



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FOURTH QUARTER ENDED 31 AUGUST 2018

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 2018.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 August 2018

		As At 31/08/2018 RM'000	As At 31/08/2017 RM'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	50,393	51,321
Investment properties		11,783	11,622
Intangible assets		289	289
Trade receivable		3,821	13,518
Other receivable		42	-
Deferred tax assets		157	51
		<u>66,485</u>	<u>76,801</u>
Currents assets			
Inventories		21,828	21,079
Trade receivables		56,598	50,972
Other receivables, deposits and prepayments		14,232	13,757
Tax recoverable		1,087	1,230
Cash and bank balances		29,068	29,272
		<u>122,813</u>	<u>116,310</u>
TOTAL ASSETS		<u>189,298</u>	<u>193,111</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	<i>7</i>	51,609	46,179
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,284	6,699
Employees share option scheme reserve	<i>7</i>	1,977	3,325
Legal reserve		32	32
Warrant reserve		8,777	8,777
Retained earnings		2,524	48
		<u>76,323</u>	<u>70,180</u>
Non-controlling interests		<u>4,943</u>	<u>4,742</u>
Total equity		<u>81,266</u>	<u>74,922</u>
Non-current liabilities			
Retirement benefit obligations		1,005	780
Borrowings	<i>21</i>	15,493	21,830
Deferred tax liabilities		352	281
		<u>16,850</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 fourth financial quarter ended 31 August 2018.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 August 2018 (cont'd)

		As At	As At
		31/08/2018	31/08/2017
	<i>Note</i>	RM'000	RM'000
Current liabilities			
Retirement benefit obligations		219	187
Borrowings	<i>21</i>	58,164	57,616
Trade payables		17,871	25,179
Other payables		14,749	12,216
Current tax payable		179	100
		<u>91,182</u>	<u>95,298</u>
Total liabilities		<u>108,032</u>	<u>118,189</u>
TOTAL EQUITY AND LIABILITIES		<u>189,298</u>	<u>193,111</u>
Net tangible assets per share (RM)	<i>27</i>	<u>0.39</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 fourth financial quarter ended 31 August 2018.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 August 2018

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	58,815	50,672	204,716	192,244
Operating expenses	(53,349)	(59,495)	(193,921)	(199,390)
Other income including investment income	1,372	9,982	6,008	13,124
Profit from operations	6,838	1,159	16,803	5,978
Depreciation	(1,648)	(1,647)	(6,567)	(6,887)
Fair value changes in derivatives	-	-	-	50
Foreign exchange gain/(loss)	412	(110)	(464)	(186)
Gain on disposal of property, plant and equipment	2	6,878	44	8,766
Interest expense	(1,202)	(1,673)	(4,730)	(5,484)
Interest income	575	776	1,826	2,449
Property, plant and equipment written off	(2)	-	(4)	(4)
Provision for and written off of inventories	(685)	(299)	(709)	(239)
Provision for and written off of receivables	(2,081)	(831)	(2,081)	(773)
Profit before taxation	2,209	4,253	4,118	3,670
Taxation	<i>19</i> (788)	(458)	(1,340)	(1,185)
Profit for the period	1,421	3,795	2,778	2,485
Profit attributable to:				
Owner of the parent	1,320	3,804	2,577	2,305
Non-controlling interests	101	(9)	201	180
	1,421	3,795	2,778	2,485
Earnings per share:	<i>26</i>			
(a) Basic (sen)	0.71	2.11	1.39	1.28
(b) Fully Diluted (sen)	0.63	1.94	1.22	1.20

(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 fourth financial quarter ended 31 August 2018.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 August 2018 (cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,421	3,795	2,778	2,485
Other comprehensive income/(loss):				
Foreign currency translation				
differences for foreign operations	132	413	(415)	1,685
Defined benefit plan actuarial loss	(101)	-	(101)	-
Total comprehensive income for the period	<u>1,452</u>	<u>4,208</u>	<u>2,262</u>	<u>4,170</u>
Total comprehensive income				
attributable to:				
Owner of the parent	1,351	4,217	2,061	3,990
Non-controlling interests	101	(9)	201	180
	<u>1,452</u>	<u>4,208</u>	<u>2,262</u>	<u>4,170</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 fourth financial quarter ended 31 August 2018.

Unaudited Condensed Consolidated Statement of Changes in Equity For The Quarter Ended 31 August 2018

	← Attributable to owners of the parent →									
	← Non-distributable →									
	Share Capital RM'000	Other Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Employees' Share Option Scheme Reserve ("ESOS") RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 September 2017	46,179	5,120	6,699	3,325	32	8,777	48	70,180	4,742	74,922
Profit for the period	-	-	-	-	-	-	2,577	2,577	201	2,778
Other comprehensive loss	-	-	(415)	-	-	-	(101)	(516)	-	(516)
Total comprehensive (loss)/income for the period	-	-	(415)	-	-	-	2,476	2,061	201	2,262
Issuance of ordinary shares pursuant to ESOS	3,810	-	-	(1,348)	-	-	-	2,462	-	2,462
Issuance of ordinary shares pursuant to Private Placement	1,620	-	-	-	-	-	-	1,620	-	1,620
At 31 August 2018	<u>51,609</u>	<u>5,120</u>	<u>6,284</u>	<u>1,977</u>	<u>32</u>	<u>8,777</u>	<u>2,524</u>	<u>76,323</u>	<u>4,943</u>	<u>81,266</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 fourth financial quarter ended 31 August 2018.

Unaudited Condensed Consolidated Statement of Changes in Equity For The Quarter Ended 31 August 2018 (cont'd)

	←————— Attributable to owners of the parent —————→							(Accumulated Losses)/ Retained earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	←————— Non-distributable —————→										
	Share Capital RM'000	Share Premium RM'000	Other Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Employees' Share Option Scheme Reserve ("ESOS") RM'000	Legal Reserve RM'000	Warrant Reserve 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
Profit for the period	-	-	-	-	-	-	-	2,305	2,305	180	2,485
Other comprehensive income	-	-	-	1,685	-	-	-	-	1,685	-	1,685
Total comprehensive income for the period	-	-	-	1,685	-	-	-	2,305	3,990	180	4,170
Reclassification due to compliance with Companies Act 2016	394	(394)	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	684	-	-	-	(241)	-	-	-	443	-	443
At 31 August 2017	46,179	-	5,120	6,699	3,325	32	8,777	48	70,180	4,742	74,922

(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 fourth financial quarter ended 31 August 2018.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 August 2018

	12 months ended	
	31/08/2018	31/08/2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	4,118	3,670
Adjustments for non-cash flows:		
Depreciation	6,567	6,887
Gain on disposal of property, plant and equipment	(44)	(8,766)
Interest expense	4,730	5,484
Interest income	(1,826)	(2,449)
Provision for and written off of inventories	709	239
Net fair value changes in derivatives	-	(50)
Property, plant and equipment written off	4	4
Provision for and written off of receivables	2,081	773
Non-operating items	(390)	(1,712)
Operating profit before working capital changes	15,949	4,080
Decrease in receivables	1,758	3,161
Increase in inventories	(1,459)	(2,411)
(Decrease)/Increase in payables	(4,175)	1,239
Cash generated from operations	12,073	6,069
Tax paid	(1,439)	(1,790)
Interest paid	(4,730)	(5,484)
Retirement benefit obligations paid	(32)	(25)
Net cash generated from/(used in) operating activities	5,872	(1,230)
Cash Flows From Investing Activities		
Interest income	1,826	2,449
Purchase of property, plant and equipment	(2,590)	(9,071)
Proceeds from disposal of property, plant and equipment	197	598
Proceeds from disposal of investment properties	-	17,500
Net changes to fixed deposit	(54)	(1,493)
Net cash (used in)/generated from investing activities	(621)	9,983
Cash Flows From Financing Activities		
Proceeds from exercise of ESOS	2,462	443
Proceeds from shares issued pursuant to Private Placement	1,620	-
Repayment of short term borrowings	(512)	(2,054)
Repayment of hire purchase and lease financing	(2,850)	(2,333)
Repayment of term loans	(8,670)	(8,183)
Net cash used in financing activities	(7,950)	(12,127)

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 2018.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 August 2018
(cont'd)

	12 months ended	
	31/08/2018	31/08/2017
	RM'000	RM'000
Net decrease in cash and cash equivalents	(2,699)	(3,374)
Effect of exchange rate changes	285	400
Cash and cash equivalents at beginning of the period	(5,850)	(2,876)
Cash and cash equivalents at end of the period	<u>(8,264)</u>	<u>(5,850)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	29,068	29,272
Bank overdraft - secured	(15,794)	(13,639)
	<u>13,274</u>	<u>15,633</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(21,538)	(21,483)
	<u>(8,264)</u>	<u>(5,850)</u>

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 September 2017	Cash flows	Non-cash changes Others	Carrying amount as at 31 August 2018
	RM'000	RM'000	RM'000	RM'000
Bank overdraft	13,639	2,155	-	15,794
Short term borrowings	31,708	(512)	-	31,196
Hire purchase and lease financing	5,678	(2,850)	4,088	6,916
Term loans	28,421	(8,670)	-	19,751
	<u>79,446</u>	<u>(9,877)</u>	4,088	<u>73,657</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.

D'NONCE TECHNOLOGY BHD.

(503292-K)

Notes to the condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 August 2018.

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* and MFRS 15 *Revenue from Contracts with Customers*. The Group is still in the progress of assessing the financial impact of MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*.

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 31 August 2018, a total of 14,349,500 new ordinary shares were issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS") and Private Placement, details of the issued and paid-up capital and the ESOS reserve of the Company as at 31 August 2018 are as follows:

Share Capital

	No. of shares	RM'000
As at 31 August 2017	182,174,000	46,179
Ordinary shares issued pursuant to the ESOS	9,849,500	3,810
Ordinary shares issued pursuant to the Private Placement	4,500,000	1,620
As at 31 August 2018	196,523,500	51,609

ESOS Reserve

	No. of options	RM'000
As at 31 August 2017	24,299,500	3,325
Exercised	(9,849,500)	(1,348)
As at 31 August 2018	14,450,000	1,977

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:

12 months period ended 31-Aug-18	Integrated Supply Chain Products and Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	38,633	23,389	142,694	-	204,716
Inter-segment revenue	112	741	25,463	(26,316)	-
Total segment revenue	38,745	24,130	168,157	(26,316)	204,716
RESULTS					
Segment results	3,111	197	12,128	-	15,436
Unallocated expenses					(6,588)
Operating profit					8,848
Finance costs, net					(4,730)
Profit before taxation					4,118
Taxation					(1,340)
Profit after taxation					2,778
Segment assets	11,551	28,400	147,785	-	187,736
Unallocated assets					1,562
Total assets					189,298
Segment liabilities	4,413	11,741	89,793	-	105,947
Unallocated liabilities					2,085
Total liabilities					108,032

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D'NONCE TECHNOLOGY BHD.

(503292-K)

9 Segmental Reporting (cont'd)

The Group's segmental analysis is as follows (cont'd):

12 months period ended 31-Aug-17	Integrated Supply Chain Products and Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	54,788	17,812	119,644	-	192,244
Inter-segment revenue	82	755	21,704	(22,541)	-
Total segment revenue	54,870	18,567	141,348	(22,541)	192,244
RESULTS					
Segment results	3,667	(2,371)	9,284	-	10,580
Unallocated expenses					(1,426)
Operating profit					9,154
Finance costs, net					(5,484)
Profit before taxation					3,670
Taxation					(1,185)
Profit after taxation					2,485
Segment assets	11,445	29,711	150,393	-	191,549
Unallocated assets					1,562
Total assets					193,111
Segment liabilities	7,107	13,134	95,911	-	116,152
Unallocated liabilities					2,037
Total liabilities					118,189

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 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 RM72.93 million (31.8.2017: RM77.43 million) 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 31 August 2018 are as follows:

RM'000	
Approved and contracted for:	
- Land and building	4,300
- Plant and machinery	846
Total Capital Commitments	5,146

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 fourth quarter ended 31 August 2018 ("Q4'18") with the corresponding period last financial year is as follows:

	Quarter 4 ("Q4")			Year-To-Date ("YTD")		
	FY2018 RM'000	FY2017 RM'000	Variance %	FY2018 RM'000	FY2017 RM'000	Variance %
Revenue	58,815	50,672	16%	204,716	192,244	6%
Operating profit	6,838	1,159	490%	16,803	5,978	181%
Profit before interest and tax	3,411	5,926	-42%	8,848	9,154	-3%
Profit before tax	2,209	4,253	-48%	4,118	3,670	12%
Profit after tax	1,421	3,795	-63%	2,778	2,485	12%
Profit attributable to ordinary equity holders of the parent	1,320	3,804	-65%	2,577	2,305	12%

Group

Compared to the fourth quarter of last year, the Group's revenue for the fourth quarter have increased by RM8.1 million to RM58.8 million. The profit before tax for the quarter was RM2.2 million compared to profit of RM4.3 million for the same quarter last year.

For fourth quarter of FY2017, the profit before tax included gain from disposal of investment property by a subsidiary of RM6.9 million. Thus, the profit before tax for fourth quarter has improved by RM4.8 million for this financial year.

For YTD of 2017, the profit before tax included gain on disposal of investment properties by two of the subsidiary of RM8.5 million. After removing this impact from the gain, current YTD's results of profit before tax of RM4.1 million is an improvement of RM8.9 million compared to the YTD 2017's results mainly due to increase in revenue and better margin for our products.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The current quarter's revenue of RM9.5 million is a decrease of RM3.8 million compared to the same quarter last year.

The segmental result is RM0.1 million profit in the current reporting quarter compared to the same quarter in previous year which reported segment profit of RM0.6 million. This reduced profit for the quarter was due to lower revenue.

For YTD revenue of RM38.6 million in 2018 is a decrease of RM16.2 million compared to YTD in 2017. The results for YTD 2018 was RM3.1 million which was lower by RM0.5 million compared to YTD 2017.

This lower results were due to lower revenue from a major customer in YTD 2018.

D'NONCE TECHNOLOGY BHD.

(503292-K)

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

A comparison of D'nonce Technology's performance for the fourth quarter ended 31 August 2018 ("Q4'18") with the corresponding period last financial year is as follows (cont'd):

Contract Manufacturing Services

The current fourth quarter's revenue of RM5.8 million is higher by RM0.9 million compared to the same quarter of last year. This was mainly due to higher demand from our customers.

The current quarter reported a loss of RM0.1 million which is a reduction of RM0.2 million compared to same quarter in previous year. This was due to lower margin earned.

In the 12 months of FY2018, this segment recorded revenue of RM23.4 million. This is an increase of RM5.6 million compared to the 12 months of FY2017.

The 12 months of FY2018 saw this segment generating RM0.2 million profit which is an improvement of RM2.6 million compared to the 12 months of FY2017 loss of RM2.4 million.

One of our subsidiary in Thailand contributed significantly to this improvement.

Supply of Packaging and Other Materials

The current quarter's revenue is RM43.5 million. There is an increase of RM11.1 million from the revenue in the same quarter for last financial year. This was mainly contributed by three of our subsidiaries in Malaysia together with one of our subsidiary in Thailand.

This segment has generated profit of RM6.1 million in this quarter. For fourth quarter of FY2017, a subsidiary contributed a gain from disposal of investment property of RM6.9 million. Thus, after removing the impact of the gain from the disposal of investment property, there is an improvement of RM7.8 million in the segment results compared to the same quarter in FY2017. This is the result of higher revenue and margin earned.

The revenue for the 12 months of FY2018 was RM142.7 million. This is an improvement of RM23 million compared to the 12 months of FY2017.

The results for the 12 months of FY2018 was profit of RM12.1 million. In FY2017, there was a gain from the disposal of investment properties of RM8.5 million by two subsidiaries. After removing the impact from this gain, the increase in profit is RM11.3 million. The higher profit was due to the improvement in revenue and margin earned.

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

	Q4'18 RM'000	Q3'18 RM'000	Variance %
Revenue	58,815	47,606	24%
Operating profit	6,838	3,206	113%
Profit before interest and tax	3,411	2,227	53%
Profit before tax	2,209	1,010	119%
Profit after tax	1,421	600	137%
Profit attributable to ordinary equity holders of the parent	1,320	526	151%

Group

The Group's current quarter revenue is RM58.8 million compared to previous quarter revenue of RM47.6 million. The result for this period is profit before tax of RM2.2 million compared to previous quarter profit before tax of RM1.0 million.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue in this quarter has increased by RM1.0 million and segmental result for this business decreased by RM0.8 million compared to the revenue and segmental result in the previous quarter. This lower result was due to lower margin for our products.

Contract Manufacturing Services

The revenue in this business segment has decreased by RM0.2 million to RM5.8 million as compared to the immediate preceding quarter.

The segmental results for this business segment registered a loss before tax of RM0.1 million while the previous quarter recorded a profit before tax of RM0.3 million.

Supply of Packaging and Other Materials

The revenue in this current quarter of RM43.5 million which is higher by RM10.4 million compared to preceding quarter.

This segment generated segment result of RM6.1 million. The segment result is an improvement of RM3.3 million as compared to previous quarter. This is the result of better revenue and margin 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	
	31 Aug 2018 RM'000	31 Aug 2017 RM'000	31 Aug 2018 RM'000	31 Aug 2017 RM'000
Income tax:				
Current period	844	285	1,291	1,026
Prior period	(14)	264	85	250
Deferred tax:				
Current period	(140)	28	(154)	28
Prior period	98	(119)	118	(119)
Total tax expenses	788	458	1,340	1,185

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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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

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 subjected 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 25 October 2018.

On 25 July 2018, the Board of Directors of the Company announced that the Board had resolved to vary the utilisation of the balance yet to be utilised to be re-allocated for the purpose of the Proposed Acceptance of Development Rights as well as to fund the additional working capital of D'nonce Technology Bhd and its subsidiaries ("Proposed Variation").

On 19 September 2018, the Board of Directors of the Company wish to inform that the Proposed Variation is deemed as a material variation to the Rights Issue with Warrants pursuant to Paragraph 8.22 of the Main Market Listing Requirements of Bursa Securities Malaysia Securities Berhad, thus the Company is required to seek its shareholders' approval for the Proposed Variation at an extraordinary general meeting ("EGM") which will be held on 29 October 2018.

On 29 October 2018, the Board of Directors of the Company announced that the resolution as set in the notice convening the EGM dated 3 October 2018 was approved by way of voting on poll.

D'NONCE TECHNOLOGY BHD.

(503292-K)

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 18 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.

On 3 July 2018, IPS announced that, on 2 July 2018, the Company submitted application to Bursa Securities for an extension of time of six (6) months from 17 July 2018 to 16 January 2019 to enable the Company to complete the implementation of the Proposed Private Placement. On 4 July 2018, Bursa Securities had resolved to grant the Company for the extension of time to complete the Private Placement.

On 12 October 2018, the Company announced that the Board of Directors has resolved to fix the issue price for the 2nd Tranche Private Placement at RM0.35 per Placement Share. For further details, please refer to Bursa website for the announcement made by the Company.

D'NONCE TECHNOLOGY BHD.

(503292-K)

20 Status of Corporate Proposal (cont'd)

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

On 23 October 2018, the Company announced that the 2nd tranche of the Private Placement comprising 11,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

(c) Proposed Acceptance of Development Rights

D'nonce Properties Sdn Bhd (formerly known as D'nonce Health Science Sdn Bhd), a wholly-owned subsidiary of D'nonce Technology Bhd, had on 25 July 2018 entered into a development rights agreement with Tan Than Kau and Tan Tian Yang ("Vendors") to accept the rights granted by the Vendors for the development of one plot of land, namely a parcel of freehold land measuring 6,774 square metres held under title identified as Lot No. 10320, GM No. 1496 (formerly PT 471, HSM 1598), Mukim 10, Seberang Perai Tengah, Pulau Pinang for a total consideration of RM10,000,000 to be fully satisfied via cash.

(d) Proposed Diversification

On 25 July 2018, D'nonce Technology Berhad and its subsidiaries proposed to diversify the principal activities of the Group to include property development and construction businesses.

The proposed diversification is subject to the approval from the shareholders of the Company at the EGM to be held on 29 October 2018.

On 29 October 2018, the Board of Directors of the Company announced that the resolution as set in the notice convening the EGM dated 3 October 2018 was approved by way of voting on poll.

(e) Acquisition of Property by Subsidiary Company

On 23 August 2018, the Board of Directors of the Company announced that its subsidiary company, D'nonce (Kelantan) Sdn Bhd entered into a Sale and Purchase Agreement with Kelantan Match Factory Sdn Bhd to purchase all those pieces of leasehold land held under H.S.(D) 717, PT 1502 and H.S.(D) 718, PT 1503, both of Mukim Kemumin, Daerah Jajahan Kota Bharu, Negeri Kelantan together with factory buildings at the purchase price of RM4,300,000 only subject to the terms and conditions as stipulated in the Sale and Purchase Agreement. For further details, please refer to Bursa website for the announcement made by the Company.

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

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

The Group Borrowings as at 31 August 2018 were as follows:

	As At 31 August 2018	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	49,786	6,248
Bankers' acceptance	2,503	314
Trust receipts	6,746	847
Factoring	25,725	3,228
Promissory note	49,936	6,267
Term loans	6,335	795
Hire purchases and lease creditors	6,195	777
	147,226	18,476
Short Term (Denominated in RM)		
Bank overdrafts	-	9,546
Bankers' acceptance	-	14,690
Revolving credits	-	5,850
Term loans	-	7,967
Hire purchases and lease creditors	-	1,635
	147,226	58,164
Long Term (Denominated in THB)		
Term loans	10,623	1,333
Hire purchases and lease creditors	6,125	769
	16,748	2,102
Long Term (Denominated in RM)		
Term loans	-	9,656
Hire purchases and lease creditors	-	3,735
	16,748	15,493
Total	163,974	73,657

Total borrowings as at 31 August 2018

		Exchange Rate	RM'000
a) in Thai Baht	THB 163,974,000	0.1255	20,578
b) in Ringgit Malaysia	RM 53,079,000	-	53,079
			<u>73,657</u>

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

The Group Borrowings as at 31 August 2018 were as follows (cont'd):

	As At 31 August 2017	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	47,789	6,146
Bankers' acceptance	4,321	556
Revolving credits	29,945	3,851
Trust receipts	7,695	990
Factoring	13,549	1,742
Promissory note	20,000	2,572
Term loans	10,007	1,287
Hire purchases and lease creditors	8,532	1,098
	141,838	18,242
Short Term (Denominated in RM)		
Bank overdrafts	-	7,493
Bankers' acceptance	-	10,997
Revolving credits	-	11,000
Term loans	-	8,677
Hire purchases and lease creditors	-	1,207
	141,838	57,616
Long Term (Denominated in THB)		
Term loans	17,433	2,242
Hire purchases and lease creditors	10,516	1,352
	27,949	3,594
Long Term (Denominated in RM)		
Term loans	-	16,215
Hire purchases and lease creditors	-	2,021
	27,949	21,830
Total	169,787	79,446

Total borrowings as at 31 August 2017

		Exchange Rate	RM'000
a) in Thai Baht	THB 169,787,000	0.1286	21,836
b) in Ringgit Malaysia	RM 57,610,000	-	57,610
			<u>79,446</u>

D'NONCE TECHNOLOGY BHD.

(503292-K)

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:

	31 August 2018	31 August 2017
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 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Group did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that has not been included or exceeded the estimated value by 10% or more which had been mandated by the shareholders during the Annual General Meeting held on 30 January 2018.

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.

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D'NONCE TECHNOLOGY BHD.
(503292-K)

26 Earnings Per Share

Basic	Current Quarter		Cumulative Quarter	
	31 August 2018	31 August 2017	31 August 2018	31 August 2017
Profit attributable to ordinary equity holders of the parent (RM'000)	1,320	3,804	2,577	2,305
Weighted average number of ordinary shares in issue ('000)	185,158	180,580	185,794	180,580
Basic earnings per share (sen)	0.71	2.11	1.39	1.28

Diluted	Current Quarter		Cumulative Quarter	
	31 August 2018	31 August 2017	31 August 2018	31 August 2017
Profit attributable to ordinary equity holders of the parent (RM'000)	1,320	3,804	2,577	2,305
Weighted average number of ordinary shares in issue ('000)	208,050	196,373	211,164	192,848
Diluted earnings per share (sen)	0.63	1.94	1.22	1.20

27 Net Tangible Assets Per Share

	As At 31 August 2018 RM'000	As At 31 Aug 2017 RM'000
Equity attributable to equity holders of the parent	76,323	70,180
Less: Intangible assets	(289)	(289)
Net Tangible Assets	76,034	69,891
Number of ordinary shares in issue ('000)	196,524	182,174
Net Tangible Assets Per Share (RM)	0.39	0.38

D'NONCE TECHNOLOGY BHD.

(503292-K)

28 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 29 October 2018.

By Order of the Board

Chew Siew Cheng

Lim Choo Tan

Company Secretaries

29 October 2018

Pulau Pinang