



**D'NONCE GROUP OF COMPANIES**

**INTERIM FINANCIAL RESULTS**

**THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

**Unaudited Condensed Consolidated Statement of Financial Position As At 30 September 2019**

	<i>Note</i>	<b>As At 30/09/2019 RM'000</b>	<b>As At 31/12/2018 RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	74,779	49,341
Investment properties		13,726	13,939
Intangible assets		289	289
Trade receivable		353	1,315
Other receivable		29	3,632
Deferred tax assets		172	159
Cash and bank balances		-	117
		<u>89,348</u>	<u>68,792</u>
<b>Currents assets</b>			
Inventories		20,694	24,653
Trade receivables		38,681	42,970
Other receivables, deposits and prepayments		19,631	13,055
Tax recoverable		1,722	772
Cash and bank balances		29,658	40,137
		<u>110,386</u>	<u>121,587</u>
<b>TOTAL ASSETS</b>		<u>199,734</u>	<u>190,379</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	<i>7</i>	74,785	67,977
Other capital reserve		5,120	5,120
Foreign currency translation reserve		7,639	6,457
Employees share option scheme reserve	<i>7</i>	259	567
Legal reserve		32	32
Warrant reserve	<i>7</i>	5,052	6,716
Revaluation reserve		21,937	-
Retained earnings		1,617	2,552
		<u>116,441</u>	<u>89,421</u>
<b>Non-controlling interests</b>		<u>5,317</u>	<u>4,908</u>
<b>Total equity</b>		<u>121,758</u>	<u>94,329</u>

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

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

	<i>Note</i>	As At 30/09/2019 RM'000	As At 31/12/2018 RM'000
<b>Non-current liabilities</b>			
Retirement benefit obligations		1,289	1,074
Borrowings	<i>21</i>	15,546	14,993
Deferred tax liabilities		2,423	422
		<u>19,258</u>	<u>16,489</u>
<b>Current liabilities</b>			
Retirement benefit obligations		42	219
Borrowings	<i>21</i>	36,238	50,101
Trade payables		12,061	16,143
Other payables		10,018	12,814
Current tax payable		359	284
		<u>58,718</u>	<u>79,561</u>
<b>Total liabilities</b>		<u>77,976</u>	<u>96,050</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>199,734</u>	<u>190,379</u>
Net assets per share (RM)	<i>28</i>	<u>0.47</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 third quarter ended 30 September 2019.

**Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 September 2019**

	<i>Note</i>	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		<b>3 months ended</b>		<b>9 months ended</b>	
		<b>30/09/2019</b>	<b>30/09/2018</b>	<b>30/09/2019</b>	<b>30/09/2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue		45,330	-	125,300	-
Operating expenses		(41,593)	-	(123,467)	-
Other income including investment income		1,750	-	4,890	-
Profit from operations		5,487	-	6,723	-
Depreciation		(1,647)	-	(4,937)	-
Foreign exchange gain		15	-	246	-
Gain/(Loss) on disposal of property, plant and equipment		1	-	(7)	-
Interest expense		(883)	-	(2,779)	-
Interest income		197	-	653	-
Property, plant and equipment written off		-	-	(1)	-
Provision for and written off of inventories		(324)	-	(456)	-
Reversal of provision for and written off of receivables		229	-	291	-
Profit/(Loss) before taxation		3,075	-	(267)	-
Taxation	<b>19</b>	(243)	-	(556)	-
Profit/(Loss) for the period		<u>2,832</u>	-	<u>(823)</u>	-
<b>Profit/(Loss) attributable to:</b>					
Owner of the parent		2,760	-	(938)	-
Non-controlling interests		72	-	115	-
		<u>2,832</u>	-	<u>(823)</u>	-
Earnings/(Loss) per share:	<b>27</b>				
(a) Basic (sen)		<u>1.13</u>	-	<u>(0.37)</u>	-
(b) Fully Diluted (sen)		<u>1.05</u>	-	<u>* (0.37)</u>	-

**Notes:**

- i) The financial year end of the Group has been changed from 31 December to 30 April. As such, the next set of audited financial statements shall be for a period of sixteen (16) months from 1 January 2019 to 30 April 2020. There will be no comparative financial information available for the financial period ended 30 September 2019.
- 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 third quarter ended 30 September 2019.

**Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 September 2019 (cont**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	2,832	-	(823)	-
Other comprehensive income:				
Foreign currency translation				
differences for foreign operations	281	-	1,182	-
Revaluation of property, plant and equipment	-	-	22,231	-
Total comprehensive income for the period	3,113	-	22,590	-
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	3,044	-	22,184	-
Non-controlling interests	72	-	409	-
	3,116	-	22,593	-

**Notes:**

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- 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 third quarter ended 30 September 2019.

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

	←————— Attributable to equity holders of the parent —————→							Distributable Retained Earnings/ (Accumulated losses) RM'000	Non- controlling Interests RM'000	Total Equity RM'000	
	←————— Non-distributable —————→										
	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		Total RM'000		
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	-	-	-	-	-	-	-	(938)	(938)	115	(823)
Other comprehensive income	-	-	1,182	-	-	-	21,937	-	23,119	294	23,413
Total comprehensive income/(loss) for the period	-	-	1,182	-	-	-	21,937	(938)	22,181	409	22,590
Issuance of ordinary shares pursuant to											
- ESOS	870	-	-	(308)	-	-	-	-	562	-	562
- warrants	5,938	-	-	-	-	(1,664)	-	-	4,274	-	4,274
At 30 September 2019	<u>74,785</u>	<u>5,120</u>	<u>7,639</u>	<u>259</u>	<u>32</u>	<u>5,052</u>	<u>21,937</u>	<u>1,614</u>	<u>116,438</u>	<u>5,317</u>	<u>121,755</u>

- Notes:**
- i) The financial year end of the Group has been changed from 31 December to 30 April. As such, the next set of audited financial statements shall be for a period of sixteen (16) months from 1 January 2019 to 30 April 2020. There will be no comparative financial information available for the financial period ended 30 September 2019.
  - 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 third quarter ended 30 September 2019.

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

	←————— Attributable to equity holders of the parent —————→										
	←————— Non-distributable —————→						Distributable				
	Foreign Employees'										
	Share	Other	Currency	Share	Legal	Warrant	Revaluation	Retained	Non-		Total
	Capital	Capital	Translation	Option	Reserve	Reserve	Reserve	Earnings	Total	Interests	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 30 September 2018	-	-	-	-	-	-	-	-	-	-	-

- Notes:**
- i) The financial year end of the Group has been changed from 31 December to 30 April. As such, the next set of audited financial statements shall be for a period of sixteen (16) months from 1 January 2019 to 30 April 2020. There will be no comparative financial information available for the financial period ended 30 September 2019.
  - 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 third quarter ended 30 September 2019.

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

	<b>9 months ended</b>	
	<b>30/09/2019</b>	<b>30/09/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(267)	-
Adjustments for non-cash flows:		
Depreciation	4,937	-
Loss on disposal of property, plant and equipment	7	-
Interest expense	2,779	-
Interest income	(653)	-
Provision for and written off of inventories	456	-
Property, plant and equipment written off	1	-
Reversal of provision for and written off of receivables	(291)	-
Non-operating items	673	-
Operating profit before working capital changes	<u>7,642</u>	-
Decrease in receivables	668	-
Decrease in inventories	3,504	-
Decrease in payables	(7,355)	-
Cash generated from operations	<u>4,459</u>	-
Tax refund	459	-
Interest paid	(2,779)	-
Retirement benefit obligations paid	(248)	-
Net cash generated from operating activities	<u>1,891</u>	-
<b>Cash Flows From Investing Activities</b>		
Interest income	653	-
Purchase of property, plant and equipment	(1,509)	-
Proceeds from disposal of property, plant and equipment	56	-
Net changes to fixed deposit	(1,198)	-
Net cash used in investing activities	<u>(1,998)</u>	-
<b>Cash Flows From Financing Activities</b>		
Proceeds from exercise of ESOS	562	-
Proceeds from exercise of warrants	4,274	-
Repayment of short term borrowings	(2,557)	-
Repayment of hire purchase and lease financing	(1,378)	-
Repayment of term loans	(4,416)	-
Net cash used in financing activities	<u>(3,515)</u>	-



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

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

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

	9 months ended	
	30/09/2019	30/09/2018
	RM'000	RM'000
Net decrease in cash and cash equivalents	(3,622)	-
Effect of exchange rate changes	(741)	-
Cash and cash equivalents at beginning of the period	3,231	-
Cash and cash equivalents at end of the period	<u>(1,132)</u>	<u>-</u>
Cash and cash equivalents comprise:		
Cash and bank balances	29,658	-
Bank overdraft - secured	(7,365)	-
	<u>22,293</u>	<u>-</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	<u>(23,425)</u>	<u>-</u>
	<u>(1,132)</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 September 2019 RM'000
Short term borrowings	28,240	(2,557)	-	25,683
Hire purchase and lease financing	6,816	(1,378)	2,471	7,909
Term loans	15,243	(4,416)	-	10,827
	<u>50,299</u>	<u>(8,351)</u>	2,471	<u>44,419</u>

**Notes:**

- i) The financial year end of the Group has been changed from 31 December to 30 April. As such, the next set of audited financial statements shall be for a period of sixteen (16) months from 1 January 2019 to 30 April 2020. There will be no comparative financial information available for the financial period ended 30 September 2019.
- 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 third quarter ended 30 September 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 September 2019, a total of 1,544,900 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 September 2019 are as follows:

**Share Capital**

	<b>No. of shares</b>	<b>RM'000</b>
As at 30 June 2019	259,751,500	74,248
Ordinary shares issued pursuant to the ESOS	16,500	6
Ordinary shares issued pursuant to the warrants	1,528,400	531
As at 30 September 2019	261,296,400	74,785

**ESOS Reserve**

	<b>No. of options</b>	<b>RM'000</b>
As at 30 June 2019	1,908,500	261
Exercised	(16,500)	(2)
As at 30 September 2019	1,892,000	259

**Warrant Reserve**

	<b>No. of options</b>	<b>RM'000</b>
As at 30 June 2019	53,449,100	5,201
Exercised	(1,528,400)	(149)
As at 30 September 2019	51,920,700	5,052

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

**8 Dividend Paid**

No dividend was paid during the financial year to date.

**D'NONCE TECHNOLOGY BHD.**

**(503292-K)**

**9 Segmental Reporting**

The Group's segmental analysis is as follows:

<b>9 months period ended 30-Sep-19</b>	<b>Integrated Supply Chain Products and Services</b>	<b>Contract Manufacturing Services</b>	<b>Supply of Packaging and Other Materials</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>						
External revenue	14,208	12,175	98,917	-	-	125,300
Inter-segment revenue	163	1,341	11,006	-	(12,510)	-
<b>Total segment revenue</b>	<b>14,371</b>	<b>13,516</b>	<b>109,923</b>	<b>-</b>	<b>(12,510)</b>	<b>125,300</b>
<b>RESULTS</b>						
<b>Segment results</b>	<b>1,129</b>	<b>(1,013)</b>	<b>8,335</b>	<b>(165)</b>	<b>-</b>	<b>8,286</b>
Unallocated expenses						(5,771)
Operating profit						2,515
Finance costs, net						(2,779)
Loss before taxation						(264)
Taxation						(556)
Loss after taxation						(820)
<b>Segment assets</b>	<b>6,574</b>	<b>15,953</b>	<b>140,557</b>	<b>8,427</b>	<b>-</b>	<b>171,511</b>
Unallocated assets						28,223
<b>Total assets</b>						<b>199,734</b>
<b>Segment liabilities</b>	<b>4,625</b>	<b>6,513</b>	<b>63,153</b>	<b>(74)</b>	<b>-</b>	<b>74,217</b>
Unallocated liabilities						3,759
<b>Total liabilities</b>						<b>77,976</b>

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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):

<b>9 months period ended 30-Sep-18</b>	<b>Integrated Supply Chain Products and Services</b>	<b>Contract Manufacturing Services</b>	<b>Supply of Packaging and Other Materials</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>						
External revenue	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-
<b>Total segment revenue</b>	-	-	-	-	-	-
<b>RESULTS</b>						
<b>Segment results</b>	-	-	-	-	-	-
Unallocated expenses						-
Operating profit						-
Finance costs, net						-
Profit before taxation						-
Taxation						-
Profit after taxation						-
<b>Segment assets</b>	-	-	-	-	-	-
Unallocated assets						-
Total assets						-
<b>Segment liabilities</b>	-	-	-	-	-	-
Unallocated liabilities						-
Total liabilities						-

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## **D'NONCE TECHNOLOGY BHD.**

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### **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 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 25.

### **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 RM50.61 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 September 2019 are as follows:

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

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

The performance analysis of D'nonce Technology Bhd for the financial period ended 30 September 2019 ("Q3'19") is as follows:

	Quarter 3 ("Q3")		Year-To-Date ("YTD")	
	FY2019 RM'000	FY2018 RM'000	FY2019 RM'000	FY2018 RM'000
Revenue	45,330	-	125,300	-
Operating profit	5,487	-	6,723	-
Profit before interest and tax	3,958	-	2,512	-
Profit/(Loss) before tax	3,075	-	(267)	-
Profit/(Loss) after tax	2,832	-	(823)	-
Profit/(Loss) attributable to ordinary equity holders of the parent	2,760	-	(938)	-

**Group**

The Group achieved revenue of RM45.3 million and RM125.3 million for the current quarter and year to date under review respectively.

Revenue for the current quarter was mainly from supply of packaging and other materials of RM36.8 million. The other segments i.e. integrated supply chain and contract manufacturing contributed revenues of RM3.4 million and RM5.1 million respectively.

The Group posted profit attributable to ordinary equity holders of parent of RM2.8 million for the current quarter due to higher demand by the customers and performance that has picked up during the quarter.

Profit before tax for the current quarter was derived from the results of profits from all three (3) main segments i.e. supply of packaging and other materials, contract manufacturing and integrated supply chain. The higher profit from supply of packaging and other materials segment was attributed to its strong performance during the quarter.

The year to date losses before tax was attributed to unallocated expenses and finance cost for the group.

The financial year end of the Group has been changed from 31 December to 30 April. As such, the next set of audited financial statements shall be for a period of sixteen (16) months from 1 January 2019 to 30 April 2020. There will be no comparative financial information available for the financial period ended 30 September 2019.

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**16 Material Changes in Profit/(Loss) Before Taxation Against Preceding Quarter**

	<b>Q3'19</b> <b>3 months ended</b> <b>30 September 2019</b> <b>RM'000</b>	<b>Q2'19</b> <b>3 month ended</b> <b>30 June 2019</b> <b>RM'000</b>	<b>Variance</b>  <b>%</b>
Revenue	45,330	38,214	19%
Operating profit	5,487	54	10061%
Profit/(Loss) before interest and tax	3,958	(1,079)	467%
Profit/(Loss) before tax	3,075	(2,084)	248%
Profit/(Loss) after tax	2,832	(2,200)	229%
Profit/(Loss) attributable to ordinary equity holders of the parent	2,760	(2,304)	220%

**Group**

The Group achieved RM45.3 million in revenue for the current quarter, an increase of RM7.1 million or 19% as compared to the RM38.2 million on the preceding quarter. The profit attributable to ordinary equity holders of the parent was RM2.8 million, an increase of RM5.1 million or 220% as compared to a loss attributable to ordinary equity holders of the parent of RM2.3 million in the previous quarter. The increase in revenue and profit was primarily due to higher demand from customers and stronger performance, especially from the supply of packaging and other materials segment, and lower group expenses for the period under review.

The performance by business segments are further analysed as below:

**Integrated Supply Chain Products and Services**

The result for this segment increased by RM0.1 million, i.e. from RM0.2 million from the previous quarter to RM0.3 million in the current quarter, although revenue decreased by RM0.3 million, from RM3.7 million from the previous quarter to RM3.4 million in the current quarter. This result was due to lower revenue recorded mitigated by higher margin of products.

**Contract Manufacturing Services**

The revenue for this business segment increased by RM1.9 million i.e. from RM3.2 million from the previous quarter to RM5.1 million in the current quarter. There was an increase of RM1.5 million in segmental results as reflected by RM0.5 million achieved in current quarter as compared to a loss of RM0.9 million in previous quarter. This improvement in results was due to higher revenue recorded coupled with higher margin of products.

**Supply of Packaging and Other Materials**

The revenue for the current quarter of RM36.8 million was higher by RM5.5 million as compared to the preceding quarter of RM31.3 million, with the main contribution coming from Attractive Venture Sdn Bhd.

This segment generated results of RM4.5 million in the current quarter which is an improvement of RM2.1 million as compared to the results of the preceding quarter of RM2.4 million, mainly due to higher revenue and higher margin in this quarter.

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

The Board of Directors of the Company expects the Group's operating environment and conditions to be challenging for next twelve (12) months based on our expectation for global growth to continue weakening into next year, driven in part by broader global economic slowdown and continuing US-China trade tension that could adversely affect the Group. However, the Group is committed in its effort to expand sales, managing its cost 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 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Current tax:				
Current period	164	-	449	-
Prior period	79	-	106	-
Deferred tax:				
Current period	-	-	(16)	-
Prior period	-	-	17	-
<b>Tax expenses</b>	<b>243</b>	<b>-</b>	<b>556</b>	<b>-</b>

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.

On 20 August 2019, the Board of Directors wishes to announce that the Board, after taking into consideration the current market condition, had decided not to proceed with the Proposals.

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

Other than the above, there are no other 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 September 2019 were as follows:

	As At 30 September 2019	
	Foreign Denomination '000	RM'000
<b>Secured:</b>		
<b>Short Term (Denominated in THB)</b>		
Bank overdrafts	38,374	5,257
Bankers' acceptance	3,009	412
Trust receipts	16,101	2,206
Factoring	4,151	569
Promissory note	40,841	5,595
Term loans	2,964	406
Hire purchases and lease creditors	4,247	582
	109,687	15,027
<b>Short Term (Denominated in RM)</b>		
Bank overdrafts	-	2,108
Bankers' acceptance	-	7,834
Trust receipts	-	1,067
Revolving credits	-	8,000
Term loans	-	751
Hire purchases and lease creditors	-	1,451
	109,687	36,238
<b>Long Term (Denominated in THB)</b>		
Term loans	7,412	1,015
Hire purchases and lease creditors	18,843	2,582
	26,255	3,597
<b>Long Term (Denominated in RM)</b>		
Term loans	-	8,654
Hire purchases and lease creditors	-	3,295
	26,255	15,546
<b>Total</b>	<b>135,942</b>	<b>51,784</b>

**Total borrowings as at 30 September 2019**

		Exchange Rate	RM'000
(a) in Thai Baht	THB 135,942,000	0.1370	18,624
(b) in Ringgit Malaysia	RM 33,160,000	-	33,160
			<u>51,784</u>

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

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

	As At 30 September 2018	
	Foreign Denomination '000	RM'000
<b>Secured:</b>		
<b>Short Term (Denominated in THB)</b>		
Bank overdrafts	-	-
Bankers' acceptance	-	-
Revolving credits	-	-
Trust receipts	-	-
Factoring	-	-
Promissory note	-	-
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
<b>Short Term (Denominated in RM)</b>		
Bank overdrafts	-	-
Bankers' acceptance	-	-
Revolving credits	-	-
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
<b>Long Term (Denominated in THB)</b>		
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
<b>Long Term (Denominated in RM)</b>		
Term loans	-	-
Hire purchases and lease creditors	-	-
	-	-
	-	-
<b>Total</b>	-	-

**Total borrowings as at 30 September 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:

	<b>30 September 2019</b>	<b>31 December 2018</b>
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 on borrowings denominated in Thai Baht as they are used by Thailand subsidiaries for their own operational 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 Change of Financial Year End**

As announced on 4 November 2019, the Board of Directors decided to change the financial year end from 31 December 2019 to 30 April 2020 to better plan its audit schedule and hold its annual general meeting during the off peak period as majority of listed companies have December financial year end.

Following the change of financial year ended, the next financial period will be made up from 1 May 2020 to 30 April 2021, thereafter, the financial year end of the Company shall be ended on 30 April for each subsequent year.

**25 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 2017, 22 March 2019, 17 April 2019, 13 May 2019, 14 May 2019, 17 May 2019, 28 May 2019, 10 June 2019, 27 September 2019 and 30 October 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, 19 June 2019 and 30 October 2019.

Any material development will be announced in due course.

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**25 Material Litigation (cont'd)**

**(c) Kuala 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.

**(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, 7 August 2019, 20 August 2019 and 27 September 2019.

Notably, there was an unauthorised appeal purportedly by the Company to the Court of Appeal (Court of Appeal Civil Appeal No.: W-02(NCC)(A)-1317-07/2019). This appeal has been struck off accordingly.

**26 Dividend**

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

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**27 Earnings/(Loss) Per Share**

<b>Basic</b>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	2,760	N/A	(938)	N/A
Weighted average number of ordinary shares in issue ('000)	243,493	N/A	254,448	N/A
<b>Basic earnings/(loss) per share (sen)</b>	<b>1.13</b>	<b>N/A</b>	<b>(0.37)</b>	<b>N/A</b>

<b>Diluted</b>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	2,760	N/A	* (935)	N/A
Weighted average number of ordinary shares in issue ('000)	262,810	N/A	* 254,448	N/A
<b>Diluted earnings/(loss) per share (sen)</b>	<b>1.05</b>	<b>N/A</b>	<b>* (0.37)</b>	<b>N/A</b>

\* The warrants and ESOS for the financial period ended 30 September 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.



**D'NONCE TECHNOLOGY BHD.****(503292-K)****28 Net Assets Per Share**

	<b>As At 30 September 2019 RM'000</b>	<b>As At 31 December 2018 RM'000</b>
Total assets	199,734	190,379
Less: Total liabilities	(77,976)	(96,050)
<b>Net Assets</b>	<b>121,758</b>	<b>94,329</b>

Number of ordinary shares in issue ('000)	261,296	241,948
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<b>Net Assets Per Share (RM)</b>	<b>0.47</b>	<b>0.39</b>
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**29 Authorisation For Issue**

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