



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FIRST QUARTER ENDED 31 MARCH 2019

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

The Board wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2019.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 March 2019

	<i>Note</i>	As At 31/03/2019 RM'000	As At 31/12/2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	74,934	49,341
Investment properties		13,898	13,939
Intangible assets		289	289
Trade receivable		402	1,315
Other receivable		36	3,632
Deferred tax assets		161	159
Cash and bank balances		-	117
		<u>89,720</u>	<u>68,792</u>
Currents assets			
Inventories		22,950	24,653
Trade receivables		39,120	42,970
Other receivables, deposits and prepayments		22,147	13,055
Tax recoverable		1,048	772
Cash and bank balances		32,085	40,137
		<u>117,350</u>	<u>121,587</u>
TOTAL ASSETS		<u>207,070</u>	<u>190,379</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	<i>7</i>	70,576	67,977
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,625	6,457
Employees share option scheme reserve	<i>7</i>	413	567
Legal reserve		32	32
Warrant reserve	<i>7</i>	6,109	6,716
Revaluation reserve		23,039	-
Retained earnings		1,158	2,552
		<u>113,072</u>	<u>89,421</u>
Non-controlling interests		<u>5,483</u>	<u>4,908</u>
Total equity		<u>118,555</u>	<u>94,329</u>
Non-current liabilities			
Retirement benefit obligations		1,123	1,074
Borrowings	<i>21</i>	15,165	14,993
Deferred tax liabilities		2,877	422
		<u>19,165</u>	<u>16,489</u>

D'NONCE TECHNOLOGY BHD.
(503292-K)

The Board wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2019.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 March 2019 (cont'd)

	<i>Note</i>	As At 31/03/2019 RM'000	As At 31/12/2018 RM'000
Current liabilities			
Retirement benefit obligations		19	219
Borrowings	<i>21</i>	47,548	50,101
Trade payables		12,882	16,143
Other payables		8,715	12,814
Current tax payable		186	284
		<u>69,350</u>	<u>79,561</u>
Total liabilities		<u>88,515</u>	<u>96,050</u>
TOTAL EQUITY AND LIABILITIES		<u>207,070</u>	<u>190,379</u>
Net assets per share (RM)	<i>27</i>	<u>0.48</u>	<u>0.39</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018.)

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 quarter ended 31 March 2019.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2019

	<i>Note</i>	CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		31/03/2019	31/03/2018	31/03/2019	31/03/2018
		RM'000	RM'000	RM'000	RM'000
Revenue		41,756	-	41,756	-
Operating expenses		(42,097)	-	(42,097)	-
Other income including investment income		1,523	-	1,523	-
Profit from operations		1,182	-	1,182	-
Depreciation		(1,576)	-	(1,576)	-
Foreign exchange loss		(218)	-	(218)	-
Loss on disposal of property, plant and equipment		(8)	-	(8)	-
Interest expense		(891)	-	(891)	-
Interest income		247	-	247	-
Property, plant and equipment written off		(8)	-	(8)	-
Provision for and written off of inventories		(48)	-	(48)	-
Reversal of provision for and written off of receivables		62	-	62	-
Loss before taxation		(1,258)	-	(1,258)	-
Taxation	19	(197)	-	(197)	-
Loss for the period		(1,455)	-	(1,455)	-
Loss attributable to:					
Owner of the parent		(1,394)	-	(1,394)	-
Non-controlling interests		(61)	-	(61)	-
		(1,455)	-	(1,455)	-
Loss per share:	26				
(a) Basic (sen)		(0.56)	-	(0.56)	-
(b) Fully Diluted (sen)		(0.56)	-	(0.56)	-

Notes:

- i) The previous financial year end of the Group has been changed from 31 August to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 March 2018.
- ii) The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018.
- iii) 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 quarter ended 31 March 2019.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2019 (cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(1,455)	-	(1,455)	-
Other comprehensive loss:				
Foreign currency translation				
differences for foreign operations	168	-	168	-
Revaluation of property, plant and equipment	23,675	-	23,675	-
Total comprehensive income for the period	<u>22,388</u>	<u>-</u>	<u>22,388</u>	<u>-</u>
Total comprehensive income				
attributable to:				
Owner of the parent	21,813	-	21,813	-
Non-controlling interests	575	-	575	-
	<u>22,388</u>	<u>-</u>	<u>22,388</u>	<u>-</u>

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- iii) 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 quarter ended 31 March 2019.

Unaudited Condensed Consolidated Statement of Changes in Equity For The The Quarter Ended 31 March 2019

	←————— Attributable to owners of the parent —————→										
	←————— Non-distributable —————→							Distributable			
	Foreign Employees'										
	Share Capital RM'000	Other Capital Reserve RM'000	Currency Translation Reserve RM'000	Share Option Scheme RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2019	67,977	5,120	6,457	567	32	6,716	-	2,552	89,421	4,908	94,329
Profit for the period	-	-	-	-	-	-	-	(1,394)	(1,394)	(61)	(1,455)
Other comprehensive income	-	-	168	-	-	-	23,039	-	23,207	636	23,843
Total comprehensive income for the period	-	-	168	-	-	-	23,039	(1,394)	21,813	575	22,388
Issuance of ordinary shares pursuant to											
- ESOS	434	-	-	(154)	-	-	-	-	280	-	280
- warrants	2,165	-	-	-	-	(607)	-	-	1,558	-	1,558
At 31 March 2019	<u>70,576</u>	<u>5,120</u>	<u>6,625</u>	<u>413</u>	<u>32</u>	<u>6,109</u>	<u>23,039</u>	<u>1,158</u>	<u>113,072</u>	<u>5,483</u>	<u>118,555</u>

Notes:

- i) The previous financial year end of the Group has been changed from 31 August to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 March 2018.
- ii) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018.
- iii) 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 quarter ended 31 March 2019.

Unaudited Condensed Consolidated Statement of Changes in Equity For The The Quarter Ended 31 March 2019 (cont'd)

	← Attributable to owners of the parent →										
	← Non-distributable →				→ Distributable						
	Foreign Employees'										
	Share Capital	Other Capital Reserve	Currency Translation Reserve	Share Option Scheme	Legal Reserve	Warrant Reserve	Revaluation Reserve	Retained Earnings	Total	Non- controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to - ESOS	-	-	-	-	-	-	-	-	-	-	-
- warrants	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2018	-	-	-	-	-	-	-	-	-	-	-

Notes:

- i) The previous financial year end of the Group has been changed from 31 August to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 March 2018.
- ii) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018.
- iii) 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 quarter ended 31 March 2019.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 March 2019

	3 months ended	
	31/03/2019	31/03/2018
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(1,258)	-
Adjustments for non-cash flows:		
Depreciation	1,576	-
Loss on disposal of property, plant and equipment	8	-
Interest expense	891	-
Interest income	(247)	-
Provision for and written off of inventories	48	-
Property, plant and equipment written off	8	-
Reversal of provision for and written off of receivables	(62)	-
Non-operating items	95	-
Operating profit before working capital changes	1,059	-
Increase in receivables	(1,225)	-
Decrease in inventories	1,655	-
Decrease in payables	(7,371)	-
Cash used in operations	(5,882)	-
Tax paid	(20)	-
Interest paid	(891)	-
Retirement benefit obligations paid	(229)	-
Net cash used in operating activities	(7,022)	-
Cash Flows From Investing Activities		
Interest income	247	-
Purchase of property, plant and equipment	(84)	-
Proceeds from disposal of property, plant and equipment	7	-
Net changes to fixed deposit	(725)	-
Net cash used in investing activities	(555)	-
Cash Flows From Financing Activities		
Proceeds from exercise of ESOS	280	-
Proceeds from exercise of warrants	1,558	-
Drawdown of short term borrowings	2,077	-
Repayment of hire purchase and lease financing	(175)	-
Repayment of term loans	(3,446)	-
Net cash generated from financing activities	294	-

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

The Board wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2019.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 March 2019 (con

	3 months ended	
	31/03/2019	31/03/2018
	RM'000	RM'000
Net decrease in cash and cash equivalents	(7,283)	-
Effect of exchange rate changes	(113)	-
Cash and cash equivalents at beginning of the period	3,231	-
Cash and cash equivalents at end of the period	<u>(4,165)</u>	<u>-</u>
Cash and cash equivalents comprise:		
Cash and bank balances	32,085	-
Bank overdraft - secured	(13,298)	-
	<u>18,787</u>	<u>-</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(22,952)	-
	<u>(4,165)</u>	<u>-</u>

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 January 2019 RM'000	Cash flows RM'000	Non-cash changes Others RM'000	Carrying amount as at 31 March 2019 RM'000
Short term borrowings	28,240	2,077	-	30,317
Hire purchase and lease financing	6,816	(175)	660	7,301
Term loans	15,243	(3,446)	-	11,797
	<u>50,299</u>	<u>(1,544)</u>	660	<u>49,415</u>

Notes:

- i) The previous financial year end of the Group has been changed from 31 August to 31 December. As such, there will be no comparative financial information available for the financial period ended 31 March 2018.
- ii) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018.
- iii) 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 first quarter ended 31 March 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 December 2018. 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 December 2018.

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 December 2018 except for the adoption of new MFRSs and Interpretations and Amendments to certain MFRSs which are effective for the Group from 1 January 2019.

MFRS 16: Leases

IC Interpretation 23: Uncertainty over Income Tax Treatments

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

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.

Effective for financial periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 101 and MFRS 108: Definition of Material

2 Significant Accounting Policies (cont'd)

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 17: Insurance Contracts

Deferred

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Directors expect that the adoption of these new MFRSs and Interpretations and Amendments will have no material impact on the financial statements in the period of initial application.

3 Audit Report of the Preceding Annual Financial Statements

The auditors, Messrs. BDO PLT had expressed an except for opinion on the audited financial statements for the financial period from 1 September 2017 to 31 December 2018 on the basis that the Group have identified breaches of internal controls arising from various transactions involving related parties and potential irregularities.

The Board of Directors ("BOD") have assessed and recognised identified losses in respect of these breaches in the financial statements of the Group during the financial period, and concluded that relevant efforts have been undertaken despite recommendations from the independent consultant because the BOD is of the view that the potential impact could not be material to the financial statements of the Group.

Messrs. BDO PLT was unable to obtain sufficient appropriate audit evidence to satisfy themselves on the effects of adjustments, if any on the financial statements of the Group arising from the underdetermined impact of the related parties' transactions and potential irregularities.

The BOD had on 30 April 2019 further announced that there are steps taken or proposed to be taken to address the key audit matters that relates to the modified opinion.

For further details, please refer to Bursa website for the announcement dated 30 April 2019.

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 20.

D'NONCE TECHNOLOGY BHD.**(503292-K)****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 March 2019, a total of 7,355,300 new ordinary shares were issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS"), warrants and Private Placement, details of the issued and paid-up capital and the ESOS reserve of the Company as at 31 March 2019 are as follows:

Share Capital

	No. of shares	RM'000
As at 31 December 2018	241,948,100	67,977
Ordinary shares issued pursuant to the ESOS	1,122,500	434
Ordinary shares issued pursuant to the warrants	6,232,800	2,165
As at 31 March 2019	249,303,400	70,576

ESOS Reserve

	No. of options	RM'000
As at 31 December 2018	4,142,000	567
Exercised	(1,122,500)	(154)
As at 31 March 2019	3,019,500	413

Warrant Reserve

	No. of options	RM'000
As at 31 December 2018	69,019,000	6,716
Exercised	(6,232,800)	(607)
As at 31 March 2019	62,786,200	6,109

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:

3 months period ended 31-Mar-19	Integrated Supply Chain Products and Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External revenue	7,044	3,816	30,896	-	-	41,756
Inter-segment revenue	24	328	3,886	-	(4,238)	-
Total segment revenue	7,068	4,144	34,782	-	(4,238)	41,756
RESULTS						
Segment results	550	(594)	1,463	(80)	-	1,339
Unallocated expenses						(1,706)
Operating loss						(367)
Finance costs, net						(891)
Loss before taxation						(1,258)
Taxation						(197)
Loss after taxation						(1,455)
Segment assets	6,672	15,496	146,508	8,212	-	176,888
Unallocated assets						30,182
Total assets						207,070
Segment liabilities	4,250	7,406	73,085	(56)	-	84,685
Unallocated liabilities						3,830
Total liabilities						88,515

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D'NONCE TECHNOLOGY BHD.

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9 Segmental Reporting (cont'd)

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

3 months period ended 31-Mar-18	Integrated Supply Chain Products and Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External revenue	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
RESULTS						
Segment results	-	-	-	-	-	-
Unallocated expenses						-
Operating profit						-
Finance costs, net						-
Profit before taxation						-
Taxation						-
Profit after taxation						-
Segment assets	-	-	-	-	-	-
Unallocated assets						-
Total assets						-
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities						-
Total liabilities						-

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D'NONCE TECHNOLOGY BHD.

(503292-K)

10 Valuation of Property, Plant and Equipment

With effect from 1 January 2019, the Group has adopted the revaluation model for all its lands and buildings. Pursuant to the revaluation model applied for the Group's lands and buildings, they are measured at revalued amount less accumulated depreciation and any accumulated impairment losses. The revaluation surplus of (net of deferred tax) of RM23.68 million has been incorporated into the consolidated financial statements for the financial quarter and financial period to date, of which RM23.04 million and RM0.64 million is recognised in the revaluation reserve and non-controlling interests respectively.

11 Subsequent Material Event

There were no significant subsequent material events that have taken place subsequent to the statements of financial position date other than as disclosed below:

On 17 May 2019, the Board of Directors of the Company announced that its subsidiary company, D'nonce Properties Sdn Bhd ("DPSB") entered into a joint venture agreement ("JV Agreement") with Fajar Simfoni Sdn Bhd ("FSSB") to jointly develop the Land belonging to Mr Tan Than Kau and Mr Tan Tian Yang, being the registered and beneficial owners of that piece of vacant land held under Lot No. 10320, GM No. 1496 (formerly PT 471, HSM1598), Mukim 10, Seberang Perai Tengah, Pulau Pinang measuring in area 6774 square meter, ("Land"), both of whom had granted an exclusive right to DPSB to develop the said Land into one block of 19-storey affordable apartment with 281 units and 7-storey car park podium.

For further details, please refer to Bursa website for the announcement made by the Company.

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 RM61.32 million (31 December 2018: RM64.22 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 March 2019 are as follows:

	RM'000
Approved and contracted for:	
- Land and building	3,870
Total Capital Commitments	3,870

D'NONCE TECHNOLOGY BHD.**(503292-K)****15 Analysis of performance for current quarter and financial period-to-date**

The analysis of D'nonce Technology Bhd's performance for the financial period ended 31 March 2019 ("Q1'19") is as follows:

	Quarter 1 ("Q1")		Year-To-Date ("YTD")	
	FY2019 RM'000	FY2018 RM'000	FY2019 RM'000	FY2018 RM'000
Revenue	41,756	-	41,756	-
Operating profit	1,182	-	1,182	-
Loss before interest and tax	(367)	-	(367)	-
Loss before tax	(1,258)	-	(1,258)	-
Loss after tax	(1,455)	-	(1,455)	-
Loss attributable to ordinary equity holders of the parent	(1,394)	-	(1,394)	-

Group

For this financial quarter which is also year to date, the Group posted revenue of RM41.8 million.

The contribution is mainly from the supply of packaging and other materials of RM30.9 million. The other segments of integrated supply chain and contract manufacturing contributed revenues of RM7.0 million and RM3.8 million respectively.

The Group loss before tax was RM1.3 million. This is the results of profits from supply of packaging and other materials and integrated supply chain offset by contract manufacturing segment and unallocated expenses and finance cost for the Group. The profits from supply of packaging and other materials segment and integrated supply chain arose from continued steady revenue performance.

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

	Q1'19 3 months ended 31 March 2019 RM'000	Q6'18 1 month ended 31 December 2018 RM'000	Variance %
Revenue	41,756	14,625	186%
Operating profit	1,182	923	28%
Loss before interest and tax	(367)	(648)	-43%
Loss before tax	(1,258)	(647)	94%
Loss after tax	(1,455)	(1,303)	12%
Loss attributable to ordinary equity holders of the parent	(1,394)	(1,380)	1%

Group

The Group's current quarter revenue is RM41.8 million compared to previous quarter revenue of RM14.6 million. The result for this period is loss before tax of RM1.3 million compared to previous quarter loss before tax of RM0.6 million. The loss was primarily due to legal expenses incurred and weaker performance in this quarter. Note that the current quarter is for three (3) months whereas previous quarter was for one (1) month.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue in this quarter was RM7.0 million and segmental result for this business was profit of RM0.6 million.

Contract Manufacturing Services

The revenue in this business segment was RM3.8 million. The loss for this business segment was RM0.6 million.

Supply of Packaging and Other Materials

The revenue in this current quarter was RM30.9 million. This segment generated segment profit of RM1.5 million.

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 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Current tax:				
Current period	189	-	189	-
Prior period	9	-	9	-
Deferred tax:				
Current period	(18)	-	(18)	-
Prior period	17	-	17	-
Tax expenses	197	-	197	-

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.

20 Status of Corporate Proposal

There are no corporate proposal outstanding other than as disclosed below:

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.

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

The Group Borrowings as at 31 March 2019 were as follows:

	As At 31 March 2019	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	47,133	6,047
Bankers' acceptance	2,274	292
Trust receipts	23,463	3,010
Factoring	21,661	2,779
Promissory note	48,718	6,251
Term loans	3,347	429
Hire purchases and lease creditors	5,782	742
	152,378	19,550
Short Term (Denominated in RM)		
Bank overdrafts	-	7,251
Bankers' acceptance	-	9,821
Trust receipts	-	1,164
Revolving credits	-	7,000
Term loans	-	1,078
Hire purchases and lease creditors	-	1,684
	152,378	47,548
Long Term (Denominated in THB)		
Term loans	8,894	1,141
Hire purchases and lease creditors	7,628	979
	16,522	2,120
Long Term (Denominated in RM)		
Term loans	-	9,149
Hire purchases and lease creditors	-	3,896
	16,522	15,165
Total	168,900	62,713

Total borrowings as at 31 March 2019

		Exchange Rate	RM'000
(a) in Thai Baht	THB 168,900,000	0.1283	21,670
(b) in Ringgit Malaysia	RM 41,043,000	-	41,043
			<u>62,713</u>

D'NONCE TECHNOLOGY BHD.

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21 Group Borrowings and Debt Securities (cont'd)

The Group Borrowings as at 31 March 2019 were as follows (cont'd):

	As At 31 March 2018	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	-	-
Bankers' acceptance	-	-
Revolving credits	-	-
Trust receipts	-	-
Factoring	-	-
Promissory note	-	-
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
Short Term (Denominated in RM)		
Bank overdrafts	-	-
Bankers' acceptance	-	-
Revolving credits	-	-
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
Long Term (Denominated in THB)		
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
Long Term (Denominated in RM)		
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
	-	-
Total	-	-

Total borrowings as at 31 March 2018

	Exchange Rate	RM'000
(a) in Thai Baht	THB Nil	-
(b) in Ringgit Malaysia	RM Nil	-
		-
		-

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:

	31 March 2019	31 December 2018
Fixed rates	2.35% - 6.89%	2.35% - 6.89%
Floating rates	4.05% - 9.37%	4.05% - 9.37%

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

(a) Suit No.: PA-22NCVC-196-12/2018

For further details, please refer to Bursa website for the announcement dated 7 December 2018, 13 December 2018, 11 February 2019, 27 February 2017, 22 March 2019, 17 April 2019, 13 May 2019, 14 May 2019 and 17 May 2019.

Any material development will be announced in due course.

(b) Suit No.: PA-22NCC-41-12/2018

For further details, please refer to Bursa website for the announcement dated 14 February 2019, 27 February 2019, 22 March 2019 and 17 April 2019.

Any material development will be announced in due course.

D'NONCE TECHNOLOGY BHD.

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(c) Notice of Requisition for an Extraordinary General Meeting ("EGM") of the Company for Special Notice relating to Resolutions to Remove Persons from Office of Directors

On 3 December 2018, the Board of Directors of the Company announced that the Company had received a notice to convene an EGM pursuant to Section 311 of the Companies Act 2016 ("Notice").

The Company had engaged lawyer to provide legal opinion in respect of the Notice.

On 14 December 2018, the Board of Directors of the Company announced that the Company was advised by its solicitors that the Requisition had been rendered ineffective and/or invalid due to, inter alia, the Interim Order.

For avoidance of doubts, the Interim Order dated 6 December remains valid and in force until and unless the Court directs/decides otherwise. The Company (through its solicitors) had requested to hold a meeting with the actual/legal requisitioner of the Requisition, RHB Nominees (Asing) Sdn Bhd in respect of the Requisition. However, RHB Nominees (Asing) Sdn Bhd had yet to respond to the Company of its request.

On 26 February 2019, the Board of Directors of the Company announced that the Court heard the submissions from the parties in relation to Blackstream Investments Pte Ltd's application for the determination of an issue the requisition notice for EGM dated 3 December issued by is remains valid in spite of the injunction granted in the other suit 196.

On 22 March 2019, the Company announced that the Plaintiff's application pursuant to Order 14A/Order 33 r2 Rules of Court 2012 for inter alia a declaration that its notice of requisition for an EGM dated 3 December 2018 is effective and valid from all aspects was dismissed with costs by the High Court.

On 21 May 2019, the Company announced that the Court has directed parties to file their respective reply submissions for the Company's application for security for costs (Encl 60), the Plaintiff's application to join its present board of directors as additional defendants (Encl 76) and the Plaintiff's application to strike out the Company counterclaim (Encl 79).

The Court has fixed 13 June 2019 to deliver its decisions.

Further material developments will be announced in due course.

25 Dividend

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

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26 Loss Per Share

Basic	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loss attributable to ordinary equity holders of the parent (RM'000)	(1,394)	N/A	(1,394)	N/A
Weighted average number of ordinary shares in issue ('000)	246,732	N/A	246,732	N/A
Basic loss per share (sen)	(0.56)	N/A	(0.56)	N/A

Diluted	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loss attributable to ordinary equity holders of the parent (RM'000)	* (1,394)	N/A	* (1,394)	N/A
Weighted average number of ordinary shares in issue ('000)	* 246,732	N/A	* 246,732	N/A
Diluted loss per share (sen)	* (0.56)	N/A	* (0.56)	N/A

* The warrants and ESOS for the financial period ended 31 March 2019 were not assumed to be exercised because they were antidilutive in the period. Therefore, the diluted loss per share is the same as basic loss per share.

27 Net Assets Per Share

	As At 31 March 2019 RM'000	As At 31 Dec 2018 RM'000
Total assets	207,070	190,379
Less: Total liabilities	(88,515)	(96,050)
Net Assets	118,555	94,329
Number of ordinary shares in issue ('000)	249,303	241,948
Net Assets Per Share (RM)	0.48	0.39

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28 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 28 May 2019.