

DOMINANT ENTERPRISE BERHAD

(Company No.221206-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013

	<u>FYE2014</u>	<u>FYE2013</u>	<u>FYE2014</u>	<u>FYE2013</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.09.2013	Preceding Year Corresponding Quarter Ended 30.09.2012	Current Year To Date Ended 30.09.2013	Preceding Year Ended 30.09.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	119,064	101,356	228,884	203,266
Profit from Operations	5,567	4,669	12,313	11,012
Interest Income	77	141	232	278
Interest Expense	(985)	(661)	(2,364)	(1,486)
Depreciation and Amortisation	(583)	(535)	(1,159)	(1,103)
Profit Before Tax	4,076	3,614	9,022	8,701
Income Tax Expense	(989)	(942)	(2,226)	(2,134)
Profit After Tax	3,087	2,672	6,796	6,567
Other Comprehensive Income				
Exchange differences on translating foreign operations	576	(97)	106	383
Total Comprehensive Income	3,663	2,575	6,902	6,950
Profit attributable to :				
Equity holders of the Company	3,158	2,672	6,871	6,567
Non-Controlling Interest	(71)	-	(75)	-
	3,087	2,672	6,796	6,567
Total comprehensive income attributable to :				
Equity holders of the Company	3,734	2,575	6,977	6,950
Non-Controlling Interest	(71)	-	(75)	-
	3,663	2,575	6,902	6,950
Earning Per Share				
- Basic (sen)	2.33	2.02	5.09	4.99
- Diluted (sen)	2.32	2.00	5.06	4.92

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2013 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As At 30 September 2013 RM'000	(Audited) As At 31 March 2013 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	58,265	47,898
Investment properties	18,361	18,139
Prepaid lease payments for land	5,675	5,475
Intangible assets	837	837
Deferred tax assets	23	23
	<u>83,161</u>	<u>72,372</u>
<u>Current Assets</u>		
Inventories	74,847	79,851
Trade receivables	105,376	93,145
Other receivables and prepaid expenses	1,740	4,542
Current tax assets	147	256
Cash and cash equivalents	29,674	27,923
	<u>211,784</u>	<u>205,717</u>
TOTAL ASSETS	294,945	278,089
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	67,846	67,116
Share premium	307	301
Other reserves	23,808	23,702
Retained Earnings	75,776	68,905
	<u>167,737</u>	<u>160,024</u>
Non - Controlling Interest	28	-
Total Equity	<u>167,765</u>	<u>160,024</u>
<u>Non-Current Liabilities</u>		
Hire purchase creditors	15	47
Bank borrowings	11,106	5,402
Deferred tax liabilities	3,140	3,140
	<u>14,261</u>	<u>8,589</u>
<u>Current Liabilities</u>		
Trade payables	23,399	19,346
Other payables and accrued expenses	4,749	4,435
Hire purchase creditors	72	80
Finance lease payables	16	45
Bank borrowings	82,897	84,362
Current tax liabilities	1,786	1,208
	<u>112,919</u>	<u>109,476</u>
Total Liabilities	<u>127,180</u>	<u>118,065</u>
TOTAL EQUITY AND LIABILITIES	294,945	278,089
Net assets per share (RM)	1.24	1.19

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2013 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD

(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	<u>Issued</u> <u>Capital</u> RM'000	<u>Share</u> <u>Premium</u> RM'000	<u>Other</u> <u>Reserves</u> RM'000	<u>Retained</u> <u>Earning</u> RM'000	<u>Total</u> RM'000	<u>Non-</u> <u>Controlling</u> <u>Interest</u> RM'000	<u>Total</u> <u>Equity</u> RM'000
Balance as at 1 April 2012	64,567	288	22,584	61,535	148,974	-	148,974
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.50 per share	1,470	-	-	-	1,470	-	1,470
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.51 per share	412	8	-	-	420	-	420
Total comprehensive income for the year	-	-	383	6,567	6,950	-	6,950
Balance as at 30 September 2012	<u>66,449</u>	<u>296</u>	<u>22,967</u>	<u>68,102</u>	<u>157,814</u>	<u>-</u>	<u>157,814</u>
Balance as at 1 April 2013	67,116	301	23,702	68,905	160,024	-	160,024
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.50 per share	428	-	-	-	428	-	428
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.51 per share	302	6	-	-	308	-	308
Total comprehensive income for the year	-	-	106	6,871	6,977	(75)	6,902
Ordinary shares contributed by non-controlling interests of a subsidiary	-	-	-	-	-	103	103
Balance as at 30 September 2013	<u>67,846</u>	<u>307</u>	<u>23,808</u>	<u>75,776</u>	<u>167,737</u>	<u>28</u>	<u>167,765</u>

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2013 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Financial Period Ended 30.09.2013 RM'000	Financial Period Ended 30.09.2012 RM'000
Profit for the period	6,796	6,567
Adjustments for : -		
Non-cash items	813	979
Non-operating items	2,132	1,208
Taxation	2,226	2,134
<i>Operating profit before changes in working capital</i>	11,967	10,888
Changes in working capital		
Net change in current assets	(4,174)	(15,602)
Net change in current liabilities	4,302	3,313
<i>Cash generated from / (used in) operations</i>	12,095	(1,401)
Interest received	49	-
Interest paid	(37)	(50)
Income tax paid	(1,538)	(2,460)
Net cash from / (used in) operating activities	10,569	(3,911)
<i>Cash flows from / (used in) investing activities</i>		
Interest received	232	278
Proceeds from disposal of property, plant and equipment	-	66
Purchase of property, plant and equipment	(11,317)	(1,627)
Ordinary shares contributed by non-controlling interests of a subsidiary	103	-
Net cash used in investing activities	(10,982)	(1,283)
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from short-term borrowings	(1,955)	6,258
Issue of shares	736	1,889
Interest paid on bank borrowings	(2,328)	(1,436)
Net proceeds from/ repayment of hire-purchase payables	(40)	(79)
Repayments of finance lease payables	(31)	(29)
Proceeds from term loans	7,200	1,429
Repayments of term loans	(894)	(800)
Net cash from financing activities	2,688	7,232
Net Changes in Cash & Cash Equivalents	2,275	2,038
Adjustment for foreign exchange differentials	(72)	30
Cash & Cash Equivalents at beginning of period	26,549	21,102
Cash & Cash Equivalents at end of period	28,752	23,170
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	29,674	25,859
Less: Bank overdrafts (included within short term borrowings in Note B6)	(922)	(2,689)
	28,752	23,170

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2013 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013

Notes to the Interim Financial Report

A1. Accounting Policies

The interim financial reports are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2013. The explanatory notes attached to the interim financial statements provide an explanation on events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2013.

A2. Change in Accounting Policies

The accounting policies adopted are consistent with those in the audited financial statements for the financial year ended 31 March 2013. The Group has adopted all the new and revised MFRSs and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") effective for annual financial periods beginning on or after 1 January 2013. The adoption has no significant impact on the financial statements of the Group.

A3. Audit Qualification on Annual Financial Statements

The audit report of the Group's annual Financial Statements for the financial year ended 31 March 2013 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's business operations are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year.

A6. Material Changes in Accounting Estimates

Not applicable.

A7. Debts and Equity Securities

In the 2nd Quarter ended 30 September 2013, 743,600 new ordinary shares were issued and allotted pursuant to the exercise of ESOS, of which, 417,800 share are allotted at an option price of RM 0.50, and 325,800 share are allotted at an option price of RM 0.51.

A8. Dividend Paid

There were no dividend payment made in current quarter.

The first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2014 had been paid on 10 October 2013.

A9. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Segmental Reporting

	<u>Revenue</u>		<u>Segment Results</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	42,204	49,746	3,510	3,978
Distributing of wood products	191,429	158,705	9,422	7,763
Other operating segments	1,172	973	(619)	(729)
	<u>234,805</u>	<u>209,424</u>	<u>12,313</u>	<u>11,012</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(4,955)	(5,049)		
- Distributing of wood products	-	(136)		
- Other operating segments	(966)	(973)		
	<u>228,884</u>	<u>203,266</u>	<u>12,313</u>	<u>11,012</u>
Interest income			232	278
Interest expense			(2,364)	(1,486)
Depreciation and amortisation			<u>(1,159)</u>	<u>(1,103)</u>
Profit before tax			9,022	8,701
Income tax expense			<u>(2,226)</u>	<u>(2,134)</u>
Profit after tax			<u>6,796</u>	<u>6,567</u>

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	55,688	63,034	20,954	23,564
Distributing of wood products	187,444	155,244	98,767	71,550
Other operating segments	51,813	41,934	7,459	7,284
	<u>294,945</u>	<u>260,212</u>	<u>127,180</u>	<u>102,398</u>

A11. Changes in the Composition of the Group

There were no changes in composition of the Group for current quarter under review.

A12. Subsequent Material Events

There are no subsequent material events that are required to be reflected in the current quarter.

A13. Contingent Liabilities

As of 30 September 2013, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 266.26 million (RM 255.23 million in June 2013) which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by its subsidiary companies as of period-end amounting to about RM 96.01 million (RM 100.27 million in June 2013).

A14. Capital Commitment

As of 30 September 2013, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of factory building	229
Road & drainage works	646
Acquisition of land & building	608
	<u>1,483</u>

Additional Information Required by the Bursa Malaysia Listing Requirements**B1. Review of the Performance**

For the quarter ended 30 September 2013, the Group recorded a revenue of RM 119.06 million. This represented an increase of 17.46% as compared to RM 101.36 million in the preceding year corresponding quarter ended 30 September 2012. In line with increase in sales, profit before tax ("PBT") has also increased by 13.02%, from RM 3.61 million to RM 4.08 million.

Manufacturing Division

The revenue was recorded at RM 18.64 million for current quarter, a decrease of 20.61% as compared to RM 23.48 million in the preceding year corresponding quarter ended 30 September 2012. The decrease in revenue was attributable to lower demand from export market, particularly Europe and Australia. In line with the decrease in revenue, operating profit has also decreased by 14.76%, from RM 2.10 million to RM 1.79 million.

Distribution Division

The revenue was recorded as RM 100.27 million for current quarter. This represented an increase of 28.77% as compared to RM 77.87 million in the preceding year corresponding quarter ended 30 September 2012. The increase in revenue was mainly contributed by additional market share captured as well as penetration into new markets.

In line with the increase in sales volume, operating profit has also increased by 33.11%, from RM 2.99 million to RM 3.98 million. This is mainly attributable to better cost management as well as higher profit margin achieved resulted from capturing more market shares.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue increased by 8.41% as compare to RM 109.82 million in the preceding quarter ended 30 June 2013. However, the PBT has decreased by 17.58% from RM 4.95 million to RM 4.08 million.

B3. Prospects

The Board is of the view that the global economic condition remains challenging and competitive which had generally affected the Group's revenue, especially the slowdown in demand from Europe market resulted from Eurozone debt crisis as well as the delayed growth in the United States, has affected the Group's export sales. Furthermore, the costs of raw material and overhead are expected to continue on uptrend.

Nevertheless, the Board will focus on its current business and will continuously take necessary steps to maintain the profitability as well as improve the financial position of the group.

B4. Taxation

The taxation is calculated based on the profit for the financial year ended 30 September 2013 comprises the following:

	<u>Current Quarter</u> <u>RM'000</u>	<u>Year To Date</u> <u>RM'000</u>
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	989	2,226
	<u>989</u>	<u>2,226</u>

B5. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B6. Borrowings

The Group's borrowings as at the end of the reporting period are 100% unsecured :-

	<u>As At</u> <u>30 September 2013</u> <u>RM'000</u>	<u>As At</u> <u>31 March 2013</u> <u>RM'000</u>
Short Term Borrowings	82,897	84,362
Long Term Borrowings	11,106	5,402
	<u>94,003</u>	<u>89,764</u>

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 30 September 2013, the Group's outstanding derivatives are as follows :-.

<u>Type of Derivatives</u>	<u>Contract Value RM'000</u>	<u>Fair Value RM'000</u>
Foreign Currency Forward Contracts		
- Less than 1 year	5,313	5,299

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, credit risk, liquidity risk and foreign currency risk.

B9. Proposed Dividend

The Board proposed a second interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2014 to be paid on 26 December 2013 to shareholders whose names appear in the Record of Depositors at the close of business on 13 December 2013.

Total dividend per share for current financial year to-date is 2 sen.

B10. Earnings Per Share ("EPS")

The EPS is derived as follow :-

	Current Quarter	Current Year To Date
Net profit for the period/year (RM'000)	3,158	6,871
Weighted average number of ordinary shares ('000)	135,371	134,940
Adjusted weighted average number of ordinary shares for calculating diluted EPS ('000)	136,176	135,770
EPS (sen)	2.33	5.09
Diluted EPS (sen)	2.32	5.06

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 30.09.2013	As At Financial Year Ended 31.03.2013
Retained Earning		
- Realised	84,076	77,475
- Unrealised	(3,229)	(3,424)
	80,847	74,051
Less : Consolidation Adjustment	(5,071)	(5,146)
Total Group Retained Earning as per Consolidated Accounts	75,776	68,905

B12. Notes to the Condensed Consolidated Income Statements

Profit before tax is arrived at after crediting (charging) the following:

	Current Quarter RM'000	Current Year To Date RM'000
Interest income	77	232
Other income including investment income	336	991
Interest expense	(985)	(2,364)
Depreciation and amortisation	(583)	(1,159)
Provision for and write off of receivables	-	(91)
Provision for and write off of inventories	-	-
Gain/(Loss) on disposal of quoted or unquoted investments	N/A	N/A
Gain/(Loss) on disposal of property, plant and equipment	-	-
Impairment of assets	N/A	N/A
Gain/(Loss) on foreign exchange	106	252
Gain/(Loss) on derivatives	N/A	N/A
Exceptional items	N/A	N/A