

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)
CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2014

	<u>FYE2015</u>	<u>FYE2014</u>	<u>FYE2015</u>	<u>FYE2014</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2014	Preceding Year Corresponding Quarter Ended 30.06.2013	Current Year To Date Ended 30.06.2014	Preceding Year Ended 30.06.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	134,068	109,820	134,068	109,820
Profit from Operations	8,398	6,746	8,398	6,746
Interest Income	443	155	443	155
Interest Expense	(1,732)	(1,379)	(1,732)	(1,379)
Depreciation and Amortisation	(602)	(576)	(602)	(576)
Profit Before Tax	6,507	4,946	6,507	4,946
Income Tax Expense	(1,416)	(1,237)	(1,416)	(1,237)
Profit After Tax	5,091	3,709	5,091	3,709
Other Comprehensive Income				
Exchange differences on translating foreign operations	(177)	(470)	(177)	(470)
Total Comprehensive Income	4,914	3,239	4,914	3,239
Profit attributable to :				
Equity holders of the Company	5,092	3,713	5,092	3,713
Non-Controlling Interest	(1)	(4)	(1)	(4)
	5,091	3,709	5,091	3,709
Total comprehensive income attributable to :				
Equity holders of the Company	4,915	3,243	4,915	3,243
Non-Controlling Interest	(1)	(4)	(1)	(4)
	4,914	3,239	4,914	3,239
Earning Per Share				
- Basic (sen)	3.71	2.76	3.71	2.76
- Diluted (sen)	3.71	2.74	3.71	2.74

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2014 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 June 2014 RM'000	(Audited) As At 31 March 2014 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	93,458	93,810
Investment properties	13,986	13,986
Land held for property development	12,517	12,248
Prepaid lease payments for land	4,580	4,730
Intangible assets	837	837
	125,378	125,611
<u>Current Assets</u>		
Inventories	100,560	84,868
Trade receivables	124,537	109,720
Other receivables and prepaid expenses	2,399	3,131
Current tax assets	-	25
Cash and cash equivalents	27,770	28,400
	255,266	226,144
TOTAL ASSETS	380,644	351,755
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	68,679	68,483
Share premium	316	313
Other reserves	39,746	39,923
Retained Earnings	98,499	93,407
	207,240	202,126
Non - Controlling Interest	(88)	(87)
Total Equity	207,152	202,039
<u>Non-Current Liabilities</u>		
Bank borrowings	8,984	9,843
Deferred tax liabilities	6,088	6,088
	15,072	15,931
<u>Current Liabilities</u>		
Trade payables	29,810	23,627
Other payables and accrued expenses	5,867	5,206
Hire purchase creditors	31	47
Bank borrowings	121,009	103,322
Current tax liabilities	1,703	1,583
	158,420	133,785
Total Liabilities	173,492	149,716
TOTAL EQUITY AND LIABILITIES	380,644	351,755
Net assets per share (RM)	1.51	1.48

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2014 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)

	Issued Capital	Share Premium	Other Reserves	Retained Earning	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	219	-	-	-	219	-	219
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.51 per share	139	3	-	-	142	-	142
Total comprehensive income for the year	-	-	(470)	3,713	3,243	(4)	3,239
Acquisition of shares in a subsidiary	-	-	-	-	-	103	103
Balance as at 30 June 2013	<u>67,474</u>	<u>304</u>	<u>23,232</u>	<u>72,618</u>	<u>163,628</u>	<u>99</u>	<u>163,727</u>
Balance as at 1 April 2014	68,483	313	39,923	93,407	202,126	(87)	202,039
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.50 per share	42	-	-	-	42	-	42
Issuance of shares							
- pursuant to ESOS at exercise price of RM 0.51 per share	154	3	-	-	157	-	157
Total comprehensive income for the year	-	-	(177)	5,092	4,915	(1)	4,914
Balance as at 30 June 2014	<u>68,679</u>	<u>316</u>	<u>39,746</u>	<u>98,499</u>	<u>207,240</u>	<u>(88)</u>	<u>207,152</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 2014 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 30.06.2014 RM'000	Financial Period Ended 30.06.2013 RM'000
Profit for the period	5,091	3,709
Adjustments for : -		
Non-cash items	589	325
Non-operating items	1,289	1,224
Taxation	1,416	1,237
<i>Operating profit before changes in working capital</i>	8,385	6,495
Changes in working capital		
Net change in current assets	(30,000)	171
Net change in current liabilities	6,847	(919)
<i>Cash (used in) / generated from operations</i>	(14,768)	5,747
Interest received	19	43
Interest paid	(24)	(20)
Income tax paid	(1,269)	(753)
Net cash (used in) / from operating activities	(16,042)	5,017
<i>Cash flows from / (used in) investing activities</i>		
Interest received	443	155
Proceeds from disposal of property, plant and equipment	106	-
Purchase of property, plant and equipment	(313)	(10,869)
Purchase of land held for property development	(269)	-
Ordinary shares contributed by non-controlling interests of a subsidiary	-	103
Net cash used in investing activities	(33)	(10,611)
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from short-term borrowings	18,429	(2,008)
Issue of shares	199	361
Interest paid on bank borrowings	(1,708)	(1,358)
Net proceeds from/ repayment of hire-purchase payables	(16)	(20)
Repayments of finance lease payables	-	(15)
Proceeds from term loans	-	7,229
Repayments of term loans	(681)	(369)
Net cash from financing activities	16,223	3,820
Net Changes in Cash & Cash Equivalents	148	(1,774)
Adjustment for foreign exchange differentials	(11)	63
Cash & Cash Equivalents at beginning of period	26,236	26,549
Cash & Cash Equivalents at end of period	26,373	24,838
* Cash and cash equivalents at end of financial year comprise the following :		
Cash and bank balances	27,770	26,451
Less: Bank overdrafts (included within short term borrowings in Note B6)	(1,397)	(1,613)
	26,373	24,838

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2014 and the accompanying explanatory notes to the interim financial reports.

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 2014. 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 2014.

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 2014. 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 2014 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 1st Quarter ended 30 June 2014, 392,600 new ordinary shares were issued and allotted pursuant to the exercise of ESOS, of which, 83,800 share are allotted at an option price of RM 0.50, and 308,800 share are allotted at an option price of RM 0.51.

A8. Dividend Paid

There were no dividend payment made in current quarter.

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	24,247	21,006	2,227	1,716
Distributing of wood products	112,401	91,158	6,621	5,446
Other operating segments	681	535	(450)	(416)
	<u>137,329</u>	<u>112,699</u>	<u>8,398</u>	<u>6,746</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,734)	(2,396)		
- Distributing of wood products	-	-		
- Other operating segments	(527)	(483)		
	<u>134,068</u>	<u>109,820</u>	<u>8,398</u>	<u>6,746</u>
Interest income			443	155
Interest expense			(1,732)	(1,379)
Depreciation and amortisation			(602)	(576)
Profit before tax			<u>6,507</u>	<u>4,946</u>
Income tax expense			<u>(1,416)</u>	<u>(1,237)</u>
Profit after tax			<u>5,091</u>	<u>3,709</u>
	<u>Assets</u>		<u>Liabilities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	64,825	64,264	36,657	26,650
Distributing of wood products	236,485	171,538	124,824	88,318
Other operating segments	79,334	50,525	12,011	7,632
	<u>380,644</u>	<u>286,327</u>	<u>173,492</u>	<u>122,600</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 June 2014, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 294.15 million (RM 279.75 million in March 2014) 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 136.37 million (RM 119.05 million in March 2014).

A14. Capital Commitment

As of 30 June 2014, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of factory building	32
Road & drainage works	262
Acquisition of land & building	608
	<u>902</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

For the quarter ended 30 June 2014, the Group recorded a revenue of RM 134.07 million. This represented an increase of 22.08% as compared to RM 109.82 million in the preceding year corresponding quarter ended 30 June 2013. Operating profit has also increased by 24.44%, from RM 6.75 million to RM 8.40 million.

Manufacturing Division

The revenue was recorded at RM 21.51 million for current quarter, an increase of 15.58% as compared to RM 18.61 million in the preceding year corresponding quarter ended 30 June 2013. The increase in revenue was mainly attributed to market share expansion which enables the Group to grow continuously. Furthermore, the newly developed products and market penetration had also contributed to higher revenue.

Operating profit has increased by 29.65%, from RM 1.72 million to RM 2.23 million. The increase was mainly due to higher profit margin contributed by newly developed products and effective costs management.

Distribution Division

The revenue was recorded as RM 112.40 million for current quarter. This represented an increase of 23.30% as compared to RM 91.16 million in the preceding year corresponding quarter ended 30 June 2013. The increase in revenue was mainly contributed by additional market share captured as well as penetration into new markets.

Operating profit has also increased by 21.47%, from RM 5.45 million to RM 6.62 million. The increase in profit is attributed to higher revenue.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue increased by 8.35% as compare to RM 123.74 million in the preceding quarter ended 31 March 2014. Excluding income from fair value adjustments on investment properties of RM 6.81 million in previous quarter, the profit before tax ("PBT") decreased by 16.86%, from RM 7.83 million to RM 6.51 million.

B3. Prospects

The Board is of the view that the wood panel products' prices are not expected to experience any downside volatility in anticipation of the increased demand. However, the raw material costs and foreign exchange rates may jeopardize the company's profit performance.

The Company will continue to leverage its competitive strengths of its economies of scale to lower its costs of production, parallel with effective cost management, to ensure satisfactory performance for the current financial year.

B4. Taxation

The taxation is calculated based on the profit for the financial year ended 30 June 2014 comprises the following:

	Current Quarter <u>RM'000</u>	Year To Date <u>RM'000</u>
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	1,416	1,416
	<u>1,416</u>	<u>1,416</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 :-

	As At 30 June 2014 <u>RM'000</u>	As At 31 March 2014 <u>RM'000</u>
Short Term Borrowings	121,009	103,322
Long Term Borrowings	8,984	9,843
	<u>129,993</u>	<u>113,165</u>

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 30 June 2014, 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	3,958	3,964

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

(a) For financial year ended 31 March 2014

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2014 had been declared and approved at the Annual General Meeting held on 28 August 2014. The dividend will be payable on 16 October 2014 to shareholders whose names appear in the Record of Depositors at the close of business on 17 September 2014.

(b) For financial year ending 31 March 2015

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2015 to be paid on 16 October 2014 to shareholders whose names appear in the Record of Depositors at the close of business on 17 September 2014.

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)	5,092	5,092
Weighted average number of ordinary shares ('000)	137,175	137,175
Adjusted weighted average number of ordinary shares for calculating diluted EPS ('000)	137,307	137,307
EPS (sen)	3.71	3.71
Diluted EPS (sen)	3.71	3.71

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 30.06.2014	As At Financial Year Ended 31.03.2014
Retained Earning		
- Realised	103,167	90,691
- Unrealised	(6,530)	854
	96,637	91,545
Less : Consolidation Adjustment	1,862	1,862
Total Group Retained Earning as per Consolidated Accounts	98,499	93,407

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	443	443
Other income including investment income	784	784
Interest expense	(1,732)	(1,732)
Depreciation and amortisation	(602)	(602)
Provision for and write off of receivables	-	-
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	106	106
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	(136)	(136)
Gain/(Loss) on derivatives	N/A	N/A