



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

SECOND QUARTER ENDED 30 JUNE 2019

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

The Board wishes to announce the following unaudited results of the Group for the second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Financial Position As At 30 June 2019

	<i>Note</i>	As At 30/06/2019 RM'000	As At 31/12/2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	73,305	49,341
Investment properties		13,812	13,939
Intangible assets		289	289
Trade receivable		378	1,315
Other receivable		32	3,632
Deferred tax assets		169	159
Cash and bank balances		-	117
		<u>87,985</u>	<u>68,792</u>
Currents assets			
Inventories		21,979	24,653
Trade receivables		37,821	42,970
Other receivables, deposits and prepayments		22,030	13,055
Tax recoverable		1,304	772
Cash and bank balances		31,165	40,137
		<u>114,299</u>	<u>121,587</u>
TOTAL ASSETS		<u>202,284</u>	<u>190,379</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	<i>7</i>	74,248	67,977
Other capital reserve		5,120	5,120
Foreign currency translation reserve		7,358	6,457
Employees share option scheme reserve	<i>7</i>	261	567
Legal reserve		32	32
Warrant reserve	<i>7</i>	5,201	6,716
Revaluation reserve		21,937	-
(Accumulated losses)/Retained earnings		(1,146)	2,552
		<u>113,011</u>	<u>89,421</u>
Non-controlling interests		<u>5,245</u>	<u>4,908</u>
Total equity		<u>118,256</u>	<u>94,329</u>
Non-current liabilities			
Retirement benefit obligations		1,210	1,074
Borrowings	<i>21</i>	15,196	14,993
Deferred tax liabilities		2,423	422
		<u>18,829</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 second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Financial Position As At 30 June 2019 (cont'd)

		As At	As At
		30/06/2019	31/12/2018
	<i>Note</i>	RM'000	RM'000
Current liabilities			
Retirement benefit obligations		42	219
Borrowings	<i>21</i>	44,850	50,101
Trade payables		10,746	16,143
Other payables		9,428	12,814
Current tax payable		133	284
		<u>65,199</u>	<u>79,561</u>
Total liabilities		<u>84,028</u>	<u>96,050</u>
TOTAL EQUITY AND LIABILITIES		<u>202,284</u>	<u>190,379</u>
Net assets per share (RM)	<i>27</i>	<u>0.46</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 second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 June 2019

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	38,214	-	79,970	-
Operating expenses	(39,777)	-	(81,874)	-
Other income including investment income	1,617	-	3,140	-
Profit from operations	54	-	1,236	-
Depreciation	(1,714)	-	(3,290)	-
Foreign exchange gain	449	-	231	-
Loss on disposal of property, plant and equipment	-	-	(8)	-
Interest expense	(1,005)	-	(1,896)	-
Interest income	209	-	456	-
Property, plant and equipment written off	7	-	(1)	-
Provision for and written off of inventories	(84)	-	(132)	-
Reversal of provision for and written off of receivables	-	-	62	-
Loss before taxation	(2,084)	-	(3,342)	-
Taxation	<i>19</i> (116)	-	(313)	-
Loss for the period	<u>(2,200)</u>	<u>-</u>	<u>(3,655)</u>	<u>-</u>
Loss attributable to:				
Owner of the parent	(2,304)	-	(3,698)	-
Non-controlling interests	104	-	43	-
	<u>(2,200)</u>	<u>-</u>	<u>(3,655)</u>	<u>-</u>
Loss per share:	<i>26</i>			
(a) Basic (sen)	<u>(0.93)</u>	<u>-</u>	<u>(1.47)</u>	<u>-</u>
(b) Fully Diluted (sen)	<u>(0.93)</u>	<u>-</u>	<u>(1.47)</u>	<u>-</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 30 June 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 second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 June 2019 (cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(2,200)	-	(3,655)	-
Other comprehensive (loss)/income:				
Foreign currency translation				
differences for foreign operations	733	-	901	-
Revaluation of property, plant and equipment	(1,444)	-	22,231	-
Total comprehensive (loss)/income for the period	<u>(2,911)</u>	<u>-</u>	<u>19,477</u>	<u>-</u>
Total comprehensive income attributable to:				
Owner of the parent	(2,673)	-	19,140	-
Non-controlling interests	(238)	-	337	-
	<u>(2,911)</u>	<u>-</u>	<u>19,477</u>	<u>-</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 30 June 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 second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Changes in Equity For The The Quarter Ended 30 June 2019

	← Attributable to equity holders of the parent →							Distributable Retained Earnings/ (Accumulated losses) RM'000	Non- controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Other Capital Reserve RM'000	Currency Translation Reserve RM'000	Foreign Employees' Share Option Scheme RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000				Non- distributable
At 1 January 2019	67,977	5,120	6,457	567	32	6,716	-	2,552	89,421	4,908	94,329
Loss for the period	-	-	-	-	-	-	-	(3,698)	(3,698)	43	(3,655)
Other comprehensive income	-	-	901	-	-	-	21,937	-	22,838	294	23,132
Total comprehensive income/(loss) for the period	-	-	901	-	-	-	21,937	(3,698)	19,140	337	19,477
Issuance of ordinary shares pursuant to											
- ESOS	864	-	-	(306)	-	-	-	-	558	-	558
- warrants	5,407	-	-	-	-	(1,515)	-	-	3,892	-	3,892
At 30 June 2019	74,248	5,120	7,358	261	32	5,201	21,937	(1,146)	113,011	5,245	118,256

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 30 June 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 second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Changes in Equity For The The Quarter Ended 30 June 2019 (cont'd)

	← Attributable to equity holders 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	Non- controlling Total Interests RM'000	RM'000	Total Equity 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 30 June 2018	-	-	-	-	-	-	-	-	-	-	-

Notes:

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- 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 second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 June 2019

	6 months ended	
	30/06/2019	30/06/2018
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(3,342)	-
Adjustments for non-cash flows:		
Depreciation	3,290	-
Loss on disposal of property, plant and equipment	8	-
Interest expense	1,896	-
Interest income	(456)	-
Provision for and written off of inventories	132	-
Property, plant and equipment written off	1	-
Reversal of provision for and written off of receivables	(62)	-
Non-operating items	610	-
Operating profit before working capital changes	2,077	-
Increase in receivables	(293)	-
Decrease in inventories	2,542	-
Decrease in payables	(9,248)	-
Cash used in operations	(4,922)	-
Tax refund	61	-
Interest paid	(1,896)	-
Retirement benefit obligations paid	(248)	-
Net cash used in operating activities	(7,005)	-
Cash Flows From Investing Activities		
Interest income	456	-
Purchase of property, plant and equipment	(52)	-
Proceeds from disposal of property, plant and equipment	7	-
Net changes to fixed deposit	(1,098)	-
Net cash used in investing activities	(687)	-
Cash Flows From Financing Activities		
Proceeds from exercise of ESOS	558	-
Proceeds from exercise of warrants	3,892	-
Drawdown of short term borrowings	3,134	-
Repayment of hire purchase and lease financing	(779)	-
Repayment of term loans	(3,960)	-
Net cash generated from financing activities	2,845	-

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

The Board wishes to announce the following unaudited results of the Group for the second quarter ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 June 2019**(cont'd)**

	6 months ended	
	30/06/2019	30/06/2018
	RM'000	RM'000
Net decrease in cash and cash equivalents	(4,847)	-
Effect of exchange rate changes	(546)	-
Cash and cash equivalents at beginning of the period	3,231	-
Cash and cash equivalents at end of the period	<u>(2,162)</u>	<u>-</u>
Cash and cash equivalents comprise:		
Cash and bank balances	31,165	-
Bank overdraft - secured	(10,002)	-
	<u>21,163</u>	<u>-</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(23,325)	-
	<u>(2,162)</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 30 June 2019 RM'000
Short term borrowings	28,240	3,134	-	31,374
Hire purchase and lease financing	6,816	(779)	1,350	7,387
Term loans	15,243	(3,960)	-	11,283
	<u>50,299</u>	<u>(1,605)</u>	<u>1,350</u>	<u>50,044</u>

Notes:

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- 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 second quarter ended 30 June 2019.

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: Defination 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 30 June 2019, a total of 10,448,100 new ordinary shares were issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS") and warrants, details of the issued and paid-up capital and the ESOS reserve of the Company as at 30 June 2019 are as follows:

Share Capital

	No. of shares	RM'000
As at 31 March 2019	249,303,400	70,576
Ordinary shares issued pursuant to the ESOS	1,111,000	430
Ordinary shares issued pursuant to the warrants	9,337,100	3,242
As at 30 June 2019	259,751,500	74,248

ESOS Reserve

	No. of options	RM'000
As at 31 March 2019	3,019,500	413
Exercised	(1,111,000)	(152)
As at 30 June 2019	1,908,500	261

Warrant Reserve

	No. of options	RM'000
As at 31 March 2019	62,786,200	6,109
Exercised	(9,337,100)	(908)
As at 30 June 2019	53,449,100	5,201

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:

6 months period ended 30-Jun-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	10,792	7,031	62,147	-	-	79,970
Inter-segment revenue	90	777	7,016	-	(7,883)	-
Total segment revenue	10,882	7,808	69,163	-	(7,883)	79,970
RESULTS						
Segment results	796	(1,530)	3,861	(127)	-	3,000
Unallocated expenses						(4,446)
Operating loss						(1,446)
Finance costs, net						(1,896)
Loss before taxation						(3,342)
Taxation						(313)
Loss after taxation						(3,655)
Segment assets	6,120	15,336	143,359	8,309	-	173,124
Unallocated assets						29,160
Total assets						202,284
Segment liabilities	4,960	7,401	68,319	(75)	-	80,605
Unallocated liabilities						3,423
Total liabilities						84,028

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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):

6 months period ended 30-Jun-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 land 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 RM22.23 million has been incorporated into the consolidated financial statements for the financial quarter and financial period to date, of which RM21.94 million and RM0.29 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 material litigation as mentioned in Note 24.

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 RM58.76 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 30 June 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 30 June 2019 ("Q2'19") is as follows:

	Quarter 2 ("Q2")		Year-To-Date ("YTD")	
	FY2019 RM'000	FY2018 RM'000	FY2019 RM'000	FY2018 RM'000
Revenue	38,214	-	79,970	-
Operating profit	54	-	1,236	-
Loss before interest and tax	(1,079)	-	(1,446)	-
Loss before tax	(2,084)	-	(3,342)	-
Loss after tax	(2,200)	-	(3,655)	-
Loss attributable to ordinary equity holders of the parent	(2,304)	-	(3,698)	-

Group

The Group posted revenue of RM38.2 million and RM80 million for the current quarter and year to date under review respectively.

Revenue for current quarter mainly from supply of packaging and other materials of RM31.3 million. The other segments of integrated supply chain and contract manufacturing contributed revenues of RM3.7 million and RM3.2 million respectively.

The Group posted loss attributable to ordinary equity holders of parent of RM2.3 million and RM3.7 million respectively for the current quarter and year to date impacted by drop in customers demand, lower margin and weaker performance.

Loss before tax for current quarter mainly derived from the results of profits from supply of packaging and other materials and integrated supply chain offset by losses in contract manufacturing segment and unallocated expenses and finance cost for the Group. The higher profit from supply of packaging and other materials segment was attributed to a strong performance compared to a drop in integrated supply chain revenue on account of its lower revenue.

There is no comparison made against the corresponding period previous year due to change of financial year end from 31 August to 31 December in the preceeding financial period.

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

	Q2'19 3 months ended 30 June 2019 RM'000	Q1'19 3 month ended 31 March 2019 RM'000	Variance %
Revenue	38,214	41,756	-8%
Operating profit	54	1,182	-95%
Loss before interest and tax	(1,079)	(367)	194%
Loss before tax	(2,084)	(1,258)	66%
Loss after tax	(2,200)	(1,455)	51%
Loss attributable to ordinary equity holders of the parent	(2,304)	(1,394)	65%

Group

The Group's current quarter revenue is RM38.2 million compared to previous quarter revenue of RM41.8 million. The result was loss attributable to ordinary equity holders of the parent of RM2.3 million compared with previous quarter loss attributable to ordinary equity holders of the parent of RM1.4 million. The loss was primarily due to legal expenses incurred and continued weak performance in

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue in this business segment decreased by RM3.3 million and segmental result decreased by RM0.3 million as compared to revenue and segmental results in previous quarter. This poorer result was due to weaker revenue recorded coupled with lower margin of products.

Contract Manufacturing Services

The revenue in this business segment decreased by RM0.6 million and segmental results decreased by RM0.3 million as compared to revenue and segmental results in previous quarter. This poorer result was due to weaker revenue recorded coupled with lower margin of products.

Supply of Packaging and Other Materials

The revenue for current quarter recorded at RM31.3 million which is higher by RM0.4 million as compared to preceding quarter. Higher revenue was mainly contributed by one of our subsidiaries in Thailand.

This segment generated results of RM2.4 million in the current quarter which is an improvement of RM0.9 million as compared to preceding quarter because of better revenue and higher margin in this quarter.

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

The current global business sentiment remains challenging due to the on going trade tension and the worsening outlook of global growth. However, the Group will continue its effort to expand sales, tighten its cost control and develop new and innovative products to maintain its market competitiveness.

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 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Current tax:				
Current period	96	-	285	-
Prior period	18	-	27	-
Deferred tax:				
Current period	2	-	(16)	-
Prior period	-	-	17	-
Tax expenses	116	-	313	-

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

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20 Status of Corporate Proposal

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

(a) 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 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.

(b) On 24 May 2019, the Board of Directors of the Company announced that the Company proposed to undertake the following:

(i) renounceable rights issue of up to 315,109,100 new shares in the Company ("Rights Shares) and 315,109,100 irredeemable convertible preference shares ("ICPS") on the basis of 1 Rights Share and 1 ICPS for every 1 existing ordinary share in Company held, together with up to 157,554,550 free detachable warrants ("Warrants-B") for every 2 Rights Shares and 2 ICPS subscribed for, based on entitlement date to be determined later ("Entitlement Date"); and

(ii) proposed amendments to the Constitution of the Company to facilitate the proposed rights issue.

Collectively to be referred to as the "Proposals".

On 23 July 2019, the Board of Directors of the Company announced that the Company had submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") to seek for an extension of time from 23 July 2019 up to 15 September 2019 for the submission of the listing application and draft circular to shareholders on the Proposals to Bursa Securities.

On 2 August 2019, the Board of Directors of the Company announced that Bursa Securities had, vide its letter dated 2 August 2019, resolved to approve the application for an extension of time from 23 July 2019 up to 15 September 2019 for the submission of the listing application and draft circular to shareholders on the Proposals to Bursa Securities.

The Board of Directors of the Company had resolved to abort the Proposals. 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.

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21 Group Borrowings and Debt Securities

The Group Borrowings as at 30 June 2019 were as follows:

	As At 30 June 2019	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	44,983	6,055
Bankers' acceptance	3,006	405
Trust receipts	27,158	3,655
Factoring	21,812	2,936
Promissory note	40,315	5,426
Term loans	3,007	405
Hire purchases and lease creditors	5,014	675
	145,295	19,557
Short Term (Denominated in RM)		
Bank overdrafts	-	3,947
Bankers' acceptance	-	9,867
Trust receipts	-	1,085
Revolving credits	-	8,000
Term loans	-	820
Hire purchases and lease creditors	-	1,574
	145,295	44,850
Long Term (Denominated in THB)		
Term loans	8,153	1,097
Hire purchases and lease creditors	11,341	1,527
	19,494	2,624
Long Term (Denominated in RM)		
Term loans	-	8,961
Hire purchases and lease creditors	-	3,611
	19,494	15,196
Total	164,789	60,046

Total borrowings as at 30 June 2019

		Exchange Rate	RM'000
(a) in Thai Baht	THB 164,789,000	0.1346	22,181
(b) in Ringgit Malaysia	RM 37,865,000	-	37,865
			<u>60,046</u>

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21 Group Borrowings and Debt Securities (cont'd)

The Group Borrowings as at 30 June 2019 were as follows (cont'd):

	As At 30 June 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 30 June 2018

		Exchange Rate	RM'000
(a) in Thai Baht	THB Nil	-	-
(b) in Ringgit Malaysia	RM Nil	-	-
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21 Group Borrowings and Debt Securities (cont'd)

There was no new major borrowing during the quarter to date other than new hire purchase for fixed assets netted against repayments of some borrowings.

The weighted average interest rate per annum of borrowings were as follows:

	30 June 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 against RM as it is used by Thailand subsidiaries for their own operation need.

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.

24 Material Litigation

(a) Penang High Court 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 2019, 22 March 2019, 17 April 2019, 13 May 2019, 14 May 2019, 17 May 2019, 28 May 2019 and 10 June 2019.

Any material development will be announced in due course.

(b) Penang High Court 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, 17 April 2019, 21 May 2019, 13 June 2019 and 19 June 2019.

Any material development will be announced in due course.

(c) Kula Lumpur High Court Originating Summons No.: WA-24NCC-295-6/2019

For further details, please refer to Bursa website for the announcement dated 4 June 2019 and 10 June 2019.

The Plaintiffs, Tan Than Kau and BM Synergy Holding Sdn Bhd, withdrew this claim in totality, on 17 June 2019.

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24 Material Litigation (cont'd)

(d) Kuala Lumpur High Court Originating Summons No.: WA-24NCC-321-06/2019

For further details, please refer to Bursa website for the announcement dated 14 June 2019, 25 June 2019, 17 July 2019, 18 July 2019 and 7 August 2019.

As announced on 7 August 2019, a certain firm of solicitors purported to act as the Company's solicitors to file an Appeal to the Court of Appeal against the High Court's decision. This firm of solicitors has since written to confirm that the persons they had apparently taken instructions from (whom they called the "Previous Board of Directors") have now accepted that the Board of Directors of the Company may give all directives in relation to this Appeal. The Board of Directors of the Company has directed that this Appeal be discontinued.

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		6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Loss attributable to ordinary equity holders of the parent (RM'000)	(2,304)	N/A	(3,698)	N/A
Weighted average number of ordinary shares in issue ('000)	247,960	N/A	251,024	N/A
Basic loss per share (sen)	(0.93)	N/A	(1.47)	N/A

Diluted	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Loss attributable to ordinary equity holders of the parent (RM'000)	* (2,304)	N/A	* (3,698)	N/A
Weighted average number of ordinary shares in issue ('000)	* 247,960	N/A	* 251,024	N/A
Diluted loss per share (sen)	* (0.93)	N/A	* (1.47)	N/A

* The warrants and ESOS for the financial period ended 30 June 2019 were not assumed to be exercised because they were anti-dilutive in the period. Therefore, the diluted loss per share is the same as basic loss per share.

27 Net Assets Per Share

	As At 30 June 2019 RM'000	As At 31 Dec 2018 RM'000
Total assets	202,284	190,379
Less: Total liabilities	(84,028)	(96,050)
Net Assets	118,256	94,329
Number of ordinary shares in issue ('000)	259,752	241,948
Net Assets Per Share (RM)	0.46	0.39

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28 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 20 August 2019.