

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2015

	<u>FYE2016</u>	<u>FYE2015</u>	<u>FYE2016</u>	<u>FYE2015</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2015	Preceding Year Corresponding Quarter Ended 30.06.2014	Current Year To Date Ended 30.06.2015	Preceding Year Ended 30.06.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>127,031</u>	<u>134,068</u>	<u>127,031</u>	<u>134,068</u>
Profit from Operations	8,550	8,398	8,550	8,398
Interest Income	145	443	145	443
Interest Expense	(1,921)	(1,732)	(1,921)	(1,732)
Depreciation and Amortisation	(720)	(602)	(720)	(602)
Profit Before Tax	<u>6,054</u>	<u>6,507</u>	<u>6,054</u>	<u>6,507</u>
Income Tax Expense	(1,368)	(1,416)	(1,368)	(1,416)
Profit After Tax	<u>4,686</u>	<u>5,091</u>	<u>4,686</u>	<u>5,091</u>
Other Comprehensive Income				
Exchange differences on translating foreign operations	1,036	(177)	1,036	(177)
Total Comprehensive Income	<u>5,722</u>	<u>4,914</u>	<u>5,722</u>	<u>4,914</u>
Profit attributable to :				
Equity holders of the Company	4,679	5,092	4,679	5,092
Non-Controlling Interest	7	(1)	7	(1)
	<u>4,686</u>	<u>5,091</u>	<u>4,686</u>	<u>5,091</u>
Total comprehensive income attributable to :				
Equity holders of the Company	5,715	4,915	5,715	4,915
Non-Controlling Interest	7	(1)	7	(1)
	<u>5,722</u>	<u>4,914</u>	<u>5,722</u>	<u>4,914</u>
Earning Per Share				
- Basic (sen)	3.40	3.71	3.40	3.71
- Diluted (sen)	3.40	3.71	3.40	3.71

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2015 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 2015 RM'000	(Audited) As At 31 March 2015 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	85,824	85,952
Investment properties	13,992	13,992
Land held for property development	13,385	13,392
Prepaid lease payments for land	5,189	4,909
Intangible assets	837	837
	119,227	119,082
Current Assets		
Inventories	114,768	79,233
Trade receivables	125,591	128,154
Other receivables and prepaid expenses	3,721	6,025
Current tax assets	18	18
Cash and cash equivalents	46,603	50,320
	290,701	263,750
TOTAL ASSETS	409,928	382,832
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Issued capital	68,767	68,767
Share premium	317	317
Other reserves	34,234	33,198
Retained Earnings	121,141	116,462
	224,459	218,744
Non - Controlling Interest	(328)	(341)
Total Equity	224,131	218,403
Non-Current Liabilities		
Hire purchase creditors	408	460
Bank borrowings	6,305	6,379
Deferred tax liabilities	5,644	5,644
	12,357	12,483
Current Liabilities		
Trade payables	23,454	22,989
Other payables and accrued expenses	4,674	8,541
Hire purchase creditors	197	213
Bank borrowings	142,678	117,761
Current tax liabilities	2,437	2,442
	173,440	151,946
Total Liabilities	185,797	164,429
TOTAL EQUITY AND LIABILITIES	409,928	382,832
Net assets per share (RM)	1.63	1.59

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2015 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 Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Earnings</u> RM'000	<u>Total</u> RM'000	<u>Non- Controlling Interest</u> RM'000	<u>Total Equity</u> RM'000
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>
Balance as at 1 April 2015	68,767	317	33,198	116,462	218,744	(341)	218,403
Total comprehensive income for the year	-	-	1,036	4,679	5,715	7	5,722
Foreign currency translations, net of tax	-	-	-	-	-	6	6
Balance as at 30 June 2015	<u>68,767</u>	<u>317</u>	<u>34,234</u>	<u>121,141</u>	<u>224,459</u>	<u>(328)</u>	<u>224,131</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 2015 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 30.06.2015 RM'000	Financial Period Ended 30.06.2014 RM'000
Profit for the period	4,686	5,091
Adjustments for : -		
Non-cash items	840	589
Non-operating items	1,776	1,289
Taxation	1,368	1,416
<i>Operating profit before changes in working capital</i>	<u>8,670</u>	<u>8,385</u>
Changes in working capital		
Net change in current assets	(29,796)	(30,000)
Net change in current liabilities	(3,532)	6,847
<i>Cash used in operations</i>	(24,658)	(14,768)
Interest received	3	19
Interest paid	(39)	(24)
Income tax paid	(1,391)	(1,269)
Net cash used in operating activities	(26,085)	(16,042)
<i>Cash flows from / (used in) investing activities</i>		
Interest received	145	443
Proceeds from disposal of property, plant and equipment	4	106
Purchase of property, plant and equipment	(238)	(313)
Purchase of land held for property development	-	(269)
Net cash used in investing activities	(89)	(33)
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from/ repayment of short-term borrowings	24,461	18,429
Issue of shares	-	199
Interest paid on bank borrowings	(1,882)	(1,708)
Net proceeds from/ repayment of hire-purchase payables	(68)	(16)
Repayments of term loans	(696)	(681)
Net cash from financing activities	<u>21,815</u>	<u>16,223</u>
Net Changes in Cash & Cash Equivalents	(4,359)	148
Adjustment for foreign exchange differentials	(42)	(11)
Cash & Cash Equivalents at beginning of period	<u>49,074</u>	<u>26,236</u>
Cash & Cash Equivalents at end of period	<u><u>44,673</u></u>	<u><u>26,373</u></u>
* Cash and cash equivalents at end of financial year comprise the following :		
Cash and bank balances	46,603	27,770
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(1,930)	(1,397)
	<u><u>44,673</u></u>	<u><u>26,373</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2015 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 2015. 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 2015.

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 2015. 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 2015. The adoption has no significant impact on the financial statements of the Group.

A3. Audit Qualification on Preceding Annual Financial Statements

The audit report of the Group's annual Financial Statements for the financial year ended 31 March 2015 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

There are no issuance and repayment of debts and equity securities during the current quarter and the financial year to date.

A8. Dividend Paid

(a) For financial year ended 31 March 2015

A third interim dividend of 2.0 sen per share, single tier, for the financial year ended 31 March 2015, amounting to RM 2,750,668, was paid by the Company on 8 April 2015.

A9. Valuations of Property, Plant and Equipment

There is no significant changes during the financial year.

A10. Segmental Reporting

	<u>Revenue</u>		<u>Segment Results</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	26,456	24,247	2,787	2,227
Distributing of wood products	107,168	112,401	5,887	6,621
Other operating segments	<u>15,836</u>	<u>681</u>	<u>(124)</u>	<u>(450)</u>
	149,460	137,329	8,550	8,398
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,825)	(2,734)		
- Distributing of wood products	(3,930)	-		
- Other operating segments	<u>(15,674)</u>	<u>(527)</u>		
	<u>127,031</u>	<u>134,068</u>	8,550	8,398
Interest income			145	443
Interest expense			(1,921)	(1,732)
Depreciation and amortisation			<u>(720)</u>	<u>(602)</u>
Profit before tax			6,054	6,507
Income tax expense			<u>(1,368)</u>	<u>(1,416)</u>
Profit after tax			<u>4,686</u>	<u>5,091</u>

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	71,399	64,825	40,691	36,657
Distributing of wood products	253,452	236,485	135,249	124,824
Other operating segments	<u>85,077</u>	<u>79,334</u>	<u>9,857</u>	<u>12,011</u>
	<u>409,928</u>	<u>380,644</u>	<u>185,797</u>	<u>173,492</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 2015, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 362.66 million (RM 350.61 million in March 2015) 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 153.86 million (RM 126.44 million in March 2015).

A14. Capital Commitment

As of 30 June 2015, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Road & drainage works	262
Earthwork & brick retaining wall	367
	<u>629</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

For the quarter ended 30 June 2015, the Group recorded a revenue of RM 127.03 million. This represented a decrease of 5.25% as compared to RM 134.07 million in the preceding year corresponding quarter ended 30 June 2014. However, the operating profit has slightly increased by 1.79%, from RM 8.40 million to RM 8.55 million.

Manufacturing Division

The revenue was recorded at RM 23.63 million for current quarter, an increase of 9.86% as compared to RM 21.51 million in the preceding year corresponding quarter ended 30 June 2014. 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 25.11%, from RM 2.23 million to RM 2.79 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 103.24 million for current quarter. This represented a decrease of 8.15% as compared to RM 112.40 million in the preceding year corresponding quarter ended 30 June 2014. The decrease in revenue was mainly resulted by the slowdown of market demand due to market adjustment arising from the imposition of the 6% GST (Goods and Services Tax).

Operating profit has declined by 11.03% from RM 6.62 million to RM 5.89 million, as a result of the decline in revenue and the increase in costs of distributed products and operating costs.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue decreased by 11.56% as compared to RM 143.63 million in the preceding quarter ended 31 March 2015. Excluding gain arising from disposal of property amounting to RM 4.26 million in previous quarter, the profit before tax ("PBT") decreased by 28.23%, from RM 8.43 million to RM 6.05 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, in order to achieve satisfactory performance in coming financial year.

B4. Taxation

The taxation is calculated based on the profit for the financial year ended 30 June 2015 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	1,368	1,368
	<u>1,368</u>	<u>1,368</u>

B5. Status of Corporate Proposals

On 28 May 2015, Dominant proposed a corporate exercise to issue bonus shares together with new warrants, on the basis of one bonus share for every five shares held and one free warrant for every three shares held. This exercise had been approved by Bursa Malaysia Securities Berhad via its letter dated 10 July 2015 and approval from the shareholders has been obtained at the Extraordinary General Meeting on 24 August 2015.

In conjunction to the above, approval is hereby given for the authorised share capital of the Company to increase from RM 100 million to RM 500 million.

B6. Borrowings

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

	As At 30 June 2015 RM'000	As At 31 March 2015 RM'000
Short Term Borrowings	142,678	117,761
Long Term Borrowings	6,305	6,379
	<u>148,983</u>	<u>124,140</u>

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 30 June 2015, 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	12,761	13,099

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 2015

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2015 had been declared and approved at the Annual General Meeting held on 24 August 2015. The dividend will be paid on 23 September 2015 to shareholders whose names appear in the Record of Depositors at the close of business on 2 September 2015.

(b) For financial year ending 31 March 2016

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2016 to be paid on 23 September 2015 to shareholders whose names appear in the Record of Depositors at the close of business on 8 September 2015.

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)	4,679	4,679
Weighted average number of ordinary shares ('000)	137,533	137,533
Adjusted weighted average number of ordinary shares for calculating diluted EPS ('000)	137,533	137,533
EPS (sen)	3.40	3.40
Diluted EPS (sen)	3.40	3.40

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 30.06.2015	As At Financial Year Ended 31.03.2015
Retained Earning		
- Realised	118,177	112,886
- Unrealised	920	1,497
	119,097	114,383
Consolidation Adjustment	2,044	2,079
Total Group Retained Earning as per Consolidated Accounts	121,141	116,462

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	145	145
Other income including investment income	737	737
Interest expense	(1,921)	(1,921)
Depreciation and amortisation	(720)	(720)
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	4	4
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	146	146
Gain/(Loss) on derivatives	N/A	N/A