



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FIFTH QUARTER ENDED 31 MARCH 2020

D'NONCE TECHNOLOGY BHD.
(503292-K)

The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 March 2020

	<i>Note</i>	As At 31/03/2020 RM'000	As At 31/12/2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	71,077	49,341
Investment properties		13,553	13,939
Intangible assets		289	289
Trade receivable		300	1,315
Other receivable		23	3,632
Deferred tax assets		165	159
Right Of Use Asset		3,985	-
Cash and bank balances		-	117
		89,392	68,792
Currents assets			
Inventories		24,813	24,653
Trade receivables		35,284	42,970
Other receivables, deposits and prepayments		19,859	13,055
Tax recoverable		2,539	772
Cash and bank balances		30,564	40,137
		113,059	121,587
TOTAL ASSETS		202,451	190,379
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	7	75,119	67,977
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,877	6,457
Employees share option scheme reserve	7	259	567
Legal reserve		32	32
Warrant reserve	7	4,958	6,716
Revaluation reserve	10	21,937	-
Retained earnings		3,247	2,552
		117,549	89,421
Non-controlling interests		5,294	4,908
Total equity		122,843	94,329

D'NONCE TECHNOLOGY BHD.
(503292-K)

The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Statement of Financial Position As At 31 March 2020 (cont'd)

		As At 31/03/2020	As At 31/12/2018
	<i>Note</i>	RM'000	RM'000
Non-current liabilities			
Retirement benefit obligations		1,949	1,074
Borrowings	<i>21</i>	13,717	14,993
Deferred tax liabilities		2,417	422
		<u>18,083</u>	<u>16,489</u>
Current liabilities			
Retirement benefit obligations		-	219
Borrowings	<i>21</i>	40,315	50,101
Trade payables		11,765	16,143
Other payables		8,797	12,814
Current tax payable		648	284
		<u>61,525</u>	<u>79,561</u>
Total liabilities		<u>79,608</u>	<u>96,050</u>
TOTAL EQUITY AND LIABILITIES		<u>202,451</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 year 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 fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2020

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		15 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Revenue	42,885	-	213,420	-
Operating expenses	(38,204)	-	(204,381)	-
Other income including investment income	759	-	7,940	-
Profit from operations	5,440	-	16,979	-
Depreciation	(2,952)	-	(10,405)	-
Foreign exchange gain/(loss)	(335)	-	78	-
Gain/(Loss) on disposal of property, plant and equipment	12	-	7	-
Interest expense	(1,026)	-	(4,498)	-
Interest income	94	-	871	-
Property, plant and equipment written off	-	-	(1)	-
Provision for and written off of inventories	(78)	-	(1,234)	-
Reversal of provision for and written off of receivables	113	-	664	-
Profit before taxation	1,268	-	2,461	-
Taxation	19 (648)	-	(1,201)	-
Profit for the period	<u>620</u>	<u>-</u>	<u>1,260</u>	<u>-</u>
Profit attributable to:				
Owner of the parent	669	-	1,168	-
Non-controlling interests	(49)	-	92	-
	<u>620</u>	<u>-</u>	<u>1,260</u>	<u>-</u>
Earnings per share:	27			
(a) Basic (sen)	<u>0.26</u>	<u>-</u>	<u>0.45</u>	<u>-</u>
(b) Fully Diluted (sen)	<u>0.25</u>	<u>-</u>	<u>0.42</u>	<u>-</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 year ended 31 March 2020.
- ii) The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.
- iii) The accompanying notes are an integral part of this statement.

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The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2020
(cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		15 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Profit for the period	620	-	1,260	-
Other comprehensive income:				
Foreign currency translation differences for foreign operations	(720)	-	420	-
Revaluation of property, plant and equipment	-	-	22,231	-
Defined benefit plan actuarial loss	(473)	-	(473)	-
Total comprehensive (loss)/income for the period	(573)	-	23,438	-
Total comprehensive income attributable to:				
Owner of the parent	(524)	-	23,052	-
Non-controlling interests	(49)	-	386	-
	(573)	-	23,438	-

Notes:

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The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Statement of Changes in Equity For The The Quarter Ended 31 March 2020

	←————— 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	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	-	-	-	-	-	-	-	1,168	1,168	92	1,260
Other comprehensive income	-	-	420	-	-	-	21,937	(473)	21,884	294	22,178
Total comprehensive income for the period	-	-	420	-	-	-	21,937	695	23,052	386	23,438
Issuance of ordinary shares pursuant to											
- ESOS	870	-	-	(308)	-	-	-	-	562	-	562
- warrants	6,272	-	-	-	-	(1,758)	-	-	4,514	-	4,514
At 31 March 2020	75,119	5,120	6,877	259	32	4,958	21,937	3,247	117,549	5,294	122,843

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 year ended 31 December 2018.
- iii) The accompanying notes are an integral part of this statement.

D'NONCE TECHNOLOGY BHD.
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The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Statement of Changes in Equity For The The Quarter Ended 31 March 2020 (cont'd)

	←————— Attributable to equity holders of the parent —————→							Retained Earnings	Non-controlling Interests	Total Equity
	←————— Non-distributable			—————→ Distributable						
	Share Capital	Other Capital Reserve	Currency Translation Reserve	Share Option Scheme	Legal Reserve	Warrant Reserve	Revaluation Reserve	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 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 December 2018	-	-	-	-	-	-	-	-	-	-

Notes:

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The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 March 2020

	15 months ended	
	31/03/2020	31/03/2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,461	-
Adjustments for non-cash flows:		
Depreciation	10,405	-
Gain on disposal of property, plant and equipment	(7)	-
Interest expense	4,498	-
Interest income	(871)	-
Provision for and written off of inventories	1,234	-
Property, plant and equipment written off	1	-
Reversal of provision for and written off of receivables	(664)	-
Non-operating items	323	-
Operating profit before working capital changes	<u>17,380</u>	-
Decrease in receivables	6,056	-
Increase in inventories	(1,394)	-
Decrease in payables	<u>(10,384)</u>	-
Cash generated from operations	11,658	-
Tax paid	(2,500)	-
Interest paid	(4,179)	-
Retirement benefit obligations paid	(467)	-
Net cash generated from operating activities	<u>4,512</u>	-
Cash Flows From Investing Activities		
Interest income	871	-
Purchase of property, plant and equipment	(2,356)	-
Proceeds from disposal of property, plant and equipment	83	-
Net changes to fixed deposit	66	-
Net cash used in investing activities	<u>(1,336)</u>	-
Cash Flows From Financing Activities		
Proceeds from exercise of ESOS	562	-
Proceeds from exercise of warrants	4,514	-
Drawdown of short term borrowings	895	-
Repayment of hire purchase and lease financing	(2,852)	-
Repayment of term loans	(5,190)	-
Net cash used in financing activities	<u>(2,071)</u>	-

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The Board wishes to announce the following unaudited results of the Group for the fifth quarter ended 31 March 2020.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 March 2020
(cont'd)

	31/03/2020	31/03/2019
	RM'000	RM'000
Net increase in cash and cash equivalents	1,105	-
Effect of exchange rate changes	(222)	-
Cash and cash equivalents at beginning of the period	3,231	-
Cash and cash equivalents at end of the period	<u>4,114</u>	<u>-</u>
Cash and cash equivalents comprise:		
Cash and bank balances	30,564	-
Bank overdraft - secured	(4,289)	-
	<u>26,275</u>	<u>-</u>
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	<u>(22,161)</u>	<u>-</u>
	<u>4,114</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 2020 RM'000
Short term borrowings	28,240	895	-	29,135
Hire purchase and lease financing	6,816	(2,852)	6,591	10,555
Term loans	15,243	(5,190)	-	10,053
	<u>50,299</u>	<u>(7,147)</u>	6,591	<u>49,743</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 year ended 31 December 2018.
- iii) The accompanying notes are an integral part of this statement.

Notes to the condensed consolidated interim financial statements of the Group for the fifth quarter ended 31 March 2020.

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

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

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 year, 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.

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, other than the revision in the depreciation rate for buildings from 5% to 2% in the Thailand subsidiaries which are adjusted prospectively.

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

As at the quarter ended 31 March 2020, a total of 961,500 new ordinary shares were issued and allotted pursuant to the exercise of the warrants, there were no new ordinary shares issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS"). Details of the issued and paid-up capital and the ESOS reserve of the Company as at 31 March 2020 are as follows:

Share Capital

	No. of shares	RM'000
As at 31 December 2019	261,296,400	74,785
Ordinary shares issued pursuant to the ESOS	-	-
Ordinary shares issued pursuant to the warrants	961,500	334
As at 31 March 2020	262,257,900	75,119

ESOS Reserve

	No. of options	RM'000
As at 31 December 2019	1,892,000	259
Exercised	-	-
As at 31 March 2020	1,892,000	259

Warrant Reserve

	No. of options	RM'000
As at 31 December 2019	51,920,700	5,052
Exercised	(961,500)	(94)
As at 31 March 2020	50,959,200	4,958

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.

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9 Segmental Reporting

The Group's segmental analysis is as follows:

Period ended 31-Mar-20	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	19,207	21,276	172,937	-	-	213,420
Inter-segment revenue	2,414	2,504	16,077	-	(20,995)	-
Total segment revenue	21,621	23,780	189,014	-	(20,995)	213,420
RESULTS						
Segment results	1,883	(317)	15,201	(331)	-	16,436
Unallocated expenses						(9,477)
Operating profit						6,959
Finance costs, net						(4,498)
Profit before taxation						2,461
Taxation						(1,201)
Profit after taxation						1,260
Segment assets	5,339	14,166	144,163	8,428	-	172,096
Unallocated assets						30,355
Total assets						202,451
Segment liabilities	3,152	5,637	62,795	(69)	-	71,515
Unallocated liabilities						8,093
Total liabilities						79,608

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9 Segmental Reporting (cont'd)

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

Period ended 31-Dec-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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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 RM48.92 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 2020 are as follows:

RM'000	
Approved and contracted for:	
- Land and building	3,870
- Development rights	2,000
- Plant and Machinery	370
Total Capital Commitments	6,240

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

The performance analysis of D'nonce Technology Bhd for the financial year 31 March 2020 ("Q5'19") is as follows:

	Quarter 5 ("Q5")		Year-To-Date ("YTD")	
	FY2019 RM'000	FY2018 RM'000	FY2019 RM'000	FY2018 RM'000
Revenue	42,885	-	213,420	-
Operating profit	5,440	-	16,979	-
Profit before interest and tax	2,294	-	6,959	-
Profit before tax	1,268	-	2,461	-
Profit after tax	620	-	1,260	-
Profit attributable to ordinary equity holders of the parent	669	-	1,168	-

Group

The Group achieved revenue of RM42.9 million and RM213.4 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 RM36.6 million. The other segments i.e. Integrated Supply Chain and Contract Manufacturing contributed revenues of RM1.9 million and RM4.4 million respectively.

Profit before tax for the current quarter of RM1.3 million was mainly derived from the results from the Supply of Packaging and Other Materials segment, while the Contract Manufacturing and Integrated Supply Chain Segments both posted a marginal profit for the quarter respectively. The profit from Supply of Packaging and Other Materials segment was attributed to its strong performance during the quarter.

The Group posted profit attributable to ordinary equity holders of parent of RM0.7 million for the current quarter due to the consistent revenue and profitability that was carried over from the previous quarters.

The Group posted a YTD profit attributable to ordinary equity holders of the parent of RM1.2 million after accounting for unallocated expenses and finance costs for the group.

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

	Q5'19 31 March 2020 RM'000	Q4'19 31 December 2019 RM'000	Variance %
Revenue	42,885	45,235	-5%
Operating profit	5,440	4,816	13%
Profit before interest and tax	2,294	2,153	7%
Profit before tax	1,268	1,460	-13%
Profit after tax	620	1,463	-58%
Profit attributable to ordinary equity holders of the parent	669	1,437	-53%

Group

The Group achieved RM42.9 million in revenue for the current quarter, a decrease of RM2.3 million or 5% as compared to RM45.2 million in the preceding quarter. The profit attributable to ordinary equity holders of the parent for the current quarter was RM0.7 million, a decrease of RM0.7 million or 50% as compared to a profit attributable to ordinary equity holders of the parent of RM1.4 million in the previous quarter. The decrease in profit was primarily due to additional tax and other legal provisions in the current quarter.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The results for this segment increased by RM0.9 million, i.e. from RM0.1 million loss from the previous quarter to RM0.8 million in the current quarter, although revenue decreased by RM1.2 million, i.e. RM3.1 million from the previous quarter to RM1.9 million in the current quarter.

Contract Manufacturing Services

The revenue for this business segment decreased by RM0.4 million i.e. from RM4.7 million from the previous quarter to RM4.3 million in the current quarter. The segmental results of RM0.5 million in the current quarter was higher by RM0.3 million as compared to the results of preceding quarter of RM0.2 million.

Supply of Packaging and Other Materials

The revenue for the current quarter of RM36.6 million decreased by RM0.8 million as compared to the preceding quarter of RM37.4 million, with the main contribution coming from a subsidiary in Thailand and a subsidiary in Malaysia.

This segment generated results of RM2.2 million in the current quarter, a decrease of RM2.5 million as compared to the results of the preceding quarter of RM4.7 million.

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17 Prospects

The outbreak of the COVID-19 pandemic has had a significant impact on the global economy. While the Group's operations has suffered disruption due to the pandemic situation, the impact has been minimal as any disruptions have been set off by increase in demand for some of the Group's products for the medical industry. The Group is also committed to managing its cost during this period.

Overall, the Board of Directors of the Company expects the Group's operating environment to be challenging for the next twelve (12) months based on the uncertainty of recovery from COVID-19, coupled with the continuing trade tensions.

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 2020 RM'000	31 December 2018 RM'000	31 March 2020 RM'000	31 December 2018 RM'000
Current tax:				
Current period	(692)	-	(1,175)	-
Prior period	36	-	(30)	-
Deferred tax:				
Current period	8	-	21	-
Prior period	-	-	(17)	-
Tax expenses	(648)	-	(1,201)	-

The Group's performance across all its subsidiaries consist of certain subsidiaries reporting high profits and other subsidiaries either reporting marginal profit or losses. As a result, the profitable subsidiaries are subject to taxation whereas subsidiaries with marginal profit or loss are not exposed to taxation. The net impact is a higher effective tax rate than the statutory rate for the Group.

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.

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 31 March 2020 were as follows:

	As At 31 March 2020	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	27,175	3,579
Bankers' acceptance	2,261	298
Trust receipts	21,661	2,853
Factoring	31,995	4,214
Promissory note	34,918	4,599
Term loans	2,964	390
Hire purchases and lease creditors	2,933	386
	123,907	16,319
Short Term (Denominated in RM)		
Bank overdrafts	-	710
Bankers' acceptance	-	8,630
Trust receipts	-	191
Revolving credits	-	8,350
Term loans	-	761
Hire purchases and lease creditors	-	5,354
	123,907	40,315
Long Term (Denominated in THB)		
Term loans	5,930	781
Hire purchases and lease creditors	16,414	2,162
	22,344	2,943
Long Term (Denominated in RM)		
Term loans	-	8,121
Hire purchases and lease creditors	-	2,653
	22,344	13,717
Total	146,251	54,032

Total borrowings as at 31 March 2020

		Exchange Rate	RM'000
(a) in Thai Baht	THB 146,251,000	0.1317	19,262
(b) in Ringgit Malaysia	RM 34,770,000	-	34,770
			54,032

21 Group Borrowings and Debt Securities (cont'd)

The Group Borrowings as at 31 March 2020 were as follows (cont'd):

	As At 31 December 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 December 2018

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

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:

	31 March 2020	31 December 2018
Fixed rates	2.29% - 9.10%	2.35% - 6.89%
Floating rates	2.65% - 8.62%	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 needs.

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, in consideration, value of the assets, capital outlay or cost of the Recurrent Related Party Transactions is RM1 million or more; or the percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the higher.

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.

The Company's appeal to the Court of Appeal against Encl 109 (the Company's unsuccessful application for a second injunction) in Suit196 ("Appeal 1150") was struck off from the register with no order as to costs, on 29 October 2019.

The Company is in the process of reaching a full settlement with the other parties in relation to this Suit, and will make an Announcement once all aspects of the settlement are finalised. Any further development will also be announced in due course.

25 Material Litigation (cont'd)

(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.

The Company's appeal to the Court of Appeal against Encl 76 in Suit41 ("Appeal 1147") was struck off from the register with no order to costs, on 29 October 2019.

The Company is in the process of reaching a full settlement with the other parties in relation to this Suit, and will make an Announcement once all aspects of the settlement are finalised. Any further development will also be announced in due course.

26 Dividend

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

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27 Earnings Per Share

	Current Quarter		Cumulative Quarter	
	3 months ended		16 months ended	
Basic	31 March 2020	31 December 2018	31 March 2020	31 December 2018
Profit attributable to ordinary equity holders of the parent (RM'000)	669	N/A	1,168	N/A
Weighted average number of ordinary shares in issue ('000)	255,131	N/A	257,356	N/A
Basic earnings per share (sen)	0.26	N/A	0.45	N/A

	Current Quarter		Cumulative Quarter	
	3 months ended		16 months ended	
Diluted	31 March 2020	31 December 2018	31 March 2020	31 December 2018
Profit attributable to ordinary equity holders of the parent (RM'000)	669	N/A	1,168	N/A
Weighted average number of ordinary shares in issue ('000)	264,074	N/A	277,286	N/A
Diluted earnings per share (sen)	0.25	N/A	0.42	N/A

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28 Net Assets Per Share

	As At 31 March 2020 RM'000	As At 31 December 2018 RM'000
Total assets	202,451	190,379
Less: Total liabilities	(79,608)	(96,050)
Net Assets	122,843	94,329
Number of ordinary shares in issue ('000) (Note 7)		
	262,258	241,948
Net Assets Per Share (RM)	0.47	0.39

29 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 29 June 2020.