



D'NONCE GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

SECOND QUARTER ENDED 28 FEBRUARY 2018

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

The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statement of Financial Position As At 28 February 2018

	<i>Note</i>	As At 28/02/2018 RM'000	As At 31/08/2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	51,057	51,321
Investment properties		11,587	11,622
Intangible assets		289	289
Trade receivable		9,555	13,518
Deferred tax assets		49	51
		<u>72,537</u>	<u>76,801</u>
Currents assets			
Inventories		22,316	21,079
Trade receivables		51,481	50,972
Other receivables, deposit and prepayment		11,142	13,757
Tax recoverable		2,037	1,230
Cash and bank balances		26,226	29,272
		<u>113,202</u>	<u>116,310</u>
TOTAL ASSETS		<u>185,739</u>	<u>193,111</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	<i>7</i>	50,494	46,179
Other capital reserve		5,120	5,120
Foreign currency translation reserve		6,191	6,699
Employees share option scheme reserve	<i>7</i>	2,371	3,324
Legal reserve		32	32
Warrant reserve		8,777	8,777
Retained earnings		776	48
		<u>73,761</u>	<u>70,179</u>
Non-controlling interest		<u>4,768</u>	<u>4,742</u>
Total equity		<u>78,529</u>	<u>74,921</u>
Non-current liabilities			
Retirement benefit obligations		804	780
Borrowings	<i>21</i>	19,447	21,830
Deferred tax liabilities		286	281
		<u>20,537</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 second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 28 February 2018
(cont'd)

		As At 28/02/2018 RM'000	As At 31/08/2017 RM'000
	<i>Note</i>		
Current liabilities			
Retirement benefit obligations		236	187
Borrowings	<i>21</i>	55,335	57,616
Trade payables		19,456	25,179
Other payables		11,543	12,217
Current tax payable		103	100
		<u>86,673</u>	<u>95,299</u>
Total liabilities		<u>107,210</u>	<u>118,190</u>
TOTAL EQUITY AND LIABILITIES		<u>185,739</u>	<u>193,111</u>
Net tangible assets per share (RM)	<i>27</i>	<u>0.38</u>	<u>0.38</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 second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Income Statement For The Quarter Ended 28 February 2018

	<i>Note</i>	CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended		6 months ended	
		28/02/2018	28/02/2017	28/02/2018	28/02/2017
		RM'000	RM'000	RM'000	RM'000
Revenue		49,014	47,150	98,295	93,129
Operating expenses		(47,917)	(46,988)	(94,299)	(91,864)
Other income including investment income		1,636	1,230	2,760	2,001
Profit from operations		2,733	1,392	6,756	3,266
Depreciation		(1,602)	(1,744)	(3,244)	(3,472)
Fair value changes in derivatives		-	-	-	50
Foreign exchange (loss)/gain		(199)	(124)	(1,149)	120
Gain on disposal of property, plant and equipment		4	47	41	1,888
Interest expense		(1,110)	(1,131)	(2,311)	(2,520)
Interest income		388	540	801	1,166
Property, plant and equipment written off		-	-	(2)	-
Provision for and written off of inventories		8	18	4	44
Provision for and written off of receivables		-	82	-	82
Profit/(Loss) before taxation		222	(920)	896	624
Taxation	19	2	(81)	(142)	(552)
Profit/(Loss) for the period		224	(1,001)	754	72
Profit/(Loss) attributable to:					
Owner of the parent		269	(963)	728	(81)
Non-controlling interests		(45)	(38)	26	153
		224	(1,001)	754	72
Earnings/(Loss) per share:	26				
(a) Basic (sen)		0.15	(0.53)	0.40	(0.04)
(b) Fully Diluted (sen)		0.13	(0.53)	0.34	(0.04)

(The Condensed Consolidated Income Statement 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 second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 28 February 2018 (cont'd)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	224	(1,001)	754	72
Foreign currency translation differences for foreign operations	(63)	276	(508)	1,537
Total comprehensive gain for the period	<u>161</u>	<u>(725)</u>	<u>246</u>	<u>1,609</u>
Total comprehensive income/(loss) attributable to:				
Owner of the parent	206	(687)	220	1,456
Non-controlling interests	(45)	(38)	26	153
	<u>161</u>	<u>(725)</u>	<u>246</u>	<u>1,609</u>

(The Condensed Consolidated Statement of Comprehensive Income 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 second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 28 February 2018

	←————— Attributable to owners of the parent —————→							Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	←————— Non-distributable —————→									
	Share Capital RM'000	Other Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Option Scheme Reserve RM'000	Legal Reserve RM'000	Warrant Reserve RM'000	Retained earnings RM'000			
At 1 September 2017	46,179	5,120	6,699	3,324	32	8,777	48	70,179	4,742	74,921
Issuance of ordinary shares pursuant to ESOS	2,695	-	-	(953)	-	-	-	1,742	-	1,742
Issuance of ordinary shares pursuant to Private Placement	1,620	-	-	-	-	-	-	1,620	-	1,620
Total comprehensive (loss)/income for the period	-	-	(508)	-	-	-	728	220	26	246
At 28 February 2018	<u>50,494</u>	<u>5,120</u>	<u>6,191</u>	<u>2,371</u>	<u>32</u>	<u>8,777</u>	<u>776</u>	<u>73,761</u>	<u>4,768</u>	<u>78,529</u>

(The Condensed Consolidated Statement of Changes in Equity 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 second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statements of Changes in Equity For The Quarter Ended 28 February 2018 (cont'd)

	←————— Attributable to owners of the parent —————→										
	←————— Non-distributable —————→										
	Foreign										
	Share Capital	Share Premium	Other Capital Reserve	Currency Translation Reserve	Employees' Share Option Scheme Reserve ("ESOS")	Legal Reserve	Warrant Reserve	Accumulated Losses	Total	Non- controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2016	45,101	394	5,120	5,014	3,566	32	8,777	(2,257)	65,747	4,562	70,309
Reclassification due to compliance with Companies Act 2016	394	(394)	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	1,537	-	-	-	(81)	1,456	153	1,609
At 28 February 2017	45,495	-	5,120	6,551	3,566	32	8,777	(2,338)	67,203	4,715	71,918

(The Condensed Consolidated Statement of Changes in Equity 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 second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 28 February 2018

	6 months ended	
	28/02/2018	28/02/2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	896	624
Adjustments for non-cash flows:		
Depreciation	3,244	3,472
Gain on disposal of property, plant and equipment	(41)	(1,888)
Interest expense	2,311	2,520
Interest income	(801)	(1,166)
Provision for and written off of inventories	(4)	(44)
Net fair value changes in derivatives	-	(50)
Property, plant and equipment written off	2	-
Reversal of provision for receivables	-	(82)
Non-operating items	(699)	580
Operating profit before working capital changes	4,908	3,966
Decrease/(Increase) in receivables	4,474	(975)
Increase in inventories	(1,234)	(3,649)
Decrease in payables	(5,625)	(434)
Cash generated from/(used in) operations	2,523	(1,092)
Tax refund/(paid)	674	(762)
Interest paid	(2,311)	(2,520)
Net cash generated from/(used in) operating activities	886	(4,374)
Cash Flows From Investing Activities		
Interest income	801	1,166
Purchase of property, plant and equipment	(1,402)	(4,688)
Proceeds from disposal of property, plant and equipment	152	2,697
Net changes to fixed deposit	404	4,250
Net cash (used in)/generated from investing activities	(45)	3,425
Cash Flows From Financing Activities		
Proceeds from exercise of ESOS	1,742	-
Proceeds from shares issued pursuant to Private Placement	1,620	-
Drawdown/(Repayment) of short term borrowings	18	(164)
Repayment of hire purchase and lease financing	(1,391)	(806)
(Repayment)/Drawdown of term loans	(6,060)	190
Net cash used in financing activities	(4,071)	(780)

D'NONCE TECHNOLOGY BHD.

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The Board wishes to announce the following unaudited results of the Group for the second financial quarter ended 28 February 2018.

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 28 February 2018
(cont'd)

Net decrease in cash and cash equivalents	(3,230)	(1,729)
Effect of exchange rate changes	347	(902)
Cash and cash equivalents at beginning of the period	(5,850)	(2,876)
Cash and cash equivalents at end of the period	<u>(8,733)</u>	<u>(5,507)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	26,226	23,209
Bank overdraft - secured	<u>(13,879)</u>	<u>(12,975)</u>
	12,347	10,234
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	<u>(21,080)</u>	<u>(15,741)</u>
	<u>(8,733)</u>	<u>(5,507)</u>

(The Condensed Consolidated Statement of Cash Flows 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.

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D'NONCE TECHNOLOGY BHD.

(503292-K)

Notes to the condensed consolidated interim financial statements of the Group for the second quarter ended 28 February 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.

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.

The Directors expect that the adoption of these new MFRSs and Interpretations and Amendments to certain MFRSs will have no material impact on the financial statements in the period of initial application other than for MFRS 9 *Financial Instruments*, MFRS 15 *Revenue from Contracts with Customers* and MFRS 16 *Leases*. The Group is still in the progress of assessing the financial impact of MFRS 9 *Financial Instruments*, MFRS 15 *Revenue from Contracts with Customers* and MFRS 16 *Leases*.

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.

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

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

As at the quarter ended 28 February 2018, a total of 11,466,500 new ordinary shares were issued and allotted pursuant to the exercise of the Employee Share Option Scheme ("ESOS") and Private Placement, details of the issued and paid-up capital and the ESOS reserve of the Company as at 28 February 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	6,966,500	2,695
Ordinary shares issued pursuant to the Private Placement	4,500,000	1,620
As at 28 February 2018	193,640,500	50,494

ESOS Reserve

	No. of options	RM'000
As at 31 August 2017	25,899,500	3,324
Exercised	(6,966,500)	(953)
As at 28 February 2018	18,933,000	2,371

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

8 Dividend Paid

No dividend was paid during the financial year to date.

D'NONCE TECHNOLOGY BHD.

(503292-K)

9 Segmental Reporting

The Group's segmental analysis is as follows:

6 months period ended 28-Feb-18	Integrated Supply Chain Products And Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	20,698	11,514	66,083	-	98,295
Inter-segment revenue	47	395	12,159	(12,601)	-
Total segment revenue	20,745	11,909	78,242	(12,601)	98,295
RESULTS					
Segment results	2,169	37	3,204	-	5,410
Unallocated expenses					(2,203)
Operating profit					3,207
Finance costs, net					(2,311)
Profit before taxation					896
Taxation					(142)
Profit after taxation					754
Segment assets	11,230	27,249	145,619	-	184,098
Unallocated assets					1,641
Total assets					185,739
Segment liabilities	4,276	11,183	90,703	-	106,162
Unallocated liabilities					1,048
Total liabilities					107,210

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D'NONCE TECHNOLOGY BHD.

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9 Segmental Reporting (cont'd)

6 months period ended 28-Feb-17	Integrated Supply Chain Products And Services	Contract Manufacturing Services	Supply of Packaging and Other Materials	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	27,391	8,705	57,033	-	93,129
Inter-segment revenue	40	244	10,472	(10,756)	-
Total segment revenue	27,431	8,949	67,505	(10,756)	93,129
RESULTS					
Segment results	2,808	(1,102)	5,302	-	7,008
Unallocated expenses					(3,864)
Operating profit					3,144
Finance costs, net					(2,520)
Profit before taxation					624
Taxation					(552)
Profit after taxation					72
Segment assets	12,682	24,948	151,448	-	189,078
Unallocated assets					7,058
Total assets					196,136
Segment liabilities	8,385	13,532	100,084	-	122,001
Unallocated liabilities					2,217
Total liabilities					124,218

Segment profit and loss does not include taxation as this expense is managed on a group basis.

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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 RM73,893,520 (31.8.2017: RM77,429,724) 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 28 February 2018 are as follows:

RM'000	
Approved and contracted for:	
- Motor vehicles	257
- Plant and machinery	717
Total Capital Commitments	974

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

A comparison of D'nonce Technology's performance for the second quarter ended 28 February 2018 ("Q2'18") with the corresponding period last financial year is as follows:

	Quarter 2 ("Q2")			Year-To-Date ("YTD")		
	FY2018 RM'000	FY2017 RM'000	Variance %	FY2018 RM'000	FY2017 RM'000	Variance %
Revenue	49,014	47,150	4%	98,295	93,129	6%
Operating profit	2,733	1,392	96%	6,756	3,266	107%
Profit before interest and tax	1,332	211	531%	3,207	3,144	2%
Profit/(Loss) before tax	222	(920)	124%	896	624	44%
Profit/(Loss) after tax	224	(1,001)	122%	754	72	947%
Profit/(Loss) attributable to ordinary equity holders of the parent	269	(963)	128%	728	(81)	999%

Group

Compared to the second quarter of last year, the Group's revenue for the second quarter have increased by RM1.9 million to RM49.0 million. The profit before tax for the quarter was RM0.2 million compared to loss of RM0.9 million for the same quarter last year.

For YTD of 2017, the profit before tax included gain on disposal of investment property by one of the subsidiary of RM1.6 million. After removing this impact from the gain, this current YTD's results of profit before tax of RM0.9 million is an improvement of RM1.9 million compared to the YTD 2017's results.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The current quarter's revenue of RM9.8 million is a decrease of RM3.9 million compared to the same quarter last year.

The segmental profit of RM0.5 million in the current reporting quarter has decreased by RM0.7 million compared to the same quarter in previous year which reported segment profit of RM1.2 million. This is due to the lower revenue in the current quarter from a major customer.

For YTD revenue of RM20.7 million in 2018 is a decrease of RM6.7 million compared to YTD in 2017. The results for YTD in 2018 is profit of RM2.2 million. This is a decrease of RM0.6 million from YTD in 2017.

This lower revenue and profit is due to lower revenue from a major customer in YTD 2018 as disclosed under quarter vs quarter explanation.

D'NONCE TECHNOLOGY BHD.

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15 Analysis of performance for current quarter and financial period-to-date (cont'd)

A comparison of D'nonce Technology's performance for the second quarter ended 28 February 2018 ("Q2'18") with the corresponding period last financial year is as follows (cont'd):

Contract Manufacturing Services

The current second quarter's revenue of RM5.8 million is higher by RM1.1 million compared to the same quarter of last year. This is mainly due to higher demand from our customers.

The current quarter reported a loss of RM0.1 million which is an improvement of RM0.3 million compared to same quarter in previous year. This is due to increase in revenue and improved margin.

In first half of FY2018, this segment recorded revenue of RM11.5 million. This is an increase of RM2.8 million compared to first half of FY2017.

The first half of FY2018 saw this segment breakeven which is an improvement of RM1.1 million compared to first half of FY2017 loss of RM1.1 million.

Supply of Packaging and Other Materials

The current quarter's revenue is RM33.4 million. There is an increase of RM4.6 million from the revenue in the same quarter for last financial year. This is mainly contributed by two of our subsidiaries in Malaysia.

This segment has generated profit of RM1.9 million in this quarter. This is an improvement of RM1.4 million compared to the same quarter in FY2017 arising from higher revenue.

The revenue for the first half of FY2018 was RM66.1 million. This is an improvement of RM9 million compared to first half of FY2017.

The results for the first half was profit of RM3.2 million. This is a reduction of RM2.1 million compared to previous financial year first half results. This is because in FY2017, there was a gain from the disposal of an investment property of RM1.6 million. After removing the impact from this gain, the reduction is only RM0.5 million. The lower profit despite the improvement in revenue was due to net impact from subsidiaries who had generated profits but offset by subsidiaries who had losses during this first half of 2018.

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

	Q2'18 RM'000	Q1'18 RM'000	Variance %
Revenue	49,014	49,281	-1%
Operating profit	2,733	4,026	-32%
Profit before interest and tax	1,332	1,878	-29%
Profit before tax	222	677	-67%
Profit after tax	224	533	-58%
Profit attributable to ordinary equity holders of the parent	269	462	-42%

Group

The Group's current quarter revenue is RM49.0 million compared to previous quarter revenue of RM49.3 million. The result for this period is profit before tax of RM0.2 million compared to previous quarter profit before tax of RM0.7 million.

The performance by business segments are further analysed as below:

Integrated Supply Chain Products and Services

The revenue in this quarter has decreased by RM1.2 million and segmental result for this business decreased by RM1.1 million compared to the revenue and segmental result in previous quarter. This lower results is due to lower revenue recorded together with lower margin for our products.

Contract Manufacturing Services

The revenue in this business segment has increased by RM0.1 million to RM5.8 million as compared to the immediate preceding quarter.

The segmental results for this business segment registered a loss before tax of RM0.1 million while the previous quarter recorded a profit before tax of RM0.1 million due to lower margin in this quarter.

Supply of Packaging and Other Materials

The revenue in this current quarter of RM33.4 million which is higher by RM0.8 million compared to preceding quarter contributed by two of our subsidiaries in Malaysia.

This segment generated segment results of RM1.9 million. The segment result is an improvement of RM0.7 million when compared to previous quarter. This is the result of higher revenue, better margin and cost control in this quarter.

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

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

18 Variance of Actual Profit from Forecast Profit

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

19 Taxation

	Current Quarter		Cumulative Quarter	
	28 Feb 2018 RM'000	28 Feb 2017 RM'000	28 Feb 2018 RM'000	28 Feb 2017 RM'000
Income tax:				
Current period	(2)	83	137	557
Deferred tax:				
Current period	-	(2)	(15)	(12)
Prior period	-	-	20	7
Total tax expenses	(2)	81	142	552

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.

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20 Status of Corporate Proposal

- (a) As disclosed in prior quarters, the Company has implemented and completed the corporate proposals except the full utilisation of proceeds from the rights issue with warrants.

Extension of time for the utilisation of proceeds raised from the rights issue with warrants

On 26 October 2017, the Board of Directors of the Company announced that the estimated timeframe of 3 of the planned utilisation of proceeds from the rights issue with warrants is now extended from 24 months to 36 months from the listing date.

The 3 planned utilisation are:

- (i) To partly finance the purchase of land and factory building, renovation and refurbishment expenses
- (ii) Construction of clean room facility and purchase of 3 lines of tray cleaning systems in Thailand
- (iii) Construction of new factory building in Thailand

The extension of time for the Utilisation of Proceeds are not subjected to any regulatory or shareholders' approval. Notwithstanding the aforesaid, the Company shall continue to be vigilant and prudent in managing the proceeds raised from the rights issue with warrants and will continue to disclose the status of the utilisation of the proceeds in the Company's quarterly results and annual reports until its full utilisation.

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D'NONCE TECHNOLOGY BHD.**(503292-K)****20 Status of Corporate Proposal (cont'd)**

- (a) As disclosed in prior quarters, the Company has implemented and completed the corporate proposals except the full utilisation of proceeds from the rights issue with warrants. (cont'd)

Utilisation of proceeds from corporate proposal:

Purpose	Proposed Utilisation	Actual Utilisation *	Adjustments	Balance yet to be utilised	Extended Timeframe for Utilisation from date of listing of the Rights Shares	Deviation	
						RM'000	RM'000
(i) To partly finance the purchase of land and factory building, renovation and refurbishment expenses	5,000	-	-	5,000	Within 36 months	N/A	N/A
(ii) Construction of clean room facility and purchase of 3 lines of tray cleaning systems in Thailand	4,400	646	-	3,754	Within 36 months	N/A	N/A
(iii) Construction of new factory building in Thailand	2,200	-	-	2,200	Within 36 months	N/A	N/A
Total	11,600	646	-	10,954		N/A	N/A

* As at 16 April 2018.

D'NONCE TECHNOLOGY BHD.

(503292-K)

20 Status of Corporate Proposal (cont'd)

(b) Proposed Private Placement of up to 10% of the Issued Ordinary Shares of the Company

As at the date of the report:

The Company has on 2 January 2018 announced a proposal to undertake a private placement ("Proposed Private Placement") of up to 10% of the issued ordinary shares of D'nonce Technology Bhd. ("DTB").

On 9 January 2018, the Company announced that an application in relation to the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for approval.

On 17 January 2018, Bursa Securities had resolved to approved the listing and quotation of up to 18,433,600 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- (i) DTB and Inter-Pacific Securities Sdn. Bhd. ("IPS") must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) DTB and IPS to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) IPS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities's approval once the Proposed Private Placement is completed; and
- (iv) DTB to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Sections 75 and 76 of the Companies Act, 2016 in the event the existing authority has expired prior to full implementation of the Proposed Private Placement.

On 19 January 2018, the Company announced that the Board of Directors has resolved to fix the issue price for the Private Placement at RM0.36 per Placement Share. For further details, please refer to Bursa website for the announcement made by the Company.

On 30 January 2018, the Company announced that the 1st tranche of the Private Placement comprising 4,500,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Other than the above, there are no corporate proposals announced as at the date of this report.

D'NONCE TECHNOLOGY BHD.

(503292-K)

21 Group Borrowings and Debt Securities

The Group Borrowings as at 28 February 2018 were as follows:

	As At 28 February 2018	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	39,440	4,918
Bankers' acceptance	5,309	662
Revolving credits	23,341	2,911
Trust receipts	20,276	2,528
Factoring	14,818	1,848
Promissory note	20,000	2,494
Term loans	6,773	845
Hire purchases and lease creditors	8,575	1,069
	138,532	17,275
Short Term (Denominated in RM)		
Bank overdrafts	-	8,961
Bankers' acceptance	-	15,283
Revolving credits	-	6,000
Term loans	-	6,453
Hire purchases and lease creditors	-	1,363
	138,532	55,335
Long Term (Denominated in THB)		
Term loans	15,677	1,955
Hire purchases and lease creditors	8,442	1,053
	24,119	3,008
Long Term (Denominated in RM)		
Term loans	-	13,109
Hire purchases and lease creditors	-	3,330
	24,119	19,447
Total	162,651	74,782

Total borrowings as at 28 February 2018

		Exchange Rate	RM'000
a) in Thai Baht	THB 162,651,000	0.1247	20,283
b) in Ringgit Malaysia	RM 54,499,000	-	54,499
			<u>74,782</u>

D'NONCE TECHNOLOGY BHD.

(503292-K)

21 Group Borrowings and Debt Securities (cont'd)

The Group Borrowings as at 28 February 2018 were as follows (cont'd):

	As At 28 February 2017	
	Foreign Denomination '000	RM'000
Secured:		
Short Term (Denominated in THB)		
Bank overdrafts	40,686	5,179
Bankers' acceptance	8,772	1,117
Revolving credits	23,050	2,934
Trust receipts	14,935	1,901
Factoring	14,336	1,825
Promissory note	20,000	2,546
Term loans	9,258	1,179
Hire purchases and lease creditors	8,432	1,073
	139,469	17,754
Short Term (Denominated in RM)		
Bank overdrafts	-	7,795
Bankers' acceptance	-	13,422
Revolving credits	-	11,000
Term loans	-	6,970
Hire purchases and lease creditors	-	1,186
	139,469	58,127
Long Term (Denominated in THB)		
Term loans	24,839	3,162
Hire purchases and lease creditors	10,657	1,357
	35,496	4,519
Long Term (Denominated in RM)		
Term loans	-	22,297
Hire purchases and lease creditors	-	2,359
	35,496	29,175
Total	174,965	87,301

Total borrowings as at 28 February 2017

		Exchange Rate	RM'000
a) in Thai Baht	THB 174,965,000	0.1273	22,272
b) in Ringgit Malaysia	RM 65,029,000	-	65,029
			<u>87,301</u>

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

	28 February 2018	28 February 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 Realised and Unrealised Profit Disclosure

	As At 28 Feb 2018 RM'000	As At 28 Feb 2017 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	11,249	9,696
- Unrealised	(532)	(1,946)
	10,717	7,750
Add : Consolidation adjustments	(9,941)	(10,088)
Total Group retained earnings/(accumulated losses) as per consolidated income statements	776	(2,338)

24 Material Litigation

There was no pending material litigation as at the date of this quarterly report.

25 Dividend

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

D'NONCE TECHNOLOGY BHD.**(503292-K)****26 Earnings/(Loss) Per Share**

	Current Quarter		Cumulative Quarter	
	28 Feb 2018	28 Feb 2017	28 Feb 2018	28 Feb 2017
Basic				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	269	(963)	728	(81)
Weighted average number of ordinary shares in issue ('000)	184,132	180,404	183,405	180,404
Basic earnings/(loss) per share (sen)	0.15	(0.53)	0.40	(0.04)

	Current Quarter		Cumulative Quarter	
	28 Feb 2018	28 Feb 2017	28 Feb 2018	28 Feb 2017
Diluted				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	269	* N/A	728	(81)
Weighted average number of ordinary shares in issue ('000)	214,857	* N/A	214,129	185,676
Diluted earnings/(loss) per share (sen)	0.13	* N/A	0.34	(0.04)

* The warrants and ESOS for the current quarter ended 28 February 2017 were not assumed to be exercised because they were antidilutive in the period. Therefore, the basic and diluted loss per share is the same.

27 Net Tangible Assets Per Share

	As At 28 Feb 2018 RM'000	As At 31 Aug 2017 RM'000
Equity attributable to equity holders of the parent	73,761	70,179
Less: Intangible assets	(289)	(289)
Net Tangible Assets	73,472	69,890
Number of ordinary shares in issue ('000)	193,641	182,174
Net Tangible Assets Per Share (RM)	0.38	0.38

D'NONCE TECHNOLOGY BHD.

(503292-K)

28 Authorisation For Issue

The Board of Directors authorised the issue of this unaudited interim financial statements on 19 April 2018.

By Order of the Board

Chew Siew Cheng

Lim Choo Tan

Company Secretaries

19 April 2018

Pulau Pinang