955	45,807
Other receivables, deposit and prepayment		11,043	10,596
Tax recoverable		1,263	1,223
Cash and bank balances		20,904	33,329
		<u>105,716</u>	<u>109,114</u>
Asset of disposal group classified as held for sale		8,522	8,994
<b>TOTAL ASSETS</b>		<u>193,369</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>	45,561	45,101
Share premium	<i>7</i>	-	394
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,287	5,014
Employees share option scheme reserve		3,543	3,566
Legal reserve		32	32
Warrant reserve		8,777	8,777
Accumulated losses		(3,757)	(2,257)
		<u>65,563</u>	<u>65,747</u>
<b>Non-controlling interest</b>		<u>4,751</u>	<u>4,562</u>
<b>Total equity</b>		<u>70,314</u>	<u>70,309</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		716	580
Borrowings	<i>22</i>	30,111	30,281
Deferred tax liabilities		423	423
		<u>31,250</u>	<u>31,284</u>

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

**Unaudited Condensed Consolidated Statement of Financial Position As At 31 May 2017 (cont'd)**

	<i>Note</i>	As At 31/05/2017 RM'000	As At 31/08/2016 RM'000
<b>Current liabilities</b>			
Retirement benefit obligations		162	90
Borrowings	22	55,835	60,471
Trade payables		21,970	25,072
Other payables		13,628	10,405
Current tax payable		210	607
Derivatives	23	-	50
		<u>91,805</u>	<u>96,695</u>
<b>Total liabilities</b>		<u>123,055</u>	<u>127,979</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>193,369</u>	<u>198,288</u>
<b>Net tangible assets per share (RM)</b>	28	<u>0.36</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 third financial quarter ended 31 May 2017.

**Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 May 2017**

	<i>Note</i>	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		<b>3 months ended</b>		<b>9 months ended</b>	
		<b>31/05/2017</b>	<b>31/05/2016</b>	<b>31/05/2017</b>	<b>31/05/2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue		48,443	44,274	141,572	132,768
Operating expenses		(48,035)	(46,159)	(139,899)	(132,674)
Other income including investment income		1,141	2,423	3,142	3,819
Profit from operations		1,549	538	4,815	3,913
Depreciation		(1,768)	(1,683)	(5,240)	(5,095)
Fair value changes in derivatives		-	(99)	50	99
Foreign exchange loss		(196)	(91)	(77)	(399)
Gain on disposal of property, plant and equipment		-	-	1,888	8
Interest expense		(1,291)	(1,188)	(3,811)	(3,757)
Interest income		507	606	1,673	1,969
Reversal/(provision for and written off) of inventories		16	(20)	60	(88)
(Provision)/reversal of provision for receivables		(24)	(3)	58	(3)
Gain on disposal of unquoted investment		-	34	-	34
Loss before taxation		(1,207)	(1,906)	(584)	(3,319)
Taxation	<b>20</b>	(175)	(279)	(727)	(1,168)
Loss for the period		(1,382)	(2,185)	(1,311)	(4,487)
<b>(Loss)/Profit attributable to:</b>					
Owner of the parent		(1,418)	(2,184)	(1,500)	(4,786)
Non-controlling interest		36	(1)	189	299
		(1,382)	(2,185)	(1,311)	(4,487)
Loss per share:	<b>27</b>				
(a) Basic (sen)		(0.79)	(1.21)	(0.83)	(2.65)
(b) Fully Diluted (sen)		(0.79)	(1.21)	(0.83)	(2.65)

**(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 third financial quarter ended 31 May 2017.

**Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 31 May 2017 (cont'd)**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31/05/2017	31/05/2016	31/05/2017	31/05/2016
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(1,382)	(2,185)	(1,311)	(4,487)
Foreign currency translation differences for foreign operations	(264)	(605)	1,273	(575)
Total comprehensive loss for the period	<u>(1,646)</u>	<u>(2,790)</u>	<u>(38)</u>	<u>(5,062)</u>
<b>Total comprehensive (loss)/gain attributable to:</b>				
Owner of the parent	(1,682)	(2,789)	(227)	(5,361)
Non-controlling interest	36	(1)	189	299
	<u>(1,646)</u>	<u>(2,790)</u>	<u>(38)</u>	<u>(5,062)</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 third financial quarter ended 31 May 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 31 May 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	-	-	-	(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	

(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 third financial quarter ended 31 May 2017.

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 May 2017**

	<b>9 months ended</b>	
	<b>31/05/2017</b>	<b>31/05/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(584)	(3,319)
Adjustments for non-cash flows:		
Depreciation	5,240	5,095
Gain on disposal of property, plant and equipment	(1,888)	(8)
Gain on disposal of unquoted investments	-	(34)
Interest expense	3,811	3,757
Interest income	(1,673)	(1,969)
(Reversal)/provision for and written off of inventories	(60)	88
Net fair value changes in derivatives	(50)	(99)
Reversal/(provision) of provision for receivables	(58)	3
Non-operating items	1,662	530
Operating profit before working capital changes	6,400	4,044
Decrease in receivables	1,541	2,809
Increase in inventories	(4,332)	(869)
Decrease in payables	(1,390)	(8,057)
Cash used in operations	2,219	(2,073)
Tax paid	(1,169)	(1,319)
Interest paid	(3,811)	(3,757)
Retirement benefit obligations paid	-	(431)
Net cash used in operating activities	(2,761)	(7,580)
<b>Cash Flows From Investing Activities</b>		
Interest income	1,673	1,969
Purchases of property, plant and equipment	(7,298)	(5,042)
Proceed from disposal of property, plant and equipment	598	8
Proceed from disposal of investments	2,100	48
Proceeds from exercise of ESOS	43	-
Net changes to fixed deposit	3,419	(245)
Net cash generated from/(used in) investing activities	535	(3,262)
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of rights issue	-	22,551
(Repayment)/Drawdown of short term borrowings	(3,410)	6,709
Repayment of hire purchase and lease financing	(1,468)	(1,591)
Drawdown/(Repayment) of term loans	767	(3,680)
Net cash (used in)/generated from financing activities	(4,111)	23,989



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

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 May 2017**  
**(cont'd)**

Net (decrease)/increase in cash and cash equivalents	(6,337)	13,147
Effect of exchange rate changes	(745)	(152)
Cash and cash equivalents at beginning of the period	(2,876)	(9,171)
Cash and cash equivalents at end of the period	<u>(9,958)</u>	<u>3,824</u>
Cash and cash equivalents comprise:		
Cash and bank balances	4,224	21,058
Bank overdraft - secured	(14,291)	(12,563)
	<u>(10,067)</u>	<u>8,495</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	109	(4,671)
	<u>(9,958)</u>	<u>3,824</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 third quarter ended 31 May 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.

During the period, 170,000 options under the Employee Share Option Scheme ("ESOS") had been exercised.

### **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>9 months period ended 31-May-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	41,470	12,899	87,203	-	141,572
Inter-segment revenue	54	369	16,040	(16,463)	-
<b>Total segment revenue</b>	<b>41,524</b>	<b>13,268</b>	<b>103,243</b>	<b>(16,463)</b>	<b>141,572</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>3,042</b>	<b>(2,440)</b>	<b>4,093</b>	<b>-</b>	<b>4,695</b>
Unallocated expenses					(1,468)
Operating profit					3,227
Finance costs, net					(3,811)
Profit before taxation					(584)
Taxation					(727)
Profit after taxation					(1,311)
<b>Segment assets</b>	<b>12,468</b>	<b>23,848</b>	<b>155,343</b>	<b>-</b>	<b>191,659</b>
Unallocated assets					1,710
<b>Total assets</b>					<b>193,369</b>
<b>Segment liabilities</b>	<b>7,807</b>	<b>12,674</b>	<b>100,004</b>	<b>-</b>	<b>120,485</b>
Unallocated liabilities					2,570
<b>Total liabilities</b>					<b>123,055</b>

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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

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

<b>9 months period ended 31-May-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	38,839	13,720	80,209	-	132,768
Inter-segment revenue	139	560	13,427	(14,126)	-
<b>Total segment revenue</b>	<b>38,978</b>	<b>14,280</b>	<b>93,636</b>	<b>(14,126)</b>	<b>132,768</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>3,901</b>	<b>581</b>	<b>1,287</b>	<b>-</b>	<b>5,769</b>
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)
<b>Segment assets</b>	<b>9,568</b>	<b>26,228</b>	<b>148,499</b>	<b>-</b>	<b>184,295</b>
Unallocated assets					6,497
<b>Total assets</b>					<b>190,792</b>
<b>Segment liabilities</b>	<b>9,700</b>	<b>12,399</b>	<b>94,606</b>	<b>-</b>	<b>116,705</b>
Unallocated liabilities					1,631
<b>Total liabilities</b>					<b>118,336</b>

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

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

**(503292-K)**

### **10 Valuation of Property, Plant and Equipment**

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.

The disposal was completed on 17 July 2017.

### **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 RM84,898,706 (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 31 May 2017 are as follows:

<b>RM'000</b>	
Approved and contracted for:	
- Building	1,367
- Furniture and fittings	48
<b>Total Capital Commitments</b>	<b>1,415</b>

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

**(503292-K)**

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

Compared to the third quarter of last year, the Group's revenue for the third quarter have increased by RM4.2 million to RM48.4 million. The loss for the quarter was RM1.2 million compared to loss of RM1.9 million for the same quarter last year.

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

For the performance for 9-month period, the revenue has increased by RM8.8 million to RM141.6 million.

The result for this 9-month period improved from loss of RM3.3 million to loss 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 RM14.1 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 loss of RM0.5 million in the current reporting quarter has decreased by RM1.7 million compared to the same quarter in previous year which reported segment results of RM1.2 million. This is due to the lower margin earned.

The 9-month period performance for this segment revenue has increased by RM2.6 million to RM41.5 million.

For the 9-month period, the higher demand from customers has resulted in the higher revenue. However, due to lower margin, the results has decreased by RM0.9 million.

#### **Contract Manufacturing Services**

The current quarter's revenue of RM4.2 million is lower by RM0.2 million compared to the same quarter of last year. This is mainly due to lower demand from our customers.

The current quarter reported a loss of RM3.1 million compared to loss of RM0.1 million for the same quarter last year. The higher loss this year is mainly due to lower revenue and margin.

For this segment, 9-month period of the financial year has recorded revenue of RM12.9 million and segment loss of RM2.4 million. The effect is a reduction of RM0.8 million in the revenue and a reduction of RM3.0 million in segment results when comparing the 9-month period of the financial year.

The lower revenue and results were the result of lower customer demand and margin in the period.

**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 RM30.2 million. There is an increase of RM3.2 million from the revenue in the same quarter for last financial year. This is mainly contributed by our subsidiary in Southern Thailand.

This segment has generated segment results of RM1.3 million in this quarter compared to same quarter in previous year which reported a segmental loss of RM0.7 million. The loss in previous current quarter is due to unfavourable foreign currency fluctuation and lower margin of our products.

In the 9-month period of this financial year, this segment revenue was RM87.2 million which is RM7.0 million higher than the same 9-month period in FY2016.

The segment results was RM4.1 million which is RM2.8 million higher than the same 9-month period in FY2016. This was because of gain on disposal of property, plant and equipment and higher revenue.

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

The Group's current quarter revenue is RM48.4 million compared to previous quarter revenue of RM47.2 million. The results for this period is loss of RM1.2 million compared to previous quarter loss of RM0.9 million.

One of the major contributor to the loss for this quarter is the lower margin earned for our products.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The revenue in this quarter has increased by RM0.4 million and segmental result for this business decreased by RM2.3 million compared to the revenue and segmental result in previous quarter. This lower results is due to lower margin.

**Contract Manufacturing Services**

The revenue in this business segment has decreased by RM0.5 million to RM4.2 million as compared to the immediate preceding quarter mainly due to the lower demand by our customers.

The segmental results for this business segment registered a loss of RM3.1 million while the previous quarter recorded a profit of RM0.4 million due to higher revenue in that quarter.

**Supply of Packaging and Other Materials**

The revenue in this current quarter of RM30.2 million which is higher by RM1.3 million compared to preceding quarter.

This segment generated segment results of RM1.3 million in this current quarter compared to loss of RM0.8 million in the previous quarter. The loss in previous quarter is due to unfavourable foreign currency fluctuation and lower margin.

**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	
	31-May-2017 RM'000	31-May-2016 RM'000	31-May-2017 RM'000	31-May-2016 RM'000
Income tax:				
Current period	184	286	741	1,175
Prior period	(14)	(5)	(14)	(5)
Deferred tax:				
Current period	12	(2)	-	(12)
Prior period	(7)	-	-	10
<b>Total tax expenses</b>	<b>175</b>	<b>279</b>	<b>727</b>	<b>1,168</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 19 July 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>31 May 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	40,453	15,382	55,835
Long Term	25,723	4,388	30,111
<b>Total</b>	<b>66,176</b>	<b>19,770</b>	<b>85,946</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 31 May 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	10,114	7,142
- Unrealised	(3,231)	1,053
	6,883	8,195
Add : Consolidation adjustments	(10,640)	(10,452)
Total Group accumulated losses as per consolidated income statements	<b>(3,757)</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 Loss Per Share**

<b>Basic/Diluted</b>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 May 2017</b>	<b>31 May 2016</b>	<b>31 May 2017</b>	<b>31 May 2016</b>
Loss attributable to ordinary equity holders of the parent (RM'000)	(1,418)	(2,184)	(1,500)	(4,786)
Weighted average number of ordinary shares in issue ('000)	180,517	180,404	180,517	180,404
<b>Basic/diluted loss per share (sen)</b>	<b>(0.79)</b>	<b>(1.21)</b>	<b>(0.83)</b>	<b>(2.65)</b>

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

**28 Net Tangible Assets Per Share**

	<b>As At 31 May 2017 RM'000</b>	<b>As At 31 Aug 2016 RM'000</b>
Equity attributable to equity holders of the parent	65,563	65,747
Less: Intangible assets	(289)	(289)
<b>Net Tangible Assets</b>	<b>65,274</b>	<b>65,458</b>
<b>Number of ordinary shares in issue ('000)</b>	<b>180,517</b>	<b>180,404</b>
<b>Net Tangible Assets Per Share (RM)</b>	<b>0.36</b>	<b>0.36</b>

**29 Authorisation For Issue**

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

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