



**D'NONCE GROUP OF COMPANIES**

**INTERIM FINANCIAL RESULTS**

**FIRST QUARTER ENDED 30 NOVEMBER 2017**

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Statement of Financial Position As At 30 November 2017**

		As At 30/11/2017 RM'000	As At 31/08/2017 RM'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	51,386	51,321
Investment properties		11,616	11,622
Intangible assets		289	289
Trade receivable		12,075	13,518
Deferred tax assets		50	51
		<u>75,416</u>	<u>76,801</u>
<b>Currents assets</b>			
Inventories		19,399	21,079
Trade receivables		50,249	50,972
Other receivables, deposit and prepayment		9,981	13,757
Tax recoverable		1,687	1,230
Cash and bank balances		27,391	29,272
		<u>108,707</u>	<u>116,310</u>
<b>TOTAL ASSETS</b>		<u>184,123</u>	<u>193,111</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	<i>7</i>	46,985	46,179
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,255	6,699
Employees share option scheme reserve	<i>7</i>	3,039	3,324
Legal reserve		32	32
Warrant reserve		8,777	8,777
Retained earnings		510	48
		<u>70,718</u>	<u>70,179</u>
<b>Non-controlling interest</b>		<u>4,813</u>	<u>4,742</u>
<b>Total equity</b>		<u>75,531</u>	<u>74,921</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		783	780
Borrowings	<i>21</i>	21,362	21,830
Deferred tax liabilities		286	281
		<u>22,431</u>	<u>22,891</u>

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 November 2017**  
**(cont'd)**

		As At 30/11/2017 RM'000	As At 31/08/2017 RM'000
	<i>Note</i>		
<b>Current liabilities</b>			
Retirement benefit obligations		211	187
Borrowings	<i>21</i>	55,697	57,616
Trade payables		19,448	25,179
Other payables		10,648	12,217
Current tax payable		157	100
		<u>86,161</u>	<u>95,299</u>
<b>Total liabilities</b>		<u>108,592</u>	<u>118,190</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>184,123</u>	<u>193,111</u>
Net tangible assets per share (RM)	<i>27</i>	<u>0.38</u>	<u>0.38</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.)

The accompanying notes are an integral part of this statement.

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 November 2017**

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30/11/2017</b>	<b>30/11/2016</b>	<b>30/11/2017</b>	<b>30/11/2016</b>
<i>Note</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	49,281	45,979	49,281	45,979
Operating expenses	(46,379)	(44,877)	(46,379)	(44,877)
Other income including investment income	1,124	771	1,124	771
Profit/(Loss) from operations	4,026	1,873	4,026	1,873
Depreciation	(1,642)	(1,728)	(1,642)	(1,728)
Fair value changes in derivatives	-	50	-	50
Foreign exchange (loss)/gain	(950)	244	(950)	244
Gain on disposal of property, plant and equipment	37	1,841	37	1,841
Reversal of impairment loss on property, plant and equipment	-	5	-	5
Interest expense	(1,201)	(1,389)	(1,201)	(1,389)
Interest income	413	626	413	626
Property, plant and equipment written off	(2)	(4)	(2)	(4)
(Reversal)/Provision for and written off of inventories	(4)	26	(4)	26
Profit before taxation	677	1,544	677	1,544
Taxation	<b>19</b> (144)	(471)	(144)	(471)
Profit for the period	<b>533</b>	<b>1,073</b>	<b>533</b>	<b>1,073</b>
<b>Profit attributable to:</b>				
Owner of the parent	462	882	462	882
Non-controlling interest	71	191	71	191
	<b>533</b>	<b>1,073</b>	<b>533</b>	<b>1,073</b>
Profit per share:	<b>26</b>			
(a) Basic (sen)	0.25	0.49	0.25	0.49
(b) Fully Diluted (sen)	0.22	0.49	0.22	0.49

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.)

The accompanying notes are an integral part of this statement.

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 30 November 2017 (cont'd)**

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30/11/2017</b>	<b>30/11/2016</b>	<b>30/11/2017</b>	<b>30/11/2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	533	1,073	533	1,073
Foreign currency translation differences for foreign operations	(444)	1,260	(444)	1,260
Total comprehensive gain for the period	<u>89</u>	<u>2,333</u>	<u>89</u>	<u>2,333</u>
<b>Total comprehensive gain attributable to:</b>				
Owner of the parent	18	2,142	18	2,142
Non-controlling interest	71	191	71	191
	<u>89</u>	<u>2,333</u>	<u>89</u>	<u>2,333</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.)

The accompanying notes are an integral part of this statement.

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 30 November 2017**

	←————— Attributable to owners of the parent —————→							Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	←————— Non-distributable —————→									
	Share Capital RM'000	Other Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Option Scheme Reserve RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Retained earnings RM'000			
At 1 September 2017	46,179	5,120	6,699	3,324	32	8,777	48	70,179	4,742	74,921
Issuance of ordinary shares pursuant to ESOS	806	-	-	(285)	-	-	-	521	-	521
Total comprehensive income for the period	-	-	(444)	-	-	-	462	18	71	89
At 30 November 2017	<u>46,985</u>	<u>5,120</u>	<u>6,255</u>	<u>3,039</u>	<u>32</u>	<u>8,777</u>	<u>510</u>	<u>70,718</u>	<u>4,813</u>	<u>75,531</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 2017.)

The accompanying notes are an integral part of this statement.

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 30 November 2017 (cont'd)**

	←————— 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	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2016	45,101	394	5,120	5,014	3,566	32	8,777	(2,257)	65,747	4,562	70,309
Par value reduction	(33,826)	-	-	-	-	-	-	-	(33,826)	-	(33,826)
Issuance of rights issue with warrants	22,551	-	-	-	-	-	-	-	22,551	-	22,551
Issuance of bonus shares	11,275	-	-	-	-	-	-	-	11,275	-	11,275
Issuance of ESOS	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	1,260	-	-	-	882	2,142	191	2,333
At 30 November 2016	45,101	394	5,120	6,274	3,566	32	8,777	(1,375)	67,889	4,753	72,642

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 November  
2017

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.)**

**The accompanying notes are an integral part of this statement.**

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

The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 November 2017**

	<b>3 months ended</b>	
	<b>30/11/2017</b>	<b>30/11/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	677	1,544
Adjustments for non-cash flows:		
Depreciation	1,642	1,728
Gain on disposal of property, plant and equipment	(37)	(1,841)
Interest expense	1,201	1,389
Interest income	(413)	(626)
Provision for and written off of inventories	4	(26)
Net fair value changes in derivatives	-	(50)
Property, plant and equipment written off	2	4
Reversal of impairment loss on property, plant and equipment	-	(5)
Non-operating items	(315)	849
Operating profit before working capital changes	2,761	2,966
Decrease/(Increase) in receivables	5,028	(2,468)
Decrease/(Increase) in inventories	1,676	(2,146)
Decrease in payables	(6,948)	(2,099)
Cash generated from/(used in) operations	2,517	(3,747)
Tax refund/(paid)	377	(351)
Interest paid	(1,201)	(1,389)
Net cash generated from/(used in) operating activities	1,693	(5,487)
<b>Cash Flows From Investing Activities</b>		
Interest income	413	626
Purchase of property, plant and equipment	(690)	(2,626)
Proceed from disposal of property, plant and equipment	152	2,650
Proceed from exercise of ESOS	521	-
Net changes to fixed deposit	(596)	3,341
Net cash (used in)/generated from investing activities	(200)	3,991
<b>Cash Flows From Financing Activities</b>		
Drawdown/(Repayment) of short term borrowings	1,401	(2,293)
Repayment of hire purchase and lease financing	(657)	(272)
(Repayment)/Drawdown of term loans	(3,533)	1,900
Net cash used in financing activities	(2,789)	(665)



**D'NONCE TECHNOLOGY BHD.**

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**The Board wishes to announce the following unaudited results of the Group for the first financial quarter ended 30 November 2017.**

**Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 November 2017**  
**(cont'd)**

Net decrease in cash and cash equivalents	(1,296)	(2,161)
Effect of exchange rate changes	299	(737)
Cash and cash equivalents at beginning of the period	(5,850)	(2,876)
Cash and cash equivalents at end of the period	<u>(6,847)</u>	<u>(5,774)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	4,676	23,527
Bank overdraft - secured	<u>(12,159)</u>	<u>(12,651)</u>
	(7,483)	10,876
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	636	(16,650)
	<u>(6,847)</u>	<u>(5,774)</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.)**

**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 first quarter ended 30 November 2017.**

### **1 Basis of Preparation**

The interim financial statement is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These interim financial report also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2017. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2017.

### **2 Significant Accounting Policies**

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 August 2017 except for the adoption of new MFRSs and Interpretations and Amendments to certain MFRSs which are effective for the Group from 1 September 2017.

Adoption of these new MFRSs and Interpretations and Amendments to certain MFRSs did not have any material effect on the financial performance or position of the Group.

In addition, there are new MFRSs and Interpretations and Amendments to certain MFRSs that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements. The Group intend to adopt these standards, interpretations and amendments to standards if applicable, when they become effective.

The Directors expect that the adoption of these new MFRSs and Interpretations and Amendments to certain MFRSs will have no material impact on the financial statements in the period of initial application other than for MFRS 9 *Financial Instruments*, MFRS 15 *Revenue from Contracts with Customers* and MFRS 16 *Leases*. The Group is still in the progress of assessing the financial impact of MFRS 9 *Financial Instruments*, MFRS 15 *Revenue from Contracts with Customers* and MFRS 16 *Leases*.

### **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 2017 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.

**D'NONCE TECHNOLOGY BHD.****(503292-K)****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 20.

**6 Material Changes in Accounting Estimates**

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

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

As at the quarter ended 30 November 2017, a total of 2,083,500 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 30 November 2017 are as follows:

**Share Capital**

	<b>No. of shares</b>	<b>RM'000</b>
As at 31 August 2017	182,174,000	46,179
Ordinary shares issued pursuant to the ESOS	2,083,500	806
As at 30 November 2017	184,257,500	46,985

**ESOS Reserve**

	<b>No. of options</b>	<b>RM'000</b>
As at 31 August 2017	25,899,500	3,325
Exercised	(2,083,500)	(286)
As at 30 November 2017	23,816,000	3,039

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

**8 Dividend Paid**

No dividend was paid during the financial year to date.

**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**9 Segmental Reporting**

The Group's segmental analysis is as follows:

<b>3 months period ended 30-Nov-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	10,928	5,710	32,643	-	49,281
Inter-segment revenue	23	245	5,968	(6,236)	-
<b>Total segment revenue</b>	<b>10,951</b>	<b>5,955</b>	<b>38,611</b>	<b>(6,236)</b>	<b>49,281</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>1,631</b>	<b>160</b>	<b>1,258</b>	<b>-</b>	<b>3,049</b>
Unallocated expenses					(1,171)
Operating profit					1,878
Finance costs, net					(1,201)
Profit before taxation					677
Taxation					(144)
Profit after taxation					533
<b>Segment assets</b>	<b>8,671</b>	<b>29,111</b>	<b>144,618</b>	<b>-</b>	<b>182,400</b>
Unallocated assets					1,723
Total assets					184,123
<b>Segment liabilities</b>	<b>3,943</b>	<b>12,170</b>	<b>90,320</b>	<b>-</b>	<b>106,433</b>
Unallocated liabilities					2,159
Total liabilities					108,592

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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

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

<b>3 months period ended 30-Nov-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	13,739	4,030	28,210	-	45,979
Inter-segment revenue	10	100	4,867	(4,977)	-
<b>Total segment revenue</b>	<b>13,749</b>	<b>4,130</b>	<b>33,077</b>	<b>(4,977)</b>	<b>45,979</b>
<b>RESULTS</b>					
<b>Segment results</b>	<b>1,552</b>	<b>(679)</b>	<b>4,787</b>	<b>-</b>	<b>5,660</b>
Unallocated expenses					(2,727)
Operating loss					2,933
Finance costs, net					(1,389)
Loss before taxation					1,544
Taxation					(471)
Loss after taxation					1,073
<b>Segment assets</b>	<b>12,166</b>	<b>24,694</b>	<b>151,937</b>	<b>-</b>	<b>188,797</b>
Unallocated assets					6,571
<b>Total assets</b>					<b>195,368</b>
<b>Segment liabilities</b>	<b>7,504</b>	<b>14,034</b>	<b>98,940</b>	<b>-</b>	<b>120,478</b>
Unallocated liabilities					2,247
<b>Total liabilities</b>					<b>122,725</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.**

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

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

### **11 Subsequent Material Event**

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

### **12 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.

### **13 Changes in Contingent Liabilities and Assets**

The Company provided corporate guarantees amounting to RM76,088,112 (31.8.2017: RM77,429,724) for the banking facilities granted to certain subsidiary companies.

### **14 Capital Commitments**

The amount of commitments not provided for in the interim financial statements as at 30 November 2017 are as follows:

<b>RM'000</b>	
Approved and contracted for:	
- Motor vehicles	112
- Plant and machinery	2,050
<b>Total Capital Commitments</b>	<b>2,162</b>

## D'NONCE TECHNOLOGY BHD.

(503292-K)

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

A comparison of D'nonce Technology's performance for the first quarter ended 30 November 2017 ("Q1'18") with the corresponding period last financial year is as follows:

	Q1'18 RM'000	Q1'17 RM'000	Variance %
Revenue	49,281	45,979	7%
Operating profit	4,026	1,873	115%
Profit before interest and tax	1,878	2,933	-36%
Profit before tax	677	1,544	-56%
Profit after tax	533	1,073	-50%
Profit attributable to ordinary equity holders of the parent	462	882	-48%

#### Group

Compared to the first quarter of last year, the Group's revenue for the first quarter have increased by RM3.3 million to RM49.3 million. The profit before tax for the quarter was RM0.7 million compared to RM1.5 million for the same quarter last year.

In the 1<sup>st</sup> Quarter of 2017, the profit before tax included gain on disposal of investment property by one of the subsidiary. After removing this impact from the gain, this current quarter's results of profit before tax of RM0.7 million is an improvement of RM0.8 million compared to the 1<sup>st</sup> Quarter of 2017's results.

The performance by business segments are further analysed as below:

#### Integrated Supply Chain Products and Services

The current quarter's revenue of RM10.9 million is a decrease of RM2.8 million compared to the same quarter last year.

The segmental profit of RM1.6 million in the current reporting quarter has increased by RM0.1 million compared to the same quarter in previous year which reported segment results of RM1.5 million. This is due to the better margin in the current quarter.

#### Contract Manufacturing Services

The current quarter's revenue of RM5.7 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 RM0.2 million which is an improvement of RM0.8 million compared to same quarter in previous year. This is due to increase in revenue and improved margin.

#### Supply of Packaging and Other Materials

The current quarter's revenue is RM32.6 million. There is an increase of RM4.4 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 RM1.3 million in this quarter. In 1<sup>st</sup> Quarter of 2017, there was a gain on disposal of investment property in this segment. After removing the impact from the gain, this quarter's results is lower compared to 1<sup>st</sup> Quarter of 2017 is mainly due to foreign exchange loss in 1<sup>st</sup> Quarter of 2018 compared to foreign exchange gain in 1<sup>st</sup> Quarter of 2017.

**D'NONCE TECHNOLOGY BHD.****(503292-K)****16 Material Changes in Profit Before Taxation Against Preceding Quarter**

	<b>Q1'18 RM'000</b>	<b>Q4'17 RM'000</b>	<b>Variance %</b>
Revenue	49,281	50,672	-3%
Operating profit	4,026	1,612	150%
Profit before interest and tax	1,878	5,926	-68%
Profit before tax	677	4,253	-84%
Profit after tax	533	3,795	-86%
Profit attributable to ordinary equity holders of the parent	462	3,805	-88%

**Group**

The Group's current quarter revenue is RM49.2 million compared to previous quarter revenue of RM50.6 million. The results for this period is profit before tax of RM0.7 million compared to previous quarter profit before tax of RM4.3 million.

In previous quarter, the profit before tax included gain on disposal of investment property by one of the subsidiary. After removing the impact from this gain, this quarter's results before tax of RM0.7 million is an improvement of RM3.2 million compared to previous quarter results.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The revenue in this quarter has decreased by RM2.4 million and segmental result for this business increased by RM1.0 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 RM5.7 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 before tax of RM0.2 million while the previous quarter recorded a profit before tax of RM0.1 million due to higher revenue and margin in this quarter.

**Supply of Packaging and Other Materials**

The revenue in this current quarter of RM32.6 million which is higher by RM0.2 million compared to preceding quarter.

This segment generated segment results of RM1.3 million. In the previous quarter, there was a gain from the disposal of an investment property. After removing the impact from this gain, the segment result is an improvement of RM2.9 million when compared to previous quarter. This is the result of better margin and cost control in this quarter.



**D'NONCE TECHNOLOGY BHD.****(503292-K)****17 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.

**18 Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast or profit guarantee for the year.

**19 Taxation**

	Current Quarter		Cumulative Quarter	
	30 Nov 2017 RM'000	30 Nov 2016 RM'000	30 Nov 2017 RM'000	30 Nov 2016 RM'000
Income tax:				
Current period	139	474	139	474
Prior period	-	-	-	-
Deferred tax:				
Current period	(15)	(10)	(15)	(10)
Prior period	20	7	20	7
<b>Total tax expenses</b>	<b>144</b>	<b>471</b>	<b>144</b>	<b>471</b>

The effective tax rate for the current financial period was lower than the statutory tax rate principally due to certain profitable subsidiaries had carried forward tax losses from previous year which can be used to offset against their taxable profits this year.

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**20 Status of Corporate Proposal**

- (a) 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)****20 Status of Corporate Proposal (cont'd)**

- (a) 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. (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	
						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
Total	11,600	646	-	10,954		N/A	N/A

\* As at 26 January 2018.

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

**20 Status of Corporate Proposal (cont'd)**

**(b) Proposed Private Placement of up to 10% of the Issued Ordinary Shares of the Company**

As at the date of the report:

The Company has on 2 January 2018 announced a proposal to undertake a private placement ("Proposed Private Placement") of up to 10% of the issued ordinary shares of D'nonce Technology Bhd. ("DTB").

On 9 January 2018, the Company announced that an application in relation to the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for approval.

On 17 January 2018, Bursa Securities had resolved to approved the listing and quotation of up to 18,433,600 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- (i) DTB and Inter-Pacific Securities Sdn. Bhd. ("IPS") must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) DTB and IPS to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) IPS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities's approval once the Proposed Private Placement is completed; and
- (iv) DTB to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Sections 75 and 76 of the Companies Act, 2016 in the event the existing authority has expired prior to full implementation of the Proposed Private Placement.

On 19 January 2018, the Company announced that the Board of Directors has resolved to fix the issue price for the Private Placement at RM0.36 per Placement Share. For further details, please refer to Bursa website for the announcement made by the Company.

On 30 January 2018, the Company announced that the 1st tranche of the Private Placement comprising 4,500,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

**D'NONCE TECHNOLOGY BHD.****(503292-K)****21 Group Borrowings and Debt Securities**

The Group Borrowings as at 30 November 2017 were as follows:

	As At 30 Nov 2017	
	Foreign Denomination '000	RM'000
<b>Secured:</b>		
<b>Short Term (Denominated in THB)</b>		
Bank overdrafts	43,629	5,462
Bankers' acceptance	5,501	689
Revolving credits	29,996	3,756
Trust receipts	12,053	1,509
Factoring	13,386	1,676
Promissory note	20,000	2,504
Term loans	10,024	1,255
Hire purchases and lease creditors	9,595	1,201
	144,184	18,052
<b>Short Term (Denominated in RM)</b>		
Bank overdrafts	-	6,696
Bankers' acceptance	-	11,975
Revolving credits	-	11,000
Term loans	-	6,575
Hire purchases and lease creditors	-	1,399
	144,184	55,697
<b>Long Term (Denominated in THB)</b>		
Term loans	14,926	1,869
Hire purchases and lease creditors	10,158	1,272
	25,084	3,141
<b>Long Term (Denominated in RM)</b>		
Term loans	-	15,190
Hire purchases and lease creditors	-	3,031
	25,084	21,362
<b>Total</b>	<b>169,268</b>	<b>77,059</b>

**Total borrowings as at 30 November 2017**

		Exchange Rate	RM'000
a) in Thai Baht	THB 169,205,000	0.1252	21,193
b) in Ringgit Malaysia	RM 55,866,000	-	55,866
			<u>77,059</u>

**D'NONCE TECHNOLOGY BHD.**

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

The Group Borrowings as at 30 November 2017 were as follows (cont'd):

	As At 30 Nov 2016	
	Foreign Denomination '000	RM'000
<b>Secured:</b>		
<b>Short Term (Denominated in THB)</b>		
Bank overdrafts	42,119	5,282
Bankers' acceptance	12,479	1,565
Revolving credits	29,997	3,761
Trust receipts	16,838	2,111
Promissory note	20,000	2,508
Term loans	9,367	1,175
Hire purchases and lease creditors	8,302	1,041
	139,102	17,443
<b>Short Term (Denominated in RM)</b>		
Bank overdrafts	-	7,370
Bankers' acceptance	-	12,733
Revolving credits	-	9,900
Term loans	-	7,368
Hire purchases and lease creditors	-	1,193
	139,102	56,007
<b>Long Term (Denominated in THB)</b>		
Term loans	26,991	3,385
Hire purchases and lease creditors	12,899	1,617
	39,890	5,002
<b>Long Term (Denominated in RM)</b>		
Term loans	-	23,428
Hire purchases and lease creditors	-	2,392
	39,890	30,822
<b>Total</b>	<b>178,992</b>	<b>86,829</b>

**Total borrowings as at 30 November 2016**

		Exchange Rate	RM'000
a) in Thai Baht	THB 178,992,000	0.1254	22,445
b) in Ringgit Malaysia	RM 64,384,000	-	64,384
			<u>86,829</u>

**D'NONCE TECHNOLOGY BHD.**  
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**21 Group Borrowings and Debt Securities (cont'd)**

There is no new major borrowings during the quarter to date other than new hire purchases for fixed assets purchase. This is netted by repayments made for current facilities.

The weighted average interest rate of borrowings were as follows:

	<b>30 November 2017</b>	<b>30 November 2016</b>
Fixed rates	4.50% - 5.00%	4.50% - 6.50%
Floating rates	5.05% - 7.50%	5.05% - 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.

**22 Derivative Financial Instrument**

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

**23 Realised and Unrealised Profit Disclosure**

	<b>As At 30 Nov 2017 RM'000</b>	<b>As At 30 Nov 2016 RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	11,061	11,304
- Unrealised	(471)	(2,257)
	10,590	9,047
Add : Consolidation adjustments	(10,080)	(10,422)
Total Group retained earnings/(accumulated losses) as per consolidated income statements	<b>510</b>	<b>(1,375)</b>

**24 Material Litigation**

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

**25 Dividend**

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

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

	Current Quarter		Cumulative Quarter	
	30 Nov 2017	30 Nov 2016	30 Nov 2017	30 Nov 2016
<b>Basic</b>				
Profit attributable to ordinary equity holders of the parent (RM'000)	462	882	462	882
Weighted average number of ordinary shares in issue ('000)	182,239	180,404	182,239	180,404
<b>Basic earning per share (sen)</b>	<b>0.25</b>	<b>0.49</b>	<b>0.25</b>	<b>0.49</b>

	Current Quarter		Cumulative Quarter	
	30 Nov 2017	30 Nov 2016	30 Nov 2017	30 Nov 2016
<b>Diluted</b>				
Profit attributable to ordinary equity holders of the parent (RM'000)	462	882	462	882
Weighted average number of ordinary shares in issue ('000)	214,359	180,404	214,359	180,404
<b>Diluted earning per share (sen)</b>	<b>0.22</b>	<b>0.49</b>	<b>0.22</b>	<b>0.49</b>

**27 Net Tangible Assets Per Share**

	As At 30 Nov 2017 RM'000	As At 31 Aug 2017 RM'000
Equity attributable to equity holders of the parent	70,718	70,179
Less: Intangible assets	(289)	(289)
<b>Net Tangible Assets</b>	<b>70,429</b>	<b>69,890</b>

Number of ordinary shares in issue ('000)	184,258	182,174
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<b>Net Tangible Assets Per Share (RM)</b>	<b>0.38</b>	<b>0.38</b>
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**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**28 Authorisation For Issue**

The Board of Directors authorised the issue of this unaudited interim financial statements on 30 January 2018.

By Order of the Board

**Chew Siew Cheng**

**Lim Choo Tan**

Company Secretaries

30 January 2018

Pulau Pinang