

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

| | <u>FYE2018</u> | <u>FYE2017</u> | <u>FYE2018</u> | <u>FYE2017</u> |
|---|---|--|--|--|
| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
| | Current Quarter Ended 30.06.2017 | Preceding Year Corresponding Quarter Ended 30.06.2016 | Current Year To Date Ended 30.06.2017 | Preceding Year Ended 30.06.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 149,705 | 137,828 | 149,705 | 137,828 |
| Profit from Operations | 9,357 | 7,766 | 9,357 | 7,766 |
| Interest Income | 290 | 329 | 290 | 329 |
| Interest Expense | (2,151) | (1,746) | (2,151) | (1,746) |
| Depreciation and Amortisation | (736) | (718) | (736) | (718) |
| Profit Before Tax | 6,760 | 5,631 | 6,760 | 5,631 |
| Income Tax Expense | (1,628) | (1,388) | (1,628) | (1,388) |
| Profit After Tax | 5,132 | 4,243 | 5,132 | 4,243 |
| Other Comprehensive Income | | | | |
| Exchange differences on translating foreign operations | (633) | 538 | (633) | 538 |
| Fair value changes on available-for-sale financial assets | 21 | (10) | 21 | (10) |
| Total Comprehensive Income | 4,520 | 4,771 | 4,520 | 4,771 |
| Profit attributable to : | | | | |
| Equity holders of the Company | 5,017 | 4,078 | 5,017 | 4,078 |
| Non-Controlling Interest | 115 | 165 | 115 | 165 |
| | 5,132 | 4,243 | 5,132 | 4,243 |
| Total comprehensive income attributable to : | | | | |
| Equity holders of the Company | 4,406 | 4,622 | 4,406 | 4,622 |
| Non-Controlling Interest | 114 | 149 | 114 | 149 |
| | 4,520 | 4,771 | 4,520 | 4,771 |
| Earning Per Share | | | | |
| - Basic (sen) | 3.04 | 2.47 | 3.04 | 2.47 |
| - 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 2017 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 2017 RM'000 | (Audited) As At 31 March 2017 RM'000 |
|--|--|---|
| ASSETS | | |
| <u>Non-Current Assets</u> | | |
| Property, plant and equipment | 106,684 | 106,993 |
| Investment properties | 14,754 | 14,032 |
| Land held for property development | 13,447 | 13,447 |
| Prepaid lease payments for land | 5,653 | 5,903 |
| Intangible assets | 837 | 837 |
| | <u>141,375</u> | <u>141,212</u> |
| <u>Current Assets</u> | | |
| Inventories | 112,401 | 100,238 |
| Trade receivables | 146,223 | 134,779 |
| Other receivables and prepaid expenses | 2,347 | 9,696 |
| Current tax assets | 525 | 412 |
| Short term investment | 37,257 | 36,953 |
| Cash and cash equivalents | 10,103 | 12,696 |
| | <u>308,856</u> | <u>294,774</u> |
| TOTAL ASSETS | <u>450,231</u> | <u>435,986</u> |
| EQUITY AND LIABILITIES | | |
| <u>Equity Attributable To Owners Of The Company</u> | | |
| Issued capital | 82,837 | 82,837 |
| Other reserves | 38,062 | 38,673 |
| Retained Earnings | 128,703 | 123,686 |
| | <u>249,602</u> | <u>245,196</u> |
| Non - Controlling Interest | 243 | 129 |
| Total Equity | <u>249,845</u> | <u>245,325</u> |
| <u>Non-Current Liabilities</u> | | |
| Bank borrowings | 7,359 | 8,458 |
| Deferred tax liabilities | 5,711 | 5,711 |
| | <u>13,070</u> | <u>14,169</u> |
| <u>Current Liabilities</u> | | |
| Trade payables | 23,157 | 24,808 |
| Other payables and accrued expenses | 7,396 | 7,018 |
| Bank borrowings | 155,391 | 143,555 |
| Current tax liabilities | 1,372 | 1,111 |
| | <u>187,316</u> | <u>176,492</u> |
| Total Liabilities | <u>200,386</u> | <u>190,661</u> |
| TOTAL EQUITY AND LIABILITIES | <u>450,231</u> | <u>435,986</u> |
| Net assets per share (RM) | 1.51 | 1.48 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2017 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 2016 | 82,520 | 317 | 35,301 | 108,994 | 227,132 | (359) | 226,773 |
| Total comprehensive income for the year | - | - | 544 | 4,078 | 4,622 | 149 | 4,771 |
| Balance as at 30 June 2016 | <u>82,520</u> | <u>317</u> | <u>35,845</u> | <u>113,072</u> | <u>231,754</u> | <u>(210)</u> | <u>231,544</u> |
| Balance as at 1 April 2017 | 82,837 | - | 38,673 | 123,686 | 245,196 | 129 | 245,325 |
| Total comprehensive income for the year | - | - | (611) | 5,017 | 4,406 | 114 | 4,520 |
| Balance as at 30 June 2017 | <u>82,837</u> | <u>-</u> | <u>38,062</u> | <u>128,703</u> | <u>249,602</u> | <u>243</u> | <u>249,845</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 2017 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 30.06.2017 RM'000 | Financial Period Ended 30.06.2016 RM'000 |
|---|---|---|
| Profit for the period | 5,132 | 4,243 |
| Adjustments for : - | | |
| Non-cash items | 1,008 | 417 |
| Non-operating items | 1,861 | 1,417 |
| Taxation | 1,628 | 1,388 |
| <i>Operating profit before changes in working capital</i> | <u>9,629</u> | <u>7,465</u> |
| Changes in working capital | | |
| Net change in current assets | (17,075) | (21,745) |
| Net change in current liabilities | (1,199) | 5,122 |
| <i>Cash used in operations</i> | (8,645) | (9,158) |
| Interest paid | 38 | (52) |
| Income tax paid | (1,476) | (1,521) |
| Net cash used in operating activities | <u>(10,083)</u> | <u>(10,731)</u> |
| <i>Cash flows from / (used in) investing activities</i> | | |
| Interest received | 290 | 329 |
| Proceeds from disposal of property, plant and equipment | - | 150 |
| Purchase of property, plant and equipment | (546) | (1,065) |
| Purchase of land held for property development | - | (640) |
| Purchase of investment properties | (722) | - |
| Placement of short term investment | (283) | (321) |
| Net cash used in investing activities | <u>(1,261)</u> | <u>(1,547)</u> |
| <i>Cash flows from / (used in) financing activities</i> | | |
| Net proceeds from/ repayment of short-term borrowings | 12,124 | 10,007 |
| Interest paid on bank borrowings | (2,189) | (1,694) |
| Net proceeds from/ repayment of hire-purchase payables | (100) | 166 |
| Net proceeds from/ repayments of term loans | (1,313) | (774) |
| Net cash from financing activities | <u>8,522</u> | <u>7,705</u> |
| Net Changes in Cash & Cash Equivalents | <u>(2,822)</u> | <u>(4,573)</u> |
| Adjustment for foreign exchange differentials | (189) | (9) |
| Cash & Cash Equivalents at beginning of financial period | <u>10,258</u> | <u>11,771</u> |
| Cash & Cash Equivalents at end of financial period | <u><u>7,247</u></u> | <u><u>7,189</u></u> |
| | | |
| * Cash and cash equivalents at end of financial period comprise the following : | | |
| Cash and bank balances | 10,103 | 8,498 |
| Less: Bank overdrafts | | |
| (included within short term borrowings in Note B7) | (2,856) | (1,309) |
| | <u><u>7,247</u></u> | <u><u>7,189</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 2017 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2017. 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 2017.

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 2017. 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 2017. 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 2017 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

There were no dividend payment made in current quarter.

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>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Manufacturing of wood products | 36,185 | 31,800 | 4,274 | 2,721 |
| Distributing of wood products | 119,509 | 113,406 | 5,712 | 5,582 |
| Other operating segments | 607 | 581 | (629) | (537) |
| | <u>156,301</u> | <u>145,787</u> | <u>9,357</u> | <u>7,766</u> |
| Elimination of inter-segment revenue: | | | | |
| - Manufacturing of wood products | (1,087) | (2,960) | | |
| - Distributing of wood products | (4,979) | (4,476) | | |
| - Other operating segments | (530) | (523) | | |
| | <u>149,705</u> | <u>137,828</u> | <u>9,357</u> | <u>7,766</u> |
| Interest income | | | 290 | 329 |
| Interest expense | | | (2,151) | (1,746) |
| Depreciation and amortisation | | | (736) | (718) |
| Profit before tax | | | 6,760 | 5,631 |
| Income tax expense | | | (1,628) | (1,388) |
| Profit after tax | | | <u>5,132</u> | <u>4,243</u> |

| | <u>Assets</u> | | <u>Liabilities</u> | |
|--------------------------------|----------------|----------------|--------------------|----------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Manufacturing of wood products | 85,234 | 71,983 | 50,313 | 35,053 |
| Distributing of wood products | 271,677 | 242,910 | 134,835 | 122,892 |
| Other operating segments | 92,795 | 86,827 | 8,155 | 6,428 |
| | <u>449,706</u> | <u>401,720</u> | <u>193,303</u> | <u>164,373</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 2017, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 412.32 million (RM 417.35 million in March 2017) 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 167.49 million (RM 157.08 million in March 2017).

A14. Capital Commitment

As of 30 June 2017, the Group has the following capital commitments:

| | RM'000 |
|-------------------------------|------------|
| Approved and contracted for : | |
| Construction of building | 427 |
| Implementation of ERP system | 172 |
| | <u>599</u> |

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

| | INDIVIDUAL QUARTER | | Changes | CUMULATIVE QUARTER | | Changes |
|---|-----------------------|--|---------|----------------------------|----------------------|---------|
| | Current Quarter Ended | Preceding Year Corresponding Quarter Ended | | Current Year To Date Ended | Preceding Year Ended | |
| | 30.06.2017 | 30.06.2016 | | 30.06.2017 | 30.06.2016 | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | 149,705 | 137,828 | 8.62 | 149,705 | 137,828 | 8.62 |
| Operating Profit | 9,357 | 7,766 | 20.49 | 9,357 | 7,766 | 20.49 |
| Profit Before Interest and Tax | 8,621 | 7,048 | 22.32 | 8,621 | 7,048 | 22.32 |
| Profit Before Tax | 6,760 | 5,631 | 20.05 | 6,760 | 5,631 | 20.05 |
| Profit After Tax | 5,132 | 4,243 | 20.95 | 5,132 | 4,243 | 20.95 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 5,017 | 4,078 | 23.03 | 5,017 | 4,078 | 23.03 |

For the quarter ended 30 June 2017, the Group recorded a revenue of RM 149.71 million. This represents an increase of 8.62% as compared to RM 137.83 million in the preceding year corresponding quarter ended 30 June 2016. Operating profit has increased by 20.49%, from RM 7.77 million to RM 9.36 million.

Manufacturing Division

The revenue was recorded at RM 35.10 million for current quarter, representing an increase of 21.71% as compared to RM 28.84 million in the preceding year corresponding quarter ended 30 June 2016. The increase in revenue was mainly due to market share expansion, which enables the Group to grow continuously.

The operating profit has increased by 56.99%, from RM 2.72 million to RM 4.27 million. The increase in operating profit was mainly due to higher revenue and the advantages gained from economies of scale. In addition, development of new products as well as better margin achieved through high margin products has also contributed to the increase.

Distribution Division

The revenue was recorded at RM 114.53 million for current quarter. This represented an increase of 5.14% as compared to RM 108.93 million in the preceding year corresponding quarter ended 30 June 2016. The increase in revenue was mainly contributed by additional market share captured as well as penetration into new markets.

Operating profit has increased by 2.33%, from RM 5.58 million to RM 5.71 million. The increase was mainly attributable to higher revenue.

B2. Variation of Results Against Preceding Quarter

| | Current Quarter Ended | Preceding Quarter Ended | Changes |
|---|-----------------------|-------------------------|---------|
| | 30.06.2017 | 31.03.2017 | |
| | RM'000 | RM'000 | |
| Revenue | 149,705 | 145,567 | 2.84 |
| Operating Profit | 9,357 | 10,485 | -10.76 |
| Profit Before Interest and Tax | 8,621 | 9,754 | -11.62 |
| Profit Before Tax | 6,760 | 9,048 | -25.29 |
| Profit After Tax | 5,132 | 7,707 | -33.41 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 5,017 | 7,581 | -33.82 |

For current quarter under review, the Group's revenue increased by 2.84% as compared to RM 145.57 million in the preceding quarter ended 31 March 2017. The profit before tax ("PBT") decreased from RM 9.05 million to RM 6.76 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 year ended 30 June 2017 comprises the following:

| | Current Quarter RM'000 | Year To Date RM'000 |
|------------------------------|---------------------------|------------------------|
| <u>Income tax Expenses :</u> | | |
| Current Tax Expense : | | |
| Current Quarter/Year | 1,628 | 1,628 |
| | <u>1,628</u> | <u>1,628</u> |

B5. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B6. Derivatives Financial Instruments

As at 30 June 2017, the Group's outstanding derivatives are as follows :-

| <u>Type of Derivatives</u> | Contract Value RM'000 | Fair Value RM'000 |
|------------------------------------|--------------------------|----------------------|
| Foreign Currency Forward Contracts | | |
| - Less than 1 year | 15,584 | 15,554 |

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.

B7. Borrowings

The Group's borrowings are as follows :-

| | As At 30 June 2017 | | As At 31 March 2017 | |
|-------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| | Foreign Denomination | RM Denomination RM'000 | Foreign Denomination | RM Denomination RM'000 |
| SHORT TERM | | | | |
| Unsecured | | | | |
| Bankers' Acceptances | | 119,289 | | 110,380 |
| | AUD 0 | - | AUD 183,830 | 622 |
| | USD 3,052,910 | 14,228 | USD 2,845,718 | 12,945 |
| | VND 6,873,669,000 | 1,299 | VND 1,402,500,000 | 273 |
| Bank Overdrafts | | 2,002 | | 964 |
| | SGD 24,484 | 76 | SGD 15,265 | 48 |
| | AUD 634 | 2 | AUD 66,613 | 225 |
| | THB 6,141,742 | 776 | THB 9,349,642 | 1,201 |
| Term Loans | | 4,950 | | 5,197 |
| Revolving Credit | | 3,614 | | 3,612 |
| Trust Receipts | SGD 2,876,800 | 8,971 | SGD 2,473,990 | 7,834 |
| Secured | | | | |
| Hire Purchase Creditors | | 184 | | 254 |
| | | <u>155,391</u> | | <u>143,555</u> |
| LONG TERM | | | | |
| Unsecured | | | | |
| Term Loans | | 7,260 | | 8,328 |
| Secured | | | | |
| Hire Purchase Creditors | | 99 | | 130 |
| | | <u>7,359</u> | | <u>8,458</u> |
| TOTAL BORROWINGS | | | | |
| Bankers' Acceptances | | 134,816 | | 124,220 |
| Bank Overdrafts | | 2,856 | | 2,438 |
| Term Loans | | 12,210 | | 13,525 |
| Revolving Credit | | 3,614 | | 3,612 |
| Trust Receipts | | 8,971 | | 7,834 |
| Hire Purchase Creditors | | 283 | | 384 |
| | | <u>162,750</u> | | <u>152,013</u> |

B8. Material Litigation

Not applicable.

B9. Proposed Dividend

(a) For financial year ended 31 March 2017

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2017 had been declared and approved at the Annual General Meeting held on 28 August 2017. The dividend will be paid on 20 September 2017 to shareholders whose names appear in the Record of Depositors on 5 September 2017.

(b) For financial year ending 31 March 2018

The Board proposed a first interim dividend of 2.0 sen per share, single tier, for the financial year ending 31 March 2018 to be paid on 25 October 2017 to shareholders whose names appear in the Record of Depositors on 25 September 2017.

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) | 5,017 | 5,017 |
| Weighted average number of ordinary shares ('000) | 165,040 | 165,040 |
| EPS (sen) | 3.04 | 3.04 |

B11. Realised and Unrealised Profit/Losses Disclosure

| | Current Year To Date 30.06.2017 RM'000 | As At Financial Year Ended 31.03.2017 RM'000 |
|---|---|---|
| Retained Earning | | |
| - Realised | 126,112 | 120,085 |
| - Unrealised | 1,140 | 2,035 |
| | 127,252 | 122,120 |
| Consolidation Adjustment | 1,451 | 1,566 |
| Total Group Retained Earning as per Consolidated Accounts | 128,703 | 123,686 |

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 | 290 | 290 |
| Other income including investment income | 819 | 819 |
| Interest expense | (2,151) | (2,151) |
| Depreciation and amortisation | (736) | (736) |
| 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 | - | - |
| Impairment of assets | - | - |
| Gain/(Loss) on foreign exchange | (84) | (84) |
| Gain/(Loss) on derivatives | N/A | N/A |