

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

	<u>FYE2019</u>	<u>FYE2018</u>	<u>FYE2019</u>	<u>FYE2018</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.09.2018	Preceding Year Corresponding Quarter Ended 30.09.2017	Current Year To Date Ended 30.09.2018	Preceding Year Ended 30.09.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	193,447	158,478	366,435	308,183
Profit from Operations	11,540	7,855	23,721	17,212
Interest Income	359	300	712	590
Interest Expense	(2,431)	(1,764)	(5,503)	(3,915)
Depreciation and Amortisation	(807)	(799)	(1,592)	(1,535)
Profit Before Tax	8,661	5,592	17,338	12,352
Income Tax Expense	(1,921)	(1,343)	(3,842)	(2,971)
Profit After Tax	6,740	4,249	13,496	9,381
Other Comprehensive Income				
Exchange differences on translating foreign operations	735	(97)	897	(730)
Fair value changes on available-for-sale financial assets	43	19	76	40
Total Comprehensive Income	7,518	4,171	14,469	8,691
Profit attributable to :				
Equity holders of the Company	6,740	4,097	13,496	9,114
Non-Controlling Interest	-	152	-	267
	6,740	4,249	13,496	9,381
Total comprehensive income attributable to :				
Equity holders of the Company	7,518	4,021	14,469	8,427
Non-Controlling Interest	-	150	-	264
	7,518	4,171	14,469	8,691
Earning Per Share				
- Basic (sen)	4.08	2.48	8.17	5.52
- Diluted (sen)	4.08	2.48	8.17	5.52

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2018 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 2018 RM'000	(Audited) As At 31 March 2018 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	105,578	104,335
Investment properties	14,754	14,754
Land held for property development	13,447	13,447
Prepaid lease payments for land	4,295	4,823
Goodwill	837	837
	<u>138,911</u>	<u>138,196</u>
<u>Current Assets</u>		
Inventories	155,961	128,612
Trade receivables	186,256	177,137
Other receivables and prepaid expenses	3,409	6,357
Current tax assets	148	345
Short term investments	44,489	43,711
Cash and bank balances	6,302	7,801
	<u>396,565</u>	<u>363,963</u>
TOTAL ASSETS	535,476	502,159
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	83,097	83,097
Other reserves	34,479	33,506
Retained Earnings	154,561	143,544
Total Equity	272,137	260,147
<u>Non-Current Liabilities</u>		
Borrowings	3,868	5,009
Deferred tax liabilities	5,707	5,707
	<u>9,575</u>	<u>10,716</u>
<u>Current Liabilities</u>		
Trade payables	24,930	27,026
Other payables and accrued expenses	11,422	9,140
Borrowings	214,574	192,950
Current tax liabilities	2,838	2,180
	<u>253,764</u>	<u>231,296</u>
Total Liabilities	263,339	242,012
TOTAL EQUITY AND LIABILITIES	535,476	502,159
Net assets per share (RM)	1.64	1.57

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2018 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 <u>Capital</u> RM'000	Other <u>Reserves</u> RM'000	Retained <u>Earnings</u> RM'000	<u>Total</u> RM'000	Non- Controlling <u>Interest</u> RM'000	Total <u>Equity</u> RM'000
Balance as at 1 April 2017	82,837	38,673	123,686	245,196	129	245,325
Issuance of shares - pursuant to bonus issue	130	-	-	130	-	130
Total comprehensive income for the year	-	(687)	9,114	8,427	264	8,691
Dividend	-	-	(1,650)	(1,650)	-	(1,650)
Balance as at 30 September 2017	<u>82,967</u>	<u>37,986</u>	<u>131,150</u>	<u>252,103</u>	<u>393</u>	<u>252,496</u>
Balance as at 1 April 2018	83,097	33,506	143,544	260,147	-	260,147
Total comprehensive income for the year	-	973	13,496	14,469	-	14,469
Dividend	-	-	(2,479)	(2,479)	-	(2,479)
Balance as at 30 September 2018	<u>83,097</u>	<u>34,479</u>	<u>154,561</u>	<u>272,137</u>	<u>-</u>	<u>272,137</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 2018 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 30.09.2018 RM'000	Financial Period Ended 30.09.2017 RM'000
Profit for the period	13,496	9,381
Adjustments for : -		
Non-cash items	2,193	1,856
Non-operating items	4,791	3,325
Taxation	3,842	2,971
<i>Operating profit before changes in working capital</i>	<u>24,322</u>	<u>17,533</u>
Changes in working capital		
Net change in current assets	(32,651)	(34,422)
Net change in current liabilities	128	2,454
<i>Cash from/ (used in) operations</i>	(8,201)	(14,435)
Interest paid	(161)	(9)
Income tax paid	(2,997)	(2,794)
Net cash used in operating activities	(11,359)	(17,238)
<i>Cash flows from / (used in) investing activities</i>		
Interest received	712	590
Proceeds from disposal of property, plant and equipment	-	14
Purchase of property, plant and equipment	(1,999)	(1,065)
Purchase of investment properties	-	(722)
Placement of short term investment	(702)	(574)
Net cash used in investing activities	(1,989)	(1,757)
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from short-term borrowings	18,817	23,392
Dividends paid	(2,479)	(1,650)
Issue of shares	-	130
Interest paid on bank borrowings	(5,342)	(3,906)
Repayments of hire-purchase payables	(74)	(108)
Repayments of term loans	(1,819)	(3,185)
Net cash from financing activities	<u>9,103</u>	<u>14,673</u>
Net Changes in Cash & Cash Equivalents	(4,245)	(4,322)
Adjustment for foreign exchange differentials	92	(279)
Cash & Cash Equivalents at beginning of financial period	<u>4,409</u>	<u>10,258</u>
Cash & Cash Equivalents at end of financial period	<u><u>256</u></u>	<u><u>5,657</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	6,302	9,324
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(6,046)	(3,667)
	<u>256</u>	<u>5,657</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 2018 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Notes to the Interim Financial Report

A1. Basis of Preparation

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 2018. The explanatory notes attached to the interim financial statements provide an explanation of 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 2018.

A2. Change in Accounting Policies

The accounting policies adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2018 except for the new and revised Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") which are effective from the annual financial periods beginning on or after 1 January 2018 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contract with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The above pronouncements are either not relevant or do not have significant impact on the interim financial statements of the Group upon their initial application.

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 2018 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

For financial year ended 31 March 2018

A final dividend of 1.5 sen per share, single tier, for the financial year ended 31 March 2018, amounting to RM 2,478,601, was paid by the Company on 20 September 2018.

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	76,033	71,646	6,391	8,056
Distributing of wood products	303,343	248,911	18,642	10,332
Other operating segments	<u>1,959</u>	<u>2,963</u>	<u>(1,312)</u>	<u>(1,176)</u>
	<u>381,335</u>	<u>323,520</u>	<u>23,721</u>	<u>17,212</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,452)	(2,361)		
- Distributing of wood products	(10,889)	(10,090)		
- Other operating segments	<u>(1,559)</u>	<u>(2,886)</u>		
	<u>366,435</u>	<u>308,183</u>	<u>23,721</u>	<u>17,212</u>
Interest income			712	590
Interest expense			(5,503)	(3,915)
Depreciation and amortisation			<u>(1,592)</u>	<u>(1,535)</u>
Profit before tax			<u>17,338</u>	<u>12,352</u>
Income tax expense			<u>(3,842)</u>	<u>(2,971)</u>
Profit after tax			<u>13,496</u>	<u>9,381</u>

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	92,722	91,641	56,846	53,972
Distributing of wood products	349,153	280,118	193,102	145,657
Other operating segments	<u>93,453</u>	<u>94,399</u>	<u>4,846</u>	<u>7,449</u>
	<u>535,328</u>	<u>466,158</u>	<u>254,794</u>	<u>207,078</u>

A11. Changes in the Composition of the Group

There were no changes in composition of the Group for current quarter under review.

A12. Contingent Liabilities

As of 30 September 2018, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 439.66 million (RM 433.14 million in June 2018) 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 226.89 million (RM 210.25 million in June 2018).

A13. Subsequent Material Events

There are no subsequent material events that are required to be reflected in the current quarter.

A14. Capital Commitment

As of 30 September 2018, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	1,918
Implementation of ERP system	172
	<u>2,090</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	
	30.09.2018	30.09.2017		30.09.2018	30.09.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	193,447	158,478	22.07	366,435	308,183	18.90
Operating Profit	11,540	7,855	46.91	23,721	17,212	37.82
Profit Before Interest and Tax	10,733	7,056	52.11	22,129	15,677	41.16
Profit Before Tax	8,661	5,592	54.88	17,338	12,352	40.37
Profit After Tax	6,740	4,249	58.63	13,496	9,381	43.87
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	6,740	4,097	64.51	13,496	9,114	48.08

The Group's revenue for the current year to date ended 30 September 2018 was 18.90% higher than the same period last year due to market share expansion as well as penetration into new markets from the distribution division. Operating profit increased by 37.82%, from RM 17.21 million to RM 23.72 million, mainly due to higher revenue.

For current quarter ended 30 September 2018, the Group recorded revenue of RM 193.45 million. This represents an increase of 22.07% as compared to RM 158.48 million in the preceding year corresponding quarter ended 30 September 2017. Operating profit increased by 46.91%, from RM 7.86 million to RM 11.54 million.

Manufacturing Division

The revenue was recorded at RM 38.80 million for current quarter, representing an increase of 13.48% as compared to RM 34.19 million in the preceding year corresponding quarter ended 30 September 2017. The increase in revenue was mainly due to market share expansion, which enables the Group to grow continuously.

The operating profit has decreased by 26.72%, from RM 3.78 million to RM 2.77 million. The decrease in operating profit was mainly due to higher labour costs and operating costs.

The revenue was recorded at RM 73.58 million for the six months ended 30 September 2018. This represented an increase of 6.19% as compared to RM 69.29 million in the preceding year ended 30 September 2017. Operating profit decreased by 20.72%, from RM 8.06 million to RM 6.39 million

B1. Review of the Performance (continued)Distribution Division

The revenue was recorded at RM 154.45 million for current quarter. This represented an increase of 24.27% as compared to RM 124.29 million in the preceding year corresponding quarter ended 30 September 2017. The increase in revenue was mainly contributed by additional market share captured as well as penetration into new markets.

Operating profit has increased by 96.32%, from RM 4.62 million to RM 9.07 million. The increase was mainly due to higher revenue as well as lower cost of purchase arising from favourable exchange rate.

The revenue was recorded at RM 292.45 million for the six months ended 30 September 2018. This represented an increase of 22.46% as compared to RM 238.82 million in the preceding year ended 30 September 2017. Operating profit increased by 80.45%, from RM 10.33 million to RM 18.64 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	30.09.2018	30.06.2018	
	RM'000	RM'000	
Revenue	193,447	172,988	11.83
Operating Profit	11,540	12,181	-5.26
Profit Before Interest and Tax	10,733	11,396	-5.82
Profit Before Tax	8,661	8,677	-0.18
Profit After Tax	6,740	6,756	-0.24
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	6,740	6,756	-0.24

For current quarter under review, the Group's revenue increased by 11.83% as compared to RM 172.99 million in the preceding quarter ended 30 June 2018. Profit before tax ("PBT") decreased by 0.18%, from RM 8.68 million to RM 8.66 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, labour supply 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 2018 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	1,921	3,842
	<u>1,921</u>	<u>3,842</u>

B5. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B6. Borrowings

The Group's borrowings are as follows :-

	As At 30 September 2018		As At 31 March 2018	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		171,388		152,726
	AUD 857,022	2,560	AUD 553,461	1,583
	USD 0	-	USD 190,458	737
	VND 14,203,221,718	2,521	VND 12,696,554,334	2,152
	THB 94,714,651	12,123	THB 118,511,525	14,665
Bank Overdrafts		5,542		2,412
	SGD 35,016	106	SGD 19,310	57
	AUD 103,669	310	AUD 7,389	22
	THB 686,367	88	THB 7,284,837	901
Term Loans		2,688		3,394
Revolving Credit		3,013		3,010
Trust Receipts	SGD 4,671,225	14,149	SGD 3,786,187	11,156
Secured				
Hire Purchase Creditors		86		135
		<u>214,574</u>		<u>192,950</u>
LONG TERM				
Unsecured				
Term Loans		3,849		4,965
Secured				
Hire Purchase Creditors		19		44
		<u>3,868</u>		<u>5,009</u>
TOTAL BORROWINGS				
Bankers' Acceptances		188,592		171,863
Bank Overdrafts		6,046		3,392
Term Loans		6,537		8,359
Revolving Credit		3,013		3,010
Trust Receipts		14,149		11,156
Hire Purchase Creditors		105		179
		<u>218,442</u>		<u>197,959</u>

B7. Derivatives Financial Instruments

As at 30 September 2018, the Group's outstanding derivatives are as follows :-.

<u>Type of Derivatives</u>	Contract Value <u>RM'000</u>	Fair Value <u>RM'000</u>
Foreign Currency Forward Contracts		
- Less than 1 year	6,360	6,408

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.

B8. Material Litigation

Not applicable.

B9. Proposed Dividend

For financial year ending 31 March 2019

The Board proposed a second interim dividend of 2.0 sen per share, single tier, for the financial year ending 31 March 2019 to be paid on 21 December 2018 to shareholders whose names appear in the Record of Depositors on 11 December 2018.

Total dividend per share for current financial year-to-date is 3.5 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)	6,740	13,496
Weighted average number of ordinary shares ('000)	165,240	165,240
EPS (sen)	4.08	8.17

B11. 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	359	712
Other income including investment income	1,467	2,571
Interest expense	(2,431)	(5,503)
Depreciation and amortisation	(807)	(1,592)
Provision for and write off of receivables	(951)	(951)
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	854	1,367
Gain/(Loss) on derivatives	N/A	N/A