

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

	<u>FYE2017</u>	<u>FYE2016</u>	<u>FYE2017</u>	<u>FYE2016</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.09.2016	Preceding Year Corresponding Quarter Ended 30.09.2015	Current Year To Date Ended 30.09.2016	Preceding Year Ended 30.09.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	135,870	142,795	273,698	269,826
Profit from Operations	7,881	7,057	15,647	15,605
Interest Income	350	532	679	677
Interest Expense	(1,387)	(1,693)	(3,133)	(3,613)
Depreciation and Amortisation	(722)	(736)	(1,440)	(1,455)
Profit Before Tax	6,122	5,160	11,753	11,214
Income Tax Expense	(1,406)	(1,371)	(2,794)	(2,739)
Profit After Tax	4,716	3,789	8,959	8,475
Other Comprehensive Income				
Exchange differences on translating foreign operations	956	3,182	1,510	4,218
Fair value changes on available-for-sale financial assets	(39)	(41)	(49)	(41)
Total Comprehensive Income	<u>5,633</u>	<u>6,930</u>	<u>10,420</u>	<u>12,652</u>
Profit attributable to :				
Equity holders of the Company	4,553	3,854	8,631	8,533
Non-Controlling Interest	163	(65)	328	(58)
	<u>4,716</u>	<u>3,789</u>	<u>8,959</u>	<u>8,475</u>
Total comprehensive income attributable to :				
Equity holders of the Company	5,484	7,024	10,106	12,739
Non-Controlling Interest	149	(94)	314	(87)
	<u>5,633</u>	<u>6,930</u>	<u>10,420</u>	<u>12,652</u>
Earning Per Share				
- Basic (sen)	2.76	2.34	5.23	5.17
- Diluted (sen)	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2016 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 2016 RM'000	(Audited) As At 31 March 2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	102,740	97,818
Investment properties	14,632	13,992
Land held for property development	13,447	13,447
Prepaid lease payments for land	5,609	5,288
Intangible assets	837	837
	137,265	131,382
Current Assets		
Inventories	101,754	79,626
Trade receivables	129,664	117,320
Other receivables and prepaid expenses	3,680	6,015
Short term investment	36,361	35,748
Cash and cash equivalents	6,660	13,663
	278,119	252,372
TOTAL ASSETS	415,384	383,754
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Issued capital	82,520	82,520
Share premium	317	317
Other reserves	36,776	35,301
Retained Earnings	114,324	108,994
	233,937	227,132
Non - Controlling Interest	(45)	(359)
Total Equity	233,892	226,773
Non-Current Liabilities		
Hire purchase creditors	216	200
Bank borrowings	8,906	9,175
Deferred tax liabilities	5,785	5,785
	14,907	15,160
Current Liabilities		
Trade payables	22,782	17,753
Other payables and accrued expenses	6,336	6,450
Hire purchase creditors	364	312
Bank borrowings	136,949	117,162
Current tax liabilities	154	144
	166,585	141,821
Total Liabilities	181,492	156,981
TOTAL EQUITY AND LIABILITIES	415,384	383,754
Net assets per share (RM)	1.42	1.37

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2016 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 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	(87)	12,652
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>
Balance as at 1 April 2016	82,520	317	35,301	108,994	227,132	(359)	226,773
Total comprehensive income for the year	-	-	1,475	8,631	10,106	314	10,420
Dividend	-	-	-	(3,301)	(3,301)	-	(3,301)
Balance as at 30 September 2016	<u>82,520</u>	<u>317</u>	<u>36,776</u>	<u>114,324</u>	<u>233,937</u>	<u>(45)</u>	<u>233,892</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 2016 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 30.09.2016 RM'000	Financial Period Ended 30.09.2015 RM'000
Profit for the period	8,959	8,475
Adjustments for : -		
Non-cash items	1,018	641
Non-operating items	2,454	2,936
Taxation	2,794	2,739
<i>Operating profit before changes in working capital</i>	<u>15,225</u>	<u>14,791</u>
Changes in working capital		
Net change in current assets	(31,096)	(45,850)
Net change in current liabilities	5,804	21
<i>Cash used in operations</i>	(10,067)	(31,038)
Interest paid	(85)	(77)
Income tax paid	(2,808)	(2,841)
Net cash used in operating activities	<u>(12,960)</u>	<u>(33,956)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	679	677
Proceeds from disposal of property, plant and equipment	150	4
Purchase of property, plant and equipment	(5,785)	(792)
Purchase of land held for property development	-	(73)
Purchase of investment properties	(640)	-
Placement of short term investment	(662)	(35,161)
Net cash used in investing activities	<u>(6,258)</u>	<u>(35,345)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from/ repayment of short-term borrowings	17,588	35,709
Dividends paid	(3,301)	(2,751)
Interest paid on bank borrowings	(3,048)	(3,536)
Net proceeds from/ repayment of hire-purchase payables	68	(136)
Net proceeds from/ repayments of term loans	1,421	(1,402)
Net cash from financing activities	<u>12,728</u>	<u>27,884</u>
Net Changes in Cash & Cash Equivalents	<u>(6,490)</u>	<u>(41,417)</u>
Adjustment for foreign exchange differentials	51	301
Cash & Cash Equivalents at beginning of financial period	<u>11,771</u>	<u>49,074</u>
Cash & Cash Equivalents at end of financial period	<u><u>5,332</u></u>	<u><u>7,958</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	6,660	9,843
Less: Bank overdrafts (included within short term borrowings in Note B6)	(1,328)	(1,885)
	<u><u>5,332</u></u>	<u><u>7,958</u></u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2016 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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 2016. 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 2016.

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 2016. 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 2016. 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 2016 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 2016

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2016, amounting to RM 1,650,400, was paid by the Company on 22 September 2016.

(b) For financial year ending 31 March 2017

A first interim dividend of 1.0 sen per share, single tier, in respect of financial year ending 31 March 2017, amounting to RM 1,650,400, was paid by the company on 22 September 2016.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	59,186	57,961	5,414	5,242
Distributing of wood products	227,851	224,710	10,921	10,706
Other operating segments	1,278	16,571	(688)	(343)
	<u>288,315</u>	<u>299,242</u>	<u>15,647</u>	<u>15,605</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(4,112)	(5,239)		
- Distributing of wood products	(9,459)	(7,984)		
- Other operating segments	(1,046)	(16,193)		
	<u>273,698</u>	<u>269,826</u>	<u>15,647</u>	<u>15,605</u>
Interest income			679	677
Interest expense			(3,133)	(3,613)
Depreciation and amortisation			(1,440)	(1,455)
Profit before tax			11,753	11,214
Income tax expense			(2,794)	(2,739)
Profit after tax			<u>8,959</u>	<u>8,475</u>

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	72,183	77,862	36,794	44,963
Distributing of wood products	252,708	270,467	129,865	142,166
Other operating segments	90,493	82,212	8,894	7,280
	<u>415,384</u>	<u>430,541</u>	<u>175,553</u>	<u>194,409</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 2016, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 406.79 million (RM 404.44 million in June 2016) 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 150.08 million (RM 140.40 million in June 2016).

A14. Capital Commitment

As of 30 September 2016, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	894
Implementation of ERP system	404
	<u>1,298</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

For the quarter ended 30 September 2016, the Group recorded a revenue of RM 135.87 million. This represents a decrease of 4.85% as compared to RM 142.80 million in the preceding year corresponding quarter ended 30 September 2015. Operating profit has increased by 11.61%, from RM 7.06 million to RM 7.88 million.

Manufacturing Division

The revenue was recorded at RM 26.23 million for current quarter, representing a decrease of 9.83% as compared to RM 29.09 million in the preceding year corresponding quarter ended 30 September 2015. The decrease in revenue was mainly due to some changes in sales mix where relatively more high margin products had been produced which resulted in lower revenue.

Despite the decrease in revenue, operating profit has increased by 9.35%, from RM 2.46 million to RM 2.69 million. The increase in operating profit was attributable to better margin achieved through concentrating on high margin products and costs management.

Distribution Division

The revenue was recorded at RM 109.46 million for current quarter. This represented a decrease of 3.55% as compared to RM 113.49 million in the preceding year corresponding quarter ended 30 September 2015. The decrease in revenue was mainly due to lower selling price resulted from reduction in cost of trading products.

Operating profit has increased by 10.79% from RM 4.82 million to RM 5.34 million. The increase was mainly attributable to decline in cost of goods sold and costs management.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue decreased by 1.42% as compared to RM 137.83 million in the preceding quarter ended 30 June 2016. The profit before tax ("PBT") increased from RM 5.63 million to RM 6.12 million.

B3. Prospects

The Board is of the view that the wood panel products' prices are not expected to experience any significant volatility. However, the raw material costs and foreign exchange rates may affect 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 period ended 30 September 2016 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	1,406	2,794
	<u>1,406</u>	<u>2,794</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 2016 <u>RM'000</u>	As At 31 March 2016 <u>RM'000</u>
Short Term Borrowings	136,949	117,162
Long Term Borrowings	8,906	9,175
	<u>145,855</u>	<u>126,337</u>

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 30 September 2016, 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	16,854	17,434

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 1.5 sen per share, single tier, for the financial year ending 31 March 2017 to be paid on 21 December 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 9 December 2016.

Total dividend per share for current financial year-to-date is 2.5 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)	4,553	8,631
Weighted average number of ordinary shares ('000)	165,040	165,040
EPS (sen)	2.76	5.23

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 30.09.2016	As At Financial Year Ended 31.03.2016
Retained Earning		
- Realised	111,391	106,341
- Unrealised	1,185	578
	112,576	106,919
Consolidation Adjustment	1,748	2,075
Total Group Retained Earning as per Consolidated Accounts	114,324	108,994

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter RM'000	Current Year To Date RM'000
Interest income	350	679
Other income including investment income	589	1,472
Interest expense	(1,387)	(3,133)
Depreciation and amortisation	(722)	(1,440)
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	-	102
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	242	(426)
Gain/(Loss) on derivatives	N/A	N/A