

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	<u>FYE2019</u>	<u>FYE2018</u>	<u>FYE2019</u>	<u>FYE2018</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.12.2018	Preceding Year Corresponding Quarter Ended 31.12.2017	Current Year To Date Ended 31.12.2018	Preceding Year Ended 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	189,643	172,064	556,078	480,247
Profit from Operations	14,172	11,632	37,893	28,844
Interest Income	325	306	1,037	896
Interest Expense	(2,798)	(2,104)	(8,301)	(6,019)
Depreciation and Amortisation	(825)	(789)	(2,417)	(2,324)
Profit Before Tax	10,874	9,045	28,212	21,397
Income Tax Expense	(2,631)	(2,029)	(6,473)	(5,000)
Profit After Tax	8,243	7,016	21,739	16,397
Other Comprehensive Income				
Exchange differences on translating foreign operations	(140)	(994)	757	(1,724)
Fair value changes on available-for-sale financial assets	40	16	116	56
Total Comprehensive Income	8,143	6,038	22,612	14,729
Profit attributable to :				
Equity holders of the Company	8,243	6,643	21,739	15,757
Non-Controlling Interest	-	373	-	640
	8,243	7,016	21,739	16,397
Total comprehensive income attributable to :				
Equity holders of the Company	8,143	5,676	22,612	14,103
Non-Controlling Interest	-	362	-	626
	8,143	6,038	22,612	14,729
Earning Per Share				
- Basic (sen)	4.99	4.02	13.16	9.54
- Diluted (sen)	4.99	4.02	13.16	9.54

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 31 December 2018 RM'000	(Audited) As At 31 March 2018 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	105,705	104,335
Investment properties	14,754	14,754
Land held for property development	13,447	13,447
Prepaid lease payments for land	4,907	4,823
Goodwill	837	837
	<u>139,650</u>	<u>138,196</u>
<u>Current Assets</u>		
Inventories	167,327	128,612
Trade receivables	178,318	177,137
Other receivables and prepaid expenses	4,889	6,357
Current tax assets	183	345
Short term investments	44,850	43,711
Cash and bank balances	9,687	7,801
	<u>405,254</u>	<u>363,963</u>
TOTAL ASSETS	<u>544,904</u>	<u>502,159</u>
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	83,097	83,097
Other reserves	34,194	33,506
Retained Earnings	157,206	143,544
Total Equity	<u>274,497</u>	<u>260,147</u>
<u>Non-Current Liabilities</u>		
Borrowings	3,329	5,009
Deferred tax liabilities	5,707	5,707
	<u>9,036</u>	<u>10,716</u>
<u>Current Liabilities</u>		
Trade payables	24,993	27,026
Other payables and accrued expenses	9,672	9,140
Borrowings	224,030	192,950
Current tax liabilities	2,676	2,180
	<u>261,371</u>	<u>231,296</u>
Total Liabilities	<u>270,407</u>	<u>242,012</u>
TOTAL EQUITY AND LIABILITIES	<u>544,904</u>	<u>502,159</u>
Net assets per share (RM)	1.65	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)

	<u>Issued</u> <u>Capital</u> RM'000	<u>Other</u> <u>Reserves</u> RM'000	<u>Retained</u> <u>Earnings</u> RM'000	<u>Total</u> RM'000	<u>Non-</u> <u>Controlling</u> <u>Interest</u> RM'000	<u>Total</u> <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	260	-	-	260	-	260
Total comprehensive income for the year	-	(1,654)	15,757	14,103	626	14,729
Dividend	-	-	(7,430)	(7,430)	-	(7,430)
Balance as at 31 December 2017	<u>83,097</u>	<u>37,019</u>	<u>132,013</u>	<u>252,129</u>	<u>755</u>	<u>252,884</u>
Balance as at 1 April 2018	83,097	33,506	143,544	260,147	-	260,147
Total comprehensive income for the year	-	873	21,739	22,612	-	22,612
Reclassification	-	(185)	185	-	-	-
Dividend	-	-	(8,262)	(8,262)	-	(8,262)
Balance as at 31 December 2018	<u>83,097</u>	<u>34,194</u>	<u>157,206</u>	<u>274,497</u>	<u>-</u>	<u>274,497</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 31.12.2018 RM'000	Financial Period Ended 31.12.2017 RM'000
Profit for the period	21,739	16,397
Adjustments for : -		
Non-cash items	3,421	3,279
Non-operating items	7,264	5,123
Taxation	6,473	5,000
<i>Operating profit before changes in working capital</i>	<u>38,897</u>	<u>29,799</u>
Changes in working capital		
Net change in current assets	(37,942)	(67,415)
Net change in current liabilities	(1,552)	5,973
<i>Cash used in operations</i>	(597)	(31,643)
Interest paid	(251)	(78)
Income tax paid	(5,828)	(4,961)
Net cash used in operating activities	<u>(6,676)</u>	<u>(36,682)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	1,037	896
Proceeds from disposal of property, plant and equipment	8	121
Purchase of property, plant and equipment	(3,546)	(2,475)
Purchase of investment properties	-	(722)
Placement of short term investment	(1,017)	(873)
Net cash used in investing activities	<u>(3,518)</u>	<u>(3,053)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from short-term borrowings	31,871	48,519
Dividends paid	(8,262)	(7,430)
Issue of shares	-	260
Interest paid on bank borrowings	(8,050)	(5,941)
Repayments of hire-purchase payables	(108)	(163)
Repayments of term loans	(2,587)	(4,464)
Net cash from financing activities	<u>12,864</u>	<u>30,781</u>
Net Changes in Cash & Cash Equivalents	2,670	(8,954)
Adjustment for foreign exchange differentials	(225)	(437)
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>6,854</u></u>	<u><u>867</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	9,687	4,981
Less: Bank overdrafts (included within short term borrowings in Note B6)	(2,833)	(4,114)
	<u><u>6,854</u></u>	<u><u>867</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 2018 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 ending 31 March 2019

A first interim dividend of 1.5 sen per share, single tier, for the financial year ending 31 March 2019, amounting to RM 2,478,601, was paid by the Company on 25 October 2018.

A second interim dividend of 2.0 sen per share, single tier, for the financial year ending 31 March 2019, amounting to RM 3,304,801, was paid by the Company on 21 December 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	114,015	108,889	11,174	11,670
Distributing of wood products	461,736	390,442	28,340	18,817
Other operating segments	<u>2,939</u>	<u>5,212</u>	<u>(1,621)</u>	<u>(1,643)</u>
	<u>578,690</u>	<u>504,543</u>	<u>37,893</u>	<u>28,844</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(3,524)	(3,646)		
- Distributing of wood products	(16,749)	(15,515)		
- Other operating segments	<u>(2,339)</u>	<u>(5,135)</u>		
	<u>556,078</u>	<u>480,247</u>	<u>37,893</u>	<u>28,844</u>
Interest income			1,037	896
Interest expense			(8,301)	(6,019)
Depreciation and amortisation			<u>(2,417)</u>	<u>(2,324)</u>
Profit before tax			<u>28,212</u>	<u>21,397</u>
Income tax expense			<u>(6,473)</u>	<u>(5,000)</u>
Profit after tax			<u>21,739</u>	<u>16,397</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	90,471	95,639	58,465	54,024
Distributing of wood products	360,671	304,728	199,449	173,742
Other operating segments	<u>93,579</u>	<u>92,947</u>	<u>4,110</u>	<u>6,224</u>
	<u>544,721</u>	<u>493,314</u>	<u>262,024</u>	<u>233,990</u>

A11. Contingent Liabilities

As of 31 December 2018, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 435.25 million (RM 439.66 million in September 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 236.43 million (RM 226.89 million in September 2018).

A12. Changes in the Composition of the Group

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

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 31 December 2018, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	1,110
Implementation of ERP system	172
	<u>1,282</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Changes	Current Year To Date Ended	Preceding Year Ended	Changes
	31.12.2018	31.12.2017		31.12.2018	31.12.2017	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	189,643	172,064	10.22	556,078	480,247	15.79
Operating Profit	14,172	11,632	21.84	37,893	28,844	31.37
Profit Before Interest and Tax	13,347	10,843	23.09	35,476	26,520	33.77
Profit Before Tax	10,874	9,045	20.22	28,212	21,397	31.85
Profit After Tax	8,243	7,016	17.49	21,739	16,397	32.58
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	8,243	6,643	24.09	21,739	15,757	37.96

The Group's revenue for the current year to date ended 31 December 2018 was 15.79% higher than the same period last year due to market share expansion from the distribution division. Operating profit increased by 31.37%, from RM 28.84 million to RM 37.89 million, mainly due to higher revenue.

For current quarter ended 31 December 2018, the Group recorded revenue of RM 189.64 million. This represents an increase of 10.22% as compared to RM 172.06 million in the preceding year corresponding quarter ended 31 December 2017. Operating profit increased by 21.84%, from RM 11.63 million to RM 14.17 million.

Manufacturing Division

The revenue was recorded at RM 36.91 million for current quarter, representing an increase of 2.64% as compared to RM 35.96 million in the preceding year corresponding quarter ended 31 December 2017. The increase in revenue was mainly due to market share expansion, which enables the Group to grow continuously.

The operating profit has increased by 32.41%, from RM 3.61 million to RM 4.78 million. The increase was mainly due to concentrating on high margin products and costs management.

The revenue was recorded at RM 110.49 million for the nine months ended 31 December 2018. This represented an increase of 4.99% as compared to RM 105.24 million in the preceding year ended 31 December 2017. Operating profit decreased by 4.28%, from RM 11.67 million to RM 11.17 million.

B1. Review of the Performance (continued)

Distribution Division

The revenue was recorded at RM 152.53 million for current quarter. This represented an increase of 12.06% as compared to RM 136.11 million in the preceding year corresponding quarter ended 31 December 2017. The increase in revenue was mainly contributed by additional market share captured.

Operating profit has increased by 14.25%, from RM 8.49 million to RM 9.70 million. The increase was mainly due to higher revenue.

The revenue was recorded at RM 444.99 million for the nine months ended 31 December 2018. This represented an increase of 18.69% as compared to RM 374.93 million in the preceding year ended 31 December 2017. Operating profit increased by 50.58%, from RM 18.82 million to RM 28.34 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes %
	31.12.2018	30.09.2018	
	RM'000	RM'000	
Revenue	189,643	193,447	-1.97
Operating Profit	14,172	11,540	22.81
Profit Before Interest and Tax	13,347	10,733	24.35
Profit Before Tax	10,874	8,661	25.55
Profit After Tax	8,243	6,740	22.30
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	8,243	6,740	22.30

For current quarter under review, the Group's revenue decreased by 1.97% as compared to RM 193.45 million in the preceding quarter ended 30 September 2018. Profit before tax ("PBT") increased by 25.55%, from RM 8.66 million to RM 10.87 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 31 December 2018 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	2,631	6,473
	<u>2,631</u>	<u>6,473</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 31 December 2018		As At 31 March 2018	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		187,188		152,726
	AUD 687,617	2,010	AUD 553,461	1,583
	USD 0	-	USD 190,458	737
	VND 5,171,172,640	923	VND 12,696,554,334	2,152
	THB 96,462,574	12,251	THB 118,511,525	14,665
Bank Overdrafts		1,618		2,412
	SGD 100,975	306	SGD 19,310	57
	AUD 262,778	768	AUD 7,389	22
	THB 1,109,407	141	THB 7,284,837	901
Term Loans		2,454		3,394
Revolving Credit		3,013		3,010
Trust Receipts	SGD 4,387,007	13,302	SGD 3,786,187	11,156
Secured				
Hire Purchase Creditors		56		135
		<u>224,030</u>		<u>192,950</u>
LONG TERM				
Unsecured				
Term Loans		3,315		4,965
Secured				
Hire Purchase Creditors		14		44
		<u>3,329</u>		<u>5,009</u>
TOTAL BORROWINGS				
Bankers' Acceptances		202,372		171,863
Bank Overdrafts		2,833		3,392
Term Loans		5,769		8,359
Revolving Credit		3,013		3,010
Trust Receipts		13,302		11,156
Hire Purchase Creditors		70		179
		<u>227,359</u>		<u>197,959</u>

B7. Derivatives Financial Instruments

As at 31 December 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	11,983	11,818

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 third interim dividend of 2.0 sen per share, single tier, for the financial year ending 31 March 2019 to be paid on 22 March 2019 to shareholders whose names appear in the Record of Depositors on 13 March 2019.

Total dividend per share for current financial year-to-date is 5.5 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)	8,243	21,739
Weighted average number of ordinary shares ('000)	165,240	165,240
EPS (sen)	4.99	13.16

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	325	1,037
Other income including investment income	944	3,515
Interest expense	(2,798)	(8,301)
Depreciation and amortisation	(825)	(2,417)
Provision for and write off of receivables	(76)	(1,027)
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	(2)	(2)
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	651	2,018
Gain/(Loss) on derivatives	N/A	N/A