

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015

| | <u>FYE2016</u> | <u>FYE2015</u> | <u>FYE2016</u> | <u>FYE2015</u> |
|---|---|--|--|--|
| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
| | Current Quarter Ended 30.09.2015 | Preceding Year Corresponding Quarter Ended 30.09.2014 | Current Year To Date Ended 30.09.2015 | Preceding Year Ended 30.09.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 142,795 | 129,098 | 269,826 | 263,165 |
| Profit from Operations | 7,057 | 6,816 | 15,605 | 15,215 |
| Interest Income | 532 | 128 | 677 | 571 |
| Interest Expense | (1,693) | (1,451) | (3,613) | (3,183) |
| Depreciation and Amortisation | (736) | (683) | (1,455) | (1,285) |
| Profit Before Tax | 5,160 | 4,810 | 11,214 | 11,318 |
| Income Tax Expense | (1,371) | (1,183) | (2,739) | (2,600) |
| Profit After Tax | 3,789 | 3,627 | 8,475 | 8,718 |
| Other Comprehensive Income | | | | |
| Exchange differences on translating foreign operations | 3,211 | (316) | 4,247 | (493) |
| Fair value changes on available-for-sale financial assets | (41) | - | (41) | - |
| Total Comprehensive Income | 6,959 | 3,311 | 12,681 | 8,225 |
| Profit attributable to : | | | | |
| Equity holders of the Company | 3,854 | 3,675 | 8,533 | 8,767 |
| Non-Controlling Interest | (65) | (48) | (58) | (49) |
| | 3,789 | 3,627 | 8,475 | 8,718 |
| Total comprehensive income attributable to : | | | | |
| Equity holders of the Company | 7,024 | 3,359 | 12,739 | 8,274 |
| Non-Controlling Interest | (65) | (48) | (58) | (49) |
| | 6,959 | 3,311 | 12,681 | 8,225 |
| Earning Per Share | | | | |
| - Basic (sen) | 2.34 | 2.23 | 5.17 | 5.32 |
| - Diluted (sen) | - | - | - | - |

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 September 2015 RM'000 | (Audited) As At 31 March 2015 RM'000 |
|--|---|---|
| ASSETS | | |
| <u>Non-Current Assets</u> | | |
| Property, plant and equipment | 86,865 | 85,952 |
| Investment properties | 13,992 | 13,992 |
| Land held for property development | 13,446 | 13,392 |
| Prepaid lease payments for land | 6,191 | 4,909 |
| Intangible assets | 837 | 837 |
| Other Investments | 35,120 | - |
| | 156,451 | 119,082 |
| <u>Current Assets</u> | | |
| Inventories | 123,036 | 79,233 |
| Trade receivables | 136,761 | 128,154 |
| Other receivables and prepaid expenses | 4,450 | 6,025 |
| Current tax assets | 21 | 18 |
| Cash and cash equivalents | 9,843 | 50,320 |
| | 274,111 | 263,750 |
| TOTAL ASSETS | 430,562 | 382,832 |
| EQUITY AND LIABILITIES | | |
| <u>Equity Attributable To Owners Of The Company</u> | | |
| Issued capital | 82,520 | 68,767 |
| Share premium | 317 | 317 |
| Other reserves | 37,404 | 33,198 |
| Retained Earnings | 108,491 | 116,462 |
| | 228,732 | 218,744 |
| Non - Controlling Interest | (428) | (341) |
| Total Equity | 228,304 | 218,403 |
| <u>Non-Current Liabilities</u> | | |
| Hire purchase creditors | 324 | 460 |
| Bank borrowings | 5,585 | 6,379 |
| Deferred tax liabilities | 5,644 | 5,644 |
| | 11,553 | 12,483 |
| <u>Current Liabilities</u> | | |
| Trade payables | 25,722 | 22,989 |
| Other payables and accrued expenses | 6,403 | 8,541 |
| Hire purchase creditors | 213 | 213 |
| Bank borrowings | 156,162 | 117,761 |
| Current tax liabilities | 2,205 | 2,442 |
| | 190,705 | 151,946 |
| Total Liabilities | 202,258 | 164,429 |
| TOTAL EQUITY AND LIABILITIES | 430,562 | 382,832 |
| Net assets per share (RM) | 1.38 | 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 | 98 | - | - | - | 98 | - | 98 |
| Issuance of shares | | | | | | | |
| - pursuant to ESOS at exercise price of RM 0.51 per share | 186 | 4 | - | - | 190 | - | 190 |
| Total comprehensive income for the year | - | - | (493) | 8,767 | 8,274 | (49) | 8,225 |
| Foreign currency translations, net of tax | - | - | - | - | - | (56) | (56) |
| Balance as at 30 September 2014 | <u>68,767</u> | <u>317</u> | <u>39,430</u> | <u>102,174</u> | <u>210,688</u> | <u>(192)</u> | <u>210,496</u> |
| Balance as at 1 April 2015 | 68,767 | 317 | 33,198 | 116,462 | 218,744 | (341) | 218,403 |
| Issuance of shares | | | | | | | |
| - pursuant to bonus issue | 13,753 | - | - | (13,753) | - | - | - |
| Total comprehensive income for the year | - | - | 4,206 | 8,533 | 12,739 | (58) | 12,681 |
| Foreign currency translations, net of tax | - | - | - | - | - | (29) | (29) |
| Dividend | - | - | - | (2,751) | (2,751) | - | (2,751) |
| Balance as at 30 September 2015 | <u>82,520</u> | <u>317</u> | <u>37,404</u> | <u>108,491</u> | <u>228,732</u> | <u>(428)</u> | <u>228,304</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 30.09.2015 RM'000 | Financial Period Ended 30.09.2014 RM'000 |
|---|---|---|
| Profit for the period | 8,475 | 8,718 |
| Adjustments for : - | | |
| Non-cash items | 635 | 1,050 |
| Non-operating items | 2,936 | 2,612 |
| Taxation | 2,739 | 2,600 |
| <i>Operating profit before changes in working capital</i> | <u>14,785</u> | <u>14,980</u> |
| Changes in working capital | | |
| Net change in current assets | (45,850) | (36,672) |
| Net change in current liabilities | 21 | 4,342 |
| <i>Cash used in operations</i> | (31,044) | (17,350) |
| Interest received | 6 | 27 |
| Interest paid | (77) | (47) |
| Income tax paid | (2,841) | (2,253) |
| Net cash used in operating activities | (33,956) | (19,623) |
| <i>Cash flows from / (used in) investing activities</i> | | |
| Interest received | 677 | 571 |
| Proceeds from disposal of property, plant and equipment | 4 | 284 |
| Purchase of property, plant and equipment | (792) | (1,808) |
| Purchase of land held for property development | (73) | (269) |
| Purchase of investment properties | - | (6) |
| Acquisition of other investments | (35,161) | - |
| Net cash used in investing activities | (35,345) | (1,228) |
| <i>Cash flows from / (used in) financing activities</i> | | |
| Net proceeds from/ repayment of short-term borrowings | 35,709 | 25,582 |
| Dividends paid | (2,751) | - |
| Issue of shares | - | 288 |
| Interest paid on bank borrowings | (3,536) | (3,136) |
| Net proceeds from/ repayment of hire-purchase payables | (136) | 516 |
| Repayments of term loans | (1,402) | (1,366) |
| Net cash from financing activities | <u>27,884</u> | <u>21,884</u> |
| Net Changes in Cash & Cash Equivalents | (41,417) | 1,033 |
| Adjustment for foreign exchange differentials | 301 | (110) |
| Cash & Cash Equivalents at beginning of period | 49,074 | 26,236 |
| Cash & Cash Equivalents at end of period | <u><u>7,958</u></u> | <u><u>27,159</u></u> |
| | | |
| * Cash and cash equivalents at end of financial period comprise the following : | | |
| Cash and bank balances | 9,843 | 28,221 |
| Less: Bank overdrafts | | |
| (included within short term borrowings in Note B6) | (1,885) | (1,062) |
| | <u><u>7,958</u></u> | <u><u>27,159</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.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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 final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2015, amounting to RM 1,375,334, was paid by the Company on 23 September 2015.

(b) For financial year ending 31 March 2016

A first interim dividend of 1.0 sen per share, single tier, in respect of financial year ending 31 March 2016, amounting to RM 1,375,334, was paid by the company on 23 September 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 | 57,961 | 49,671 | 5,242 | 4,258 |
| Distributing of wood products | 224,710 | 219,196 | 10,706 | 11,659 |
| Other operating segments | 16,571 | 1,362 | (343) | (702) |
| | <u>299,242</u> | <u>270,229</u> | <u>15,605</u> | <u>15,215</u> |
| Elimination of inter-segment revenue: | | | | |
| - Manufacturing of wood products | (5,239) | (5,457) | | |
| - Distributing of wood products | (7,984) | (554) | | |
| - Other operating segments | (16,193) | (1,053) | | |
| | <u>269,826</u> | <u>263,165</u> | <u>15,605</u> | <u>15,215</u> |
| Interest income | | | 677 | 571 |
| Interest expense | | | (3,613) | (3,183) |
| Depreciation and amortisation | | | (1,455) | (1,285) |
| Profit before tax | | | 11,214 | 11,318 |
| Income tax expense | | | (2,739) | (2,600) |
| Profit after tax | | | <u>8,475</u> | <u>8,718</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 | 77,862 | 68,130 | 44,963 | 38,902 |
| Distributing of wood products | 270,467 | 239,282 | 142,166 | 127,571 |
| Other operating segments | 82,212 | 80,798 | 7,280 | 11,241 |
| | <u>430,541</u> | <u>388,210</u> | <u>194,409</u> | <u>177,714</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 2015, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 372.43 million (RM 362.66 million in June 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 161.05 million (RM 153.86 million in June 2015).

A14. Capital Commitment

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

| | RM'000 |
|----------------------------------|---------------|
| Approved and contracted for : | |
| Road & drainage works | 201 |
| Earthwork & brick retaining wall | 148 |
| | <u>349</u> |

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

For the quarter ended 30 September 2015, the Group recorded a revenue of RM 142.80 million. This represents an increase of 10.61% as compared to RM 129.10 million in the preceding year corresponding quarter ended 30 September 2014. Operating profit has slightly increased by 3.52%, from RM 6.82 million to RM 7.06 million.

Manufacturing Division

The revenue was recorded at RM 29.09 million for current quarter, an increase of 28.15% as compared to RM 22.70 million in the preceding year corresponding quarter ended 30 September 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 20.69%, from RM 2.03 million to RM 2.45 million. The increase in operating profit was in line with the increase in revenue.

Distribution Division

The revenue was recorded as RM 113.49 million for current quarter. This represented an increase of 6.82% as compared to RM 106.24 million in the preceding year corresponding quarter ended 30 September 2014. The increase in revenue was mainly due to additional market share captured as well as penetration into new markets.

Operating profit has declined by 4.37% from RM 5.04 million to RM 4.82 million, as a result of the increase in costs of distributed products and operating costs due to depreciation of Ringgit Malaysia.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue increased by 12.41% as compared to RM 127.03 million in the preceding quarter ended 30 June 2015. The profit before tax ("PBT") decreased by 14.71%, from RM 6.05 million to RM 5.16 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 September 2015 comprises the following:

| | Current Quarter RM'000 | Year To Date RM'000 |
|------------------------------|---------------------------|------------------------|
| <u>Income tax Expenses :</u> | | |
| Current Tax Expense : | | |
| Current Quarter/Year | 1,371 | 2,739 |
| | <u>1,371</u> | <u>2,739</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 September 2015 RM'000 | As At 31 March 2015 RM'000 |
|-----------------------|--------------------------------------|----------------------------------|
| Short Term Borrowings | 156,162 | 117,761 |
| Long Term Borrowings | 5,585 | 6,379 |
| | <u>161,747</u> | <u>124,140</u> |

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 30 September 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 | 17,515 | 17,966 |

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 2016 to be paid on 23 December 2015 to shareholders whose names appear in the Record of Depositors at the close of business on 10 December 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) | 3,854 | 8,533 |
| Weighted average number of ordinary shares ('000) | 165,040 | 165,040 |
| EPS (sen) | 2.34 | 5.17 |

B11. Realised and Unrealised Profit/Losses Disclosure

| | Current Year To Date 30.09.2015 | As At Financial Year Ended 31.03.2015 |
|---|--|--|
| Retained Earning | | |
| - Realised | 104,976 | 112,886 |
| - Unrealised | 1,406 | 1,497 |
| | 106,382 | 114,383 |
| Consolidation Adjustment | 2,109 | 2,079 |
| Total Group Retained Earning as per Consolidated Accounts | 108,491 | 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 | 532 | 677 |
| Other income including investment income | 2,454 | 3,191 |
| Interest expense | (1,693) | (3,613) |
| Depreciation and amortisation | (736) | (1,455) |
| Provision for and write off of receivables | - | - |
| Provision for and write off of inventories | - | - |
| Gain/(Loss) on disposal of quoted or unquoted investments | - | - |
| Gain/(Loss) on disposal of property, plant and equipment | - | 4 |
| Impairment of assets | - | - |
| Gain/(Loss) on foreign exchange | 1,090 | 1,236 |
| Gain/(Loss) on derivatives | N/A | N/A |