



**D'NONCE GROUP OF COMPANIES**

**INTERIM FINANCIAL RESULTS**

**FOURTH QUARTER ENDED 31 AUGUST 2017**

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

The Board wishes to announce the following unaudited results of the Group for the fourth financial quarter ended 31 August 2017.

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

	<i>Note</i>	As At 31/08/2017 RM'000	As At 31/08/2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	53,728	53,944
Investment properties		9,215	2,773
Intangible assets		289	289
Trade receivable		13,518	23,082
Deferred tax assets		51	92
		<u>76,801</u>	<u>80,180</u>
<b>Currents assets</b>			
Inventories		21,081	18,159
Trade receivables		51,021	45,807
Other receivables, deposit and prepayment		13,686	10,596
Tax recoverable		1,230	1,223
Cash and bank balances		29,272	33,329
		<u>116,290</u>	<u>109,114</u>
Asset of disposal group classified as held for sale		-	8,994
<b>TOTAL ASSETS</b>		<u>193,091</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>	46,179	45,101
Share premium	<i>7</i>	-	394
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,699	5,014
Employees share option scheme reserve	<i>7</i>	3,325	3,566
Legal reserve		32	32
Warrant reserve		8,777	8,777
Accumulated losses		(38)	(2,257)
		<u>70,094</u>	<u>65,747</u>
<b>Non-controlling interest</b>		<u>4,742</u>	<u>4,562</u>
<b>Total equity</b>		<u>74,836</u>	<u>70,309</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		780	580
Borrowings	<i>22</i>	21,861	30,281
Deferred tax liabilities		281	423
		<u>22,922</u>	<u>31,284</u>

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

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

	<i>Note</i>	As At 31/08/2017 RM'000	As At 31/08/2016 RM'000
<b>Current liabilities</b>			
Retirement benefit obligations		187	90
Borrowings	22	57,616	60,471
Trade payables		24,346	25,072
Other payables		13,084	10,405
Current tax payable		100	607
Derivatives	23	-	50
		<u>95,333</u>	<u>96,695</u>
<b>Total liabilities</b>		<u>118,255</u>	<u>127,979</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>193,091</u>	<u>198,288</u>
<b>Net tangible assets per share (RM)</b>	28	<u>0.38</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 fourth financial quarter ended 31 August 2017.

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

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31/08/2017</b>	<b>31/08/2016</b>	<b>31/08/2017</b>	<b>31/08/2016</b>
<i>Note</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	50,672	43,248	192,244	176,016
Operating expenses	(50,860)	(47,677)	(190,756)	(180,350)
Other income including investment income	1,263	1,494	4,405	5,313
Profit/(Loss) from operations	1,075	(2,935)	5,893	979
Depreciation	(1,647)	(1,751)	(6,887)	(6,846)
Fair value changes in derivatives	-	39	50	138
Foreign exchange loss	(110)	(521)	(187)	(920)
Gain on disposal of property, plant and equipment	6,878	6	8,766	14
Impairment of assets	-	(7)	-	(7)
Interest expense	(1,230)	(1,720)	(5,041)	(5,477)
Interest income	333	1,510	2,006	3,479
Property, plant and equipment written off	-	(10)	(4)	(12)
Provision for and written off of inventories	(299)	(128)	(239)	(216)
Provision for and written off of receivables	(831)	(1,352)	(773)	(1,355)
Gain on disposal of unquoted investment	-	-	-	34
Profit/(Loss) before taxation	4,169	(6,869)	3,584	(10,189)
Taxation	(458)	566	(1,185)	(602)
Profit/(Loss) for the period	3,711	(6,303)	2,399	(10,791)
<b>Profit/(Loss) attributable to:</b>				
Owner of the parent	3,720	(5,827)	2,219	(10,614)
Non-controlling interest	(9)	(476)	180	(177)
	3,711	(6,303)	2,399	(10,791)
Profit/(Loss) per share:				
(a) Basic (sen)	2.06	(3.23)	1.23	(5.88)
(b) Fully Diluted (sen)	1.89	(3.23)	1.15	(5.88)

(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 fourth financial quarter ended 31 August 2017.

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/08/2017	31/08/2016	31/08/2017	31/08/2016
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	3,711	(6,303)	2,399	(10,791)
Foreign currency translation differences for foreign operations	412	308	1,685	(267)
Total comprehensive gain/(loss) for the period	<u>4,123</u>	<u>(5,995)</u>	<u>4,084</u>	<u>(11,058)</u>
<b>Total comprehensive gain/(loss) attributable to:</b>				
Owner of the parent	4,132	(5,519)	3,904	(10,881)
Non-controlling interest	(9)	(476)	180	(177)
	<u>4,123</u>	<u>(5,995)</u>	<u>4,084</u>	<u>(11,058)</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 fourth financial quarter ended 31 August 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 31 August 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	Losses	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	
At 1 September 2016	45,101	394	5,120	5,014	3,566	32	8,777	(2,257)	65,747	4,562	70,309	
Issuance of ordinary shares pursuant to ESOS	684	-	-	-	(241)	-	-	-	443	-	443	
Reclassification due to compliance with Companies Act 2016	394	(394)	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	1,685	-	-	-	2,219	3,904	180	4,084	
At 31 August 2017	<u>46,179</u>	<u>-</u>	<u>5,120</u>	<u>6,699</u>	<u>3,325</u>	<u>32</u>	<u>8,777</u>	<u>(38)</u>	<u>70,094</u>	<u>4,742</u>	<u>74,836</u>	

(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 fourth financial quarter ended 31 August 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 31 August 2017 (cont'd)**

	←————— Attributable to owners of the parent —————→								←————— Non-distributable —————→	Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Other Capital Reserve	Foreign Currency Translation Reserve	Employees' Share Option Scheme Reserve ("ESOS")	Legal Reserve	Warrant Reserve	Accumulated Losses			
	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	4,739	55,891
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)	-	-	-	-	-	-	-	-	-
Issuance of ESOS	-	-	-	-	3,566	-	-	-	3,566	-	3,566
Corporate exercise expenses	-	(641)	-	-	-	-	-	-	(641)	-	(641)
Total comprehensive loss for the period	-	-	-	(267)	-	-	-	(10,614)	(10,881)	(177)	(11,058)
At 31 August 2016	45,101	394	5,120	5,014	3,566	32	8,777	(2,257)	65,747	4,562	70,309

(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 fourth financial quarter ended 31 August 2017.

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

	<b>12 months ended</b>	
	<b>31/08/2017</b>	<b>31/08/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	3,584	(10,189)
Adjustments for non-cash flows:		
Depreciation	6,887	6,846
Gain on disposal of property, plant and equipment	(8,766)	(14)
Gain on disposal of unquoted investments	-	(34)
Loss on disposal of a subsidiary	-	78
Interest expense	5,041	5,477
Interest income	(2,006)	(3,479)
Provision for and written off of inventories	239	216
Net fair value changes in derivatives	(50)	(138)
Property, plant and equipment written off	4	12
Provision for and written off for receivables	773	1,355
ESOS fair value cost	-	3,566
Non-operating items	2,143	1,338
Operating profit before working capital changes	<u>7,849</u>	<u>5,034</u>
Decrease in receivables	471	6,710
Increase in inventories	(3,161)	(944)
Decrease in payables	68	(4,355)
Cash used in operations	<u>5,227</u>	<u>6,445</u>
Tax paid	(1,786)	(1,824)
Interest paid	(5,041)	(5,477)
Retirement benefit obligations paid	-	(437)
Net cash used in operating activities	<u>(1,600)</u>	<u>(1,293)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income	2,006	3,479
Purchase of property, plant and equipment	(9,070)	(5,192)
Proceed from disposal of property, plant and equipment	598	15
Proceed from disposal of investment properties	17,500	48
Proceed from disposal of a subsidiary	-	(4)
Proceed from exercise of ESOS	443	-
Net changes to fixed deposit	3,206	(14,414)
Net cash generated from/(used in) investing activities	<u>14,683</u>	<u>(16,068)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of rights issue	-	22,551
(Repayment)/Drawdown of short term borrowings	(3,228)	12,325
Repayment of hire purchase and lease financing	(2,065)	(2,130)
Drawdown/(Repayment) of term loans	(4,969)	(7,670)
Net cash (used in)/generated from financing activities	<u>(10,262)</u>	<u>25,076</u>



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

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

Net increase in cash and cash equivalents	2,821	7,715
Effect of exchange rate changes	(1,095)	(269)
Cash and cash equivalents at beginning of the period	(2,876)	(10,321)
Cash and cash equivalents at end of the period	<u>(1,150)</u>	<u>(2,875)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	7,779	33,329
Bank overdraft - secured	(13,639)	(16,214)
	<u>(5,860)</u>	<u>17,115</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	4,710	(19,990)
	<u>(1,150)</u>	<u>(2,875)</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 fourth quarter ended 31 August 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.

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

As at the quarter ended 31 August 2017, a total of 1,600,000 new ordinary shares were issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS"), details of the issued and paid-up capital and the ESOS reserve of the Company as at 31 August 2017 are as follows:

**Share Capital**

	<b>No. of shares</b>	<b>RM'000</b>
As at 31 May 2017	180,574,000	45,561
Ordinary shares issued pursuant to the ESOS	1,600,000	618
As at 31 August 2017	182,174,000	46,179

**ESOS Reserve**

	<b>No. of options</b>	<b>RM'000</b>
As at 31 May 2017	25,899,500	3,543
Exercised	(1,600,000)	(218)
As at 31 August 2017	24,299,500	3,325

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.

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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**9 Segmental Reporting**

The Group's segmental analysis is as follows:

<b>12 months period ended 31-Aug-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	54,788	17,812	119,644	-	192,244
Inter-segment revenue	82	755	21,704	(22,541)	-
<b>Total segment revenue</b>	<b>54,870</b>	<b>18,567</b>	<b>141,348</b>	<b>(22,541)</b>	<b>192,244</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>3,668</b>	<b>(2,402)</b>	<b>8,872</b>	<b>-</b>	<b>10,138</b>
Unallocated expenses					(1,513)
Operating profit					8,625
Finance costs, net					(5,041)
Profit before taxation					3,584
Taxation					(1,185)
Profit after taxation					2,399
<b>Segment assets</b>	<b>11,445</b>	<b>29,681</b>	<b>150,403</b>	<b>-</b>	<b>191,529</b>
Unallocated assets					1,562
Total assets					193,091
<b>Segment liabilities</b>	<b>7,107</b>	<b>13,134</b>	<b>95,891</b>	<b>-</b>	<b>116,132</b>
Unallocated liabilities					2,123
Total liabilities					118,255

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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

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

<b>12 months period ended 31-Aug-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	52,388	16,957	106,671	-	176,016
Inter-segment revenue	160	751	18,043	(18,954)	-
<b>Total segment revenue</b>	<b>52,548</b>	<b>17,708</b>	<b>124,714</b>	<b>(18,954)</b>	<b>176,016</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>5,629</b>	<b>(313)</b>	<b>(1,169)</b>	<b>-</b>	<b>4,147</b>
Unallocated expenses					(8,859)
Operating loss					(4,712)
Finance costs, net					(5,477)
Loss before taxation					(10,189)
Taxation					(602)
Loss after taxation					(10,791)
<b>Segment assets</b>	<b>11,922</b>	<b>22,804</b>	<b>156,411</b>	<b>-</b>	<b>191,137</b>
Unallocated assets					7,151
<b>Total assets</b>					<b>198,288</b>
<b>Segment liabilities</b>	<b>12,082</b>	<b>12,292</b>	<b>101,606</b>	<b>-</b>	<b>125,980</b>
Unallocated liabilities					1,999
<b>Total liabilities</b>					<b>127,979</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 RM77,429,724 (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 August 2017 are as follows:

<b>RM'000</b>	
Approved and contracted for:	
- Plant and machinery	1,754
<b>Total Capital Commitments</b>	<b>1,754</b>

**D'NONCE TECHNOLOGY BHD.****(503292-K)****16 Analysis of performance for current quarter and financial period-to-date**

A comparison of D'nonce Technology's performance for the fourth quarter ended 31 August 2017 (Q4'17) and full year (FY2017) with the corresponding period last financial year is as follows:

	<b>Q4'17</b>	<b>Q4'16</b>	<b>Variance</b>	<b>FY2017</b>	<b>FY2016</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	50,672	43,248	17%	192,244	176,016	9%
Operating profit/(loss)	1,075	(2,935)	N/A	5,893	979	502%
Profit/(Loss) before interest and tax	5,399	(5,149)	N/A	8,625	(4,712)	N/A
Profit/(Loss) before tax	4,169	(6,869)	N/A	3,584	(10,189)	N/A
Profit/(Loss) after tax	3,711	(6,303)	N/A	2,399	(10,791)	N/A
Profit/(Loss) attributable to ordinary equity holders of the parent	3,720	(5,827)	N/A	2,219	(10,614)	N/A

**Group**

Compared to the fourth quarter of last year, the Group's revenue for the fourth quarter have increased by RM7.4 million to RM50.7 million. The profit before tax for the quarter was RM4.2 million compared to loss of RM6.9 million for the same quarter last year.

The improved results in this fourth quarter as compared to the same quarter last year is mainly due to the increased in revenue from our subsidiary in Southern Thailand and gain from disposal of an investment property by one of the subsidiary.

For the performance for 12-month period, the revenue has increased by RM16.2 million to RM192.2 million.

The result for this 12-month period improved from loss before tax of RM10.2 million to profit before tax of RM3.6 million is mainly due to the increased in revenue and gains on disposal of investment properties.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The current quarter's revenue of RM13.3 million is a decrease of RM0.2 million compared to the same quarter last year.

The segmental profit of RM0.6 million in the current reporting quarter has decreased by RM1.1 million compared to the same quarter in previous year which reported segment results of RM1.7 million. This is due to the lower margin earned.

The 12-month period performance for this segment revenue has increased by RM2.4 million to RM54.8 million.

For the 12-month period, the higher demand from customers has resulted in the higher revenue. However, due to lower margin, the results has decreased by RM2.0 million.

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

**Contract Manufacturing Services**

The current quarter's revenue of RM4.9 million is higher by RM1.7 million compared to the same quarter of last year. This is mainly due to higher demand from our customers.

The current quarter reported a profit of RM0.1 million compared to loss of RM0.9 million for the same quarter last year. The profit this year quarter is mainly due to higher revenue and margin especially for hard disk drive customers.

For this segment, 12-month period of the financial year has recorded revenue of RM17.8 million and segment loss of RM2.4 million. The effect is an increase of RM0.9 million in the revenue and a reduction of RM2.1 million in segment results when comparing the 12-month period of the financial year.

The higher revenue was the result of higher customer demand. However, lower margin for the whole year resulted in lower segment results for the 12-month period.

**Supply of Packaging and Other Materials**

The current quarter's revenue is RM32.4 million. There is an increase of RM6.0 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 profit of RM4.8 million in this quarter compared to same quarter in previous year which reported a loss of RM2.4 million. The loss in previous current quarter is due to lower revenue, unfavourable foreign currency fluctuation and lower margin of our products. However in current year, there was a gain from disposal of investment property by a subsidiary.

In the 12-month period of this financial year, this segment revenue was RM119.6 million which is RM13.0 million higher than the same 12-month period in FY2016.

The profit was RM8.9 million which is RM10.0 million higher than the same 12-month period in FY2016. This was because of gain on disposal of investment properties and higher revenue in one of the subsidiary in Southern Thailand.

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**D'NONCE TECHNOLOGY BHD.****(503292-K)****17 Material Changes in Profit Before Taxation Against Preceding Quarter**

	<b>Q4'17 RM'000</b>	<b>Q3'17 RM'000</b>	<b>Variance %</b>
Revenue	50,672	48,443	5%
Operating profit	1,075	1,549	-31%
Profit before interest and tax	5,399	84	6327%
Profit/(Loss) before tax	4,169	(1,207)	N/A
Profit/(Loss) after tax	3,711	(1,382)	N/A
Profit/(Loss) attributable to ordinary equity holders of the parent	3,720	(1,418)	N/A

**Group**

The Group's current quarter revenue is RM50.7 million compared to previous quarter revenue of RM48.4 million. The results for this period is profit of RM4.1 million compared to previous quarter loss of RM1.2 million.

One of the major contributor to the profit for this quarter is the gain from the disposal of an investment property by one of the subsidiary.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The revenue in this quarter has decreased by RM0.8 million and segmental result for this business increased by RM1.1 million compared to the revenue and segmental result in previous quarter. This higher results is due to better margin.

**Contract Manufacturing Services**

The revenue in this business segment has increased by RM0.7 million to RM4.9 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 profit of RM0.1 million while the previous quarter recorded a loss of RM3.1 million due to higher margin in this quarter.

**Supply of Packaging and Other Materials**

The revenue in this current quarter of RM32.4 million which is higher by RM2.2 million compared to preceding quarter.

This segment generated segment results of RM4.8 million in this current quarter compared to profit of RM1.3 million in the previous quarter. The profit in this quarter is due to gain from the disposal of an investment property.

**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 Aug 2017 RM'000	31 Aug 2016 RM'000	31 Aug 2017 RM'000	31 Aug 2016 RM'000
Income tax:				
Current period	285	(274)	1,026	901
Prior period	264	(104)	250	(109)
Deferred tax:				
Current period	28	(163)	28	(175)
Prior period	(119)	(25)	(119)	(15)
<b>Total tax expenses</b>	<b>458</b>	<b>(566)</b>	<b>1,185</b>	<b>602</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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## **21 Status of Corporate Proposal**

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

### **Extension of time for the utilisation of proceeds raised from the rights issue with warrants**

Previously 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.

On 26 October 2017, 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 is now extended from 24 months to 36 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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**D'NONCE TECHNOLOGY BHD.****(503292-K)****21 Status of Corporate Proposal (cont'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 36 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 36 months	N/A	N/A
(iii) Construction of new factory building in Thailand	2,200	-	-	2,200	Within 36 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 26 October 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 the following:

	As At 31 Aug 2017	
	Foreign Denomination '000	RM'000
<b>Secured:</b>		
<b>Short Term (Denominated in THB)</b>		
Bank overdrafts	47,783	6,145
Bankers' acceptance	1,349	174
Revolving credits	29,945	3,851
Trust receipts	7,195	925
Factoring	17,021	2,189
Term loans	30,007	3,859
Hire purchases and lease creditors	8,525	1,097
	141,825	18,240
<b>Short Term (Denominated in RM)</b>		
Bank overdrafts	-	7,493
Bankers' acceptance	-	10,997
Revolving credits	-	11,000
Term loans	-	8,678
Hire purchases and lease creditors	-	1,208
	141,825	57,616
<b>Long Term (Denominated in THB)</b>		
Term loans	17,433	2,242
Hire purchases and lease creditors	10,767	1,384
	28,200	3,626
<b>Long Term (Denominated in RM)</b>		
Term loans	-	16,215
Hire purchases and lease creditors	-	2,020
	28,200	21,861
<b>Total</b>	<b>170,025</b>	<b>79,477</b>

**Total borrowings as at 31 August 2017**

	'000	Exchange Rate	RM'000
a) in Thai Baht	THB 170,025	0.1286	21,866
b) in Ringgit Malaysia	RM 57,611	-	57,611
			<u>79,477</u>

**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**22 Group Borrowings and Debt Securities (cont'd)**

	As At 31 Aug 2016	
	Foreign Denomination '000	RM'000
<b>Secured:</b>		
<b>Short Term (Denominated in THB)</b>		
Bank overdrafts	49,856	5,838
Bankers' acceptance	8,571	1,004
Revolving credits	29,999	3,513
Trust receipts	14,492	1,697
Promisery note	20,000	2,342
Term loans	9,541	1,117
Hire purchases and lease creditors	7,906	926
	140,365	16,437
<b>Short Term (Denominated in RM)</b>		
Bank overdrafts	-	10,376
Bankers' acceptance	-	14,608
Revolving credits	-	9,200
Term loans	-	8,661
Hire purchases and lease creditors	-	1,189
	140,365	60,471
<b>Long Term (Denominated in THB)</b>		
Term loans	29,318	3,433
Hire purchases and lease creditors	13,258	1,553
	42,576	4,986
<b>Long Term (Denominated in RM)</b>		
Term loans	-	22,752
Hire purchases and lease creditors	-	2,543
	42,576	30,281
<b>Total</b>	<b>182,941</b>	<b>90,752</b>

**Total borrowings as at 31 August 2016**

	'000	Exchange Rate	RM'000
a) in Thai Baht	THB 182,941	0.1171	21,423
b) in Ringgit Malaysia	RM 69,329	-	69,329
			<u>90,752</u>

**D'NONCE TECHNOLOGY BHD.****(503292-K)****22 Group Borrowings and Debt Securities (cont'd)**

There is no new major borrowings during the year to date other than new hire purchases for fixed assets purchase and term loan for construction of a new investment property. This is netted by repayments made for current facilities.

The weighted average interest rate of borrowings were as follows:

	<b>31 August 2017</b>	<b>31 August 2016</b>
Fixed rates	4.50% - 6.50%	4.50% - 6.50%
Floating rates	1.00% - 7.50%	1.00% - 7.50%

There is no hedging to RM on borrowings denominated in foreign currencies as it was used by Thailand subsidiaries for their own operation purpose.

**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 Aug 2017 RM'000</b>	<b>As At 31 Aug 2016 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	14,039	7,142
- Unrealised	(3,572)	1,053
	10,467	8,195
Add : Consolidation adjustments	(10,505)	(10,452)
Total Group accumulated losses as per consolidated income statements	<b>(38)</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 Profit/(Loss) Per Share**

	Current Quarter		Cumulative Quarter	
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
<b>Basic</b>				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	3,720	(5,827)	2,219	(10,614)
Weighted average number of ordinary shares in issue ('000)	180,580	180,404	180,594	180,404
<b>Basic earning/(loss) per share (sen)</b>	<b>2.06</b>	<b>(3.23)</b>	<b>1.23</b>	<b>(5.88)</b>

	Current Quarter		Cumulative Quarter	
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
<b>Diluted</b>				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	3,720	(5,827)	2,219	(10,614)
Weighted average number of ordinary shares in issue ('000)	196,373	180,404	192,848	180,404
<b>Diluted earning/(loss) per share (sen)</b>	<b>1.89</b>	<b>(3.23)</b>	<b>1.15</b>	<b>(5.88)</b>

**28 Net Tangible Assets Per Share**

	As At 31 Aug 2017 RM'000	As At 31 Aug 2016 RM'000
Equity attributable to equity holders of the parent	70,094	65,747
Less: Intangible assets	(289)	(289)
<b>Net Tangible Assets</b>	<b>69,805</b>	<b>65,458</b>

Number of ordinary shares in issue ('000)	182,174	180,404
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<b>Net Tangible Assets Per Share (RM)</b>	<b>0.38</b>	<b>0.36</b>
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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**29 Authorisation For Issue**

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

By Order of the Board

**Chew Siew Cheng**

**Lim Choo Tan**

Company Secretaries

26 October 2017

Pulau Pinang