



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FINANCIAL PERIOD ENDED 31 DECEMBER 2018

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

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

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

	<i>Note</i>	As At 31/12/2018 RM'000	As At 31/08/2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	49,341	51,321
Investment properties		13,939	11,622
Intangible assets		289	289
Trade receivable		1,315	13,518
Other receivable		39	-
Deferred tax assets		159	51
Cash and bank balances		117	-
		<u>65,199</u>	<u>76,801</u>
Currents assets			
Inventories		34,817	21,079
Trade receivables		42,939	50,972
Other receivables, deposits and prepayments		14,546	13,757
Tax recoverable		772	1,230
Cash and bank balances		40,137	29,272
		<u>133,211</u>	<u>116,310</u>
TOTAL ASSETS		<u>198,410</u>	<u>193,111</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	<i>7</i>	67,977	46,179
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,457	6,699
Employees share option scheme reserve	<i>7</i>	567	3,325
Legal reserve		32	32
Warrant reserve	<i>7</i>	6,716	8,777
Retained earnings		2,541	48
		<u>89,410</u>	<u>70,180</u>
Non-controlling interests		<u>4,908</u>	<u>4,742</u>
Total equity		<u>94,318</u>	<u>74,922</u>
Non-current liabilities			
Retirement benefit obligations		1,074	780
Borrowings	<i>21</i>	14,993	21,830
Deferred tax liabilities		417	281
		<u>16,484</u>	<u>22,891</u>

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

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

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

		As At	As At
		31/12/2018	31/08/2017
	<i>Note</i>	RM'000	RM'000
Current liabilities			
Retirement benefit obligations		219	187
Borrowings	21	50,101	57,616
Trade payables		16,117	25,179
Other payables		20,840	12,216
Current tax payable		331	100
		<u>87,608</u>	<u>95,298</u>
Total liabilities		<u>104,092</u>	<u>118,189</u>
TOTAL EQUITY AND LIABILITIES		<u>198,410</u>	<u>193,111</u>
Net assets per share (RM)	29	<u>0.39</u>	<u>0.41</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.)

The accompanying notes are an integral part of this statement.

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

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

Unaudited Condensed Consolidated Income Statement For The Financial Period Ended 31 December 2018

	<i>Note</i>	CURRENT QUARTER		CUMULATIVE QUARTER	
		1 month ended		16 months ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
		RM'000	RM'000	RM'000	RM'000
Revenue		14,625	-	266,749	-
Operating expenses		(14,474)	-	(253,497)	-
Other income including investment income		292	-	7,957	-
Profit from operations		443	-	21,209	-
Depreciation		(586)	-	(8,825)	-
Foreign exchange loss		(79)	-	(326)	-
Gain on disposal of property, plant and equipment		-	-	29	-
Interest expense		(325)	-	(6,071)	-
Interest income		158	-	2,284	-
Property, plant and equipment written off		-	-	(21)	-
Reversal/(Provision for and written off) of inventories		6	-	(808)	-
Provision for and written off of receivables		(234)	-	(2,323)	-
(Loss)/Profit before taxation		(617)	-	5,148	-
Taxation	19	(697)	-	(2,388)	-
(Loss)/Profit for the period		(1,314)	-	2,760	-
(Loss)/Profit attributable to:					
Owner of the parent		(1,391)	-	2,594	-
Non-controlling interests		77	-	166	-
		(1,314)	-	2,760	-
(Loss)/Earnings per share:	28				
(a) Basic (sen)		(0.72)	-	1.31	-
(b) Fully Diluted (sen)		(0.72)	-	1.18	-

Notes:

- i) The financial year end of the Group has been changed from 31 August to 31 December. As such, the next set of audited financial statements shall be for a period of sixteen (16) months from 1 September 2017 to 31 December 2018. There will be no comparative financial information available for the financial period ended 31 December 2018.
- ii) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2017.
- 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 financial period ended 31 December 2018.

Unaudited Condensed Consolidated Income Statement For The Financial Period Ended 31 December 2018 (cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	1 month ended		16 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(1,314)	-	2,760	-
Other comprehensive loss:				
Foreign currency translation				
differences for foreign operations	(36)	-	(242)	-
Defined benefit plan actuarial loss	(101)	-	(101)	-
Total comprehensive (loss)/income for the period	<u>(1,451)</u>	<u>-</u>	<u>2,417</u>	<u>-</u>
Total comprehensive (loss)/income attributable to:				
Owner of the parent	(1,528)	-	2,251	-
Non-controlling interests	77	-	166	-
	<u>(1,451)</u>	<u>-</u>	<u>2,417</u>	<u>-</u>

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D'NONCE TECHNOLOGY BHD.
(503292-K)

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

Unaudited Condensed Consolidated Statement of Changes in Equity For The Financial Period Ended 31 December 2018

	← Attributable to owners of the parent →								← Non-distributable → Distributable	
	Share Capital RM'000	Other Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Employees' Share Option Scheme Reserve ("ESOS") RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 September 2017	46,179	5,120	6,699	3,325	32	8,777	48	70,180	4,742	74,922
Profit for the period	-	-	-	-	-	-	2,594	2,594	166	2,760
Other comprehensive loss	-	-	(242)	-	-	-	(101)	(343)	-	(343)
Total comprehensive (loss)/income for the period	-	-	(242)	-	-	-	2,493	2,251	166	2,417
Issuance of ordinary shares pursuant to										
- ESOS	7,798	-	-	(2,758)	-	-	-	5,040	-	5,040
- warrants	7,357	-	-	-	-	(2,061)	-	5,296	-	5,296
- Private Placement	6,643	-	-	-	-	-	-	6,643	-	6,643
At 31 December 2018	<u>67,977</u>	<u>5,120</u>	<u>6,457</u>	<u>567</u>	<u>32</u>	<u>6,716</u>	<u>2,541</u>	<u>89,410</u>	<u>4,908</u>	<u>94,318</u>

Notes:

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- iii) The accompanying notes are an integral part of this statement.

D'NONCE TECHNOLOGY BHD.

(503292-K)

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

Unaudited Condensed Consolidated Statement of Changes in Equity For The Financial Period Ended 31 December 2018 (cont'd)

	← Attributable to owners of the parent →								← Non-distributable → Distributable	
	Employees' Share				Employees' Share				Non-controlling	
	Share Capital	Other Capital Reserve	Foreign Currency Translation Reserve	Option Scheme Reserve ("ESOS")	Legal Reserve	Warrant Reserve	Retained Earnings	Total	Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2016	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-	-	-
At 31 December 2017	-	-	-	-	-	-	-	-	-	-

Notes:

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

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

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

	16 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	5,148	-
Adjustments for non-cash flows:		
Depreciation	8,825	-
Gain on disposal of property, plant and equipment	(29)	-
Interest expense	6,071	-
Interest income	(2,284)	-
Provision for and written off of inventories	808	-
Property, plant and equipment written off	21	-
Provision for and written off of receivables	2,323	-
Non-operating items	(602)	-
Operating profit before working capital changes	20,281	-
Decrease in receivables	18,001	-
Increase in inventories	(14,547)	-
Increase in payables	439	-
Cash generated from operations	24,174	-
Tax paid	(2,588)	-
Interest paid	(6,071)	-
Retirement benefit obligations paid	(32)	-
Net cash generated from operating activities	15,483	-
Cash Flows From Investing Activities		
Interest income	2,284	-
Purchase of property, plant and equipment	(5,059)	-
Proceeds from disposal of property, plant and equipment	216	-
Net changes to fixed deposit	(743)	-
Net cash used in investing activities	(3,302)	-
Cash Flows From Financing Activities		
Proceeds from exercise of ESOS	5,040	-
Proceeds from exercise of warrants	6,643	-
Proceeds from shares issued pursuant to Private Placement	5,296	-
Repayment of short term borrowings	(3,469)	-
Repayment of hire purchase and lease financing	(3,587)	-
Repayment of term loans	(13,178)	-
Net cash used in financing activities	(3,255)	-

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

The Board wishes to announce the following unaudited results of the Group for the financial period ended 31 December 2018.

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

	16 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
Net increase in cash and cash equivalents	8,926	-
Effect of exchange rate changes	156	-
Cash and cash equivalents at beginning of the period	(5,850)	-
Cash and cash equivalents at end of the period	3,232	-
Cash and cash equivalents comprise:		
Cash and bank balances	40,254	-
Bank overdraft - secured	(14,795)	-
	25,459	-
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	(22,227)	-
	3,232	-

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 September 2017	Cash flows	Non-cash changes Others	Carrying amount as at 31 December 2018
	RM'000			RM'000
Short term borrowings	31,708	(3,469)	-	28,239
Hire purchase and lease financing	5,678	(3,587)	4,726	6,817
Term loans	28,421	(13,178)	-	15,243
	65,807	(20,234)	4,726	50,299

Notes:

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D'NONCE TECHNOLOGY BHD.

(503292-K)

Notes to the condensed consolidated interim financial statements of the Group for the financial period ended 31 December 2018.

1 Basis of Preparation

The interim financial statement is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These interim financial report also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2017. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2017.

2 Significant Accounting Policies

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 August 2017 except for the adoption of new MFRSs and Interpretations and Amendments to certain MFRSs which are effective for the Group from 1 September 2017.

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 12: Annual Improvements to MFRS Standards 2014 - 2016 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 2018

MFRS 15: Revenue from Contracts with Customers

Clarification to MFRS 15

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 140: Transfers of Investment Property

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Annual Improvements to MFRS Standards 2014 - 2016 Cycle

2 Significant Accounting Policies (cont'd)

Effective for financial periods beginning on or after 1 January 2019

MFRS 16: Leases

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

IC Interpretation 23: Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

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

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 audit report of the Group's annual financial statements for the year ended 31 August 2017 was not subjected to any qualification.

4 Seasonality and Cyclical Operations

The Group is subjected to the cyclical effects of the electronic industry as a result of the volatility of demand.

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.

D'NONCE TECHNOLOGY BHD.**(503292-K)****7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

For the financial period ended 31 December 2018, a total of 59,774,100 new ordinary shares were issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS"), warrants and Private Placement, details of the issued and paid-up capital and the ESOS reserve of the Company as at 31 December 2018 are as follows:

Share Capital

	No. of shares	RM'000
As at 31 August 2017	182,174,000	46,179
Ordinary shares issued pursuant to the ESOS	20,157,500	7,798
Ordinary shares issued pursuant to the Private Placement	18,433,600	6,643
Ordinary shares issued pursuant to the warrants	21,183,000	7,357
As at 31 December 2018	241,948,100	67,977

ESOS Reserve

	No. of options	RM'000
As at 31 August 2017	24,299,500	3,325
Exercised	(20,157,500)	(2,758)
As at 31 December 2018	4,142,000	567

Warrant Reserve

	No. of options	RM'000
As at 31 August 2017	90,202,000	8,777
Exercised	(21,183,000)	(2,061)
As at 31 December 2018	69,019,000	6,716

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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D'NONCE TECHNOLOGY BHD.

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9 Segmental Reporting

The Group's segmental analysis is as follows:

16 months period ended 31-Dec-18	Integrated Supply Chain Products and Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Properties Development and Construction	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External revenue	49,206	29,761	187,782	-	-	266,749
Inter-segment revenue	139	1,088	31,180	-	(32,407)	-
Total segment revenue	49,345	30,849	218,962	-	(32,407)	266,749
RESULTS						
Segment results	3,901	(134)	16,269	(101)	-	19,935
Unallocated expenses						(8,716)
Operating profit						11,219
Finance costs, net						(6,071)
Profit before taxation						5,148
Taxation						(2,388)
Profit after taxation						2,760
Segment assets	8,209	26,809	143,534	10,296	-	188,848
Unallocated assets						9,562
Total assets						198,410
Segment liabilities	2,656	8,080	83,072	8,007	-	101,815
Unallocated liabilities						2,277
Total liabilities						104,092

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D'NONCE TECHNOLOGY BHD.

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10 Valuation of Property, Plant and Equipment

There was no revaluations of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

11 Subsequent Material Event

There were no significant subsequent material events that have taken place subsequent to the statements of financial position date.

12 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter and financial period to date.

13 Changes in Contingent Liabilities and Assets

The Company provided corporate guarantees amounting to RM64.22 million (31 August 2017: RM77.43 million) for the banking facilities granted to certain subsidiary companies.

14 Capital Commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2018 are as follows:

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

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

The analysis of D'nonce Technology Bhd's performance for the financial period ended 31 December 2018 ("Q6'18") is as follows:

	Quarter 6 ("Q6") - 1 month		Year-To-Date ("YTD")	
	FY2018	FY2017	16 months ended	
	RM'000	RM'000	RM'000	RM'000
Revenue	14,625	-	266,749	-
Operating profit	443	-	21,209	-
(Loss)/Profit before interest and tax	(292)	-	11,219	-
(Loss)/Profit before tax	(617)	-	5,148	-
(Loss)/Profit after tax	(1,314)	-	2,760	-
(Loss)/Profit attributable to ordinary equity holders of the parent	(1,391)	-	2,594	-

Group

This additional quarter is due to the change of financial year end for a period of twelve (12) months for FY2017 to a period of sixteen (16) months for FY2018.

For this sixth financial quarter ("Q6 FY2018") for a period of 1 month, the Group posted revenue of RM14.6 million.

The contribution is mainly from the supply of packaging and other materials of RM11.1 million. The other segments of integrated supply chain and contract manufacturing contributed revenues of RM2.2 million and RM1.3 million respectively. During this Q5 FY2018, the Group has commenced the activity of properties development and construction. However, no revenue has yet to be generated by this segment.

As to the YTD results of FY2018, the revenue generated for the sixteen (16) months period is RM267 million. Supply of packaging and other materials contributed total revenue of RM187.8 million. The other segments of integrated supply chain and contract manufacturing contributed RM49.2 million and RM29.8 million respectively.

For Q6 FY2018, the Group loss before tax was RM0.6 million. This is the results of profits from supply of packaging and other materials being offset by integrated supply chain and contract manufacturing segment and unallocated expenses and finance cost for the Group. The profits from supply of packaging and other materials segment arose from continued good revenue performance.

For the YTD of FY2018, the Group profit before tax was RM5.1 million. All segments were profitable except for contract manufacturing and the new segment of properties development and construction which had minimal operations as it has just started its activity in Q5 FY2018. The total profit contributed by the 2 segments was RM20.1 million. This was reduced by unallocated expense of RM8.7 million and finance cost of RM6.1 million. The supply of packaging and other materials segment is the main revenue and profit generator of the Group for FY2018.

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

	Q6'18 1 month RM'000	Q5'18 3 months RM'000	Variance %
Revenue	14,625	47,408	-69%
Operating profit	443	3,963	-89%
(Loss)/Profit before interest and tax	(292)	2,663	-111%
(Loss)/Profit before tax	(617)	1,647	-137%
(Loss)/Profit after tax	(1,314)	1,296	-201%
(Loss)/Profit attributable to ordinary equity holders of the parent	(1,391)	1,408	-199%

Group

The Group's current quarter revenue is RM14.6 million compared to previous quarter revenue of RM47.4 million. The result for this period is loss before tax of RM0.6 million compared to previous quarter profit before tax of RM1.6 million. The loss was primarily due to legal expenses not planned and weaker performance as this quarter was a short period. Note that the current quarter is only for one (1) month whereas previous quarter was for three (3) months.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue in this quarter was RM2.2 million and segmental result for this business was loss of RM0.2 million.

Contract Manufacturing Services

The revenue in this business segment was RM1.3 million. The loss for this business segment was RM0.3 million.

Supply of Packaging and Other Materials

The revenue in this current quarter was RM11.1 million. This segment generated segment profit of RM1.3 million.

D'NONCE TECHNOLOGY BHD.

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17 Prospects

The current global business sentiment remains challenging due to the prevailing global economic conditions and fluctuation of foreign currencies. The Group will continue to actively penetrate into other market segments as well as expanding its existing business to offset the impact. The management is continuously monitoring the Group's operational cost and efficiency to improve the overall profitability.

18 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the year.

19 Taxation

	Current Quarter		Cumulative Quarter	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Current tax:				
Current period	635	-	2,220	-
Prior period	1	-	141	-
Deferred tax:				
Current period	91	-	(61)	-
Prior period	(30)	-	88	-
Tax expenses	697	-	2,388	-

The effective tax rate for the current financial period was higher than the statutory tax rate principally due to the losses from certain subsidiaries which cannot be offset against taxable profits made by other subsidiaries.

20 Status of Corporate Proposal

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

Acquisition of Property by Subsidiary Company

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

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21 Group Borrowings and Debt Securities

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

	As At 31 December 2018	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	45,064	5,723
Bankers' acceptance	7,534	957
Trust receipts	27,905	3,544
Factoring	22,365	2,840
Promissory note	46,127	5,858
Term loans	3,973	505
Hire purchases and lease creditors	5,682	722
	158,650	20,149
Short Term (Denominated in RM)		
Bank overdrafts	-	9,072
Bankers' acceptance	-	9,613
Trust receipts	-	1,077
Revolving credits	-	4,350
Term loans	-	4,179
Hire purchases and lease creditors	-	1,661
	158,650	50,101
Long Term (Denominated in THB)		
Term loans	9,635	1,223
Hire purchases and lease creditors	5,669	720
	15,304	1,943
Long Term (Denominated in RM)		
Term loans	-	9,336
Hire purchases and lease creditors	-	3,714
	15,304	14,993
Total	173,954	65,094

		Exchange Rate	RM'000
(a) in Thai Baht	THB 173,954,000	0.1270	22,092
(b) in Ringgit Malaysia	RM 43,002,000	-	43,002
			<u>65,094</u>

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21 Group Borrowings and Debt Securities (cont'd)

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

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

Total borrowings as at 31 August 2017

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

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21 Group Borrowings and Debt Securities (cont'd)

There is no new major borrowings during the quarter to date other than new hire purchases for fixed assets purchase. This is netted by repayments made for current facilities.

The weighted average interest rate of borrowings were as follows:

	31 December 2018	31 August 2017
Fixed rates	4.50% - 5.00%	4.50% - 6.50%
Floating rates	5.05% - 7.50%	5.05% - 7.50%

There is no hedging to RM on borrowings denominated in foreign currencies as it was used by Thailand subsidiaries for their own operation purpose.

22 Derivative Financial Instrument

There was no derivative financial instrument as at the current financial period.

23 Related Party Transactions

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

24 Change of Financial Year End

As announced on 7 December 2018, the Board of Directors decided to change the financial year end from 31 August 2018 to 31 December 2018 as more time is needed to widen the scope of the special audit as mentioned in Note 25, to ensure the accuracy of the Company's accounts. Accordingly, the financial period of the Company and its subsidiaries presented for this Quarterly Report is for the sixteen (16) month period ended 31 December 2018.

Following the change of financial year ended, the next financial period will be made up from 1 January 2019 to 31 December 2019, thereafter, the financial year end of the Company shall be ended on 31 December for each subsequent years.

25 Special/Investigative Audit

The Company announced that on 29 August 2018, the Company had commissioned Messrs SH Yeoh & Co. ("Special Auditor") to perform special/investigative audit ("Special Audit") on the transactions that were brought to the attention of some of the Directors.

On 8 January 2019, the Board of the Company has appointed Deloitte Corporate Solutions Sdn Bhd to perform an independent forensic investigation in relation to the matter above.

For further details, please refer to Bursa website for the announcement dated 7 December 2018.

Any material development will be announced in due course.

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26 Material Litigation

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

For further details, please refer to Bursa website for the announcement dated 7 December 2018, 13 December 2018 and 11 February 2019.

Any material development will be announced in due course.

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

For further details, please refer to Bursa website for the announcement dated 14 February 2019.

Any material development will be announced in due course.

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

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

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

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

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

The hearing for the matter is adjourned to 26 February 2019.

Further material developments will be announced in due course.

27 Dividend

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

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28 (Loss)/Earnings Per Share

Basic	Current Quarter		Cumulative Quarter	
	1 month ended		16 months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(1,391)	N/A	2,594	N/A
Weighted average number of ordinary shares in issue ('000)	192,796	N/A	198,093	N/A
Basic (loss)/earnings per share (sen)	(0.72)	N/A	1.31	N/A

Diluted	Current Quarter		Cumulative Quarter	
	1 month ended		16 months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	* (1,391)	N/A	2,594	N/A
Weighted average number of ordinary shares in issue ('000)	* 192,796	N/A	218,996	N/A
Diluted (loss)/earnings per share (sen)	* (0.72)	N/A	1.18	N/A

* The warrants and ESOS for the financial period ended 31 December 2018 were not assumed to be exercised because they were antidilutive in the period. Therefore, the diluted loss per share is the same as basic loss per share.

29 Net Assets Per Share

	As At 31 Dec 2018 RM'000	As At 31 Aug 2017 RM'000
Total assets	198,410	193,111
Less: Total liabilities	(104,092)	(118,189)
Net Assets	94,318	74,922
Number of ordinary shares in issue ('000)	241,948	182,174
Net Assets Per Share (RM)	0.39	0.41

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30 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 22 February 2019.