

DOMINANT ENTERPRISE BERHAD
Company No.: 199101010894 (221206-D)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

	<u>FYE2021</u>	<u>FYE2020</u>	<u>FYE2021</u>	<u>FYE2020</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.09.2020	Preceding Year Corresponding Quarter Ended 30.09.2019	Current Year To Date Ended 30.09.2020	Preceding Year Ended 30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	174,144	177,133	249,310	340,573
Profit from Operations	8,225	8,027	9,448	16,769
Interest Income	401	375	793	750
Interest Expense	(1,534)	(2,232)	(3,370)	(5,188)
Depreciation	(1,286)	(1,505)	(2,662)	(3,054)
Profit Before Tax	5,806	4,665	4,209	9,277
Income Tax Expense	(1,563)	(1,225)	(1,954)	(2,392)
Profit After Tax	4,243	3,440	2,255	6,885
Other Comprehensive Income				
Exchange differences on translating foreign operations	(833)	(260)	394	385
Total Comprehensive Income	3,410	3,180	2,649	7,270
Profit attributable to :				
Equity holders of the Company	4,243	3,440	2,255	6,885
Total comprehensive income attributable to :				
Equity holders of the Company	3,410	3,180	2,649	7,270
Earning Per Share				
- Basic (sen)	2.57	2.08	1.36	4.17
- Diluted (sen)	2.57	2.08	1.36	4.17

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2020 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD
Company No.: 199101010894 (221206-D)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As At 30 September 2020 RM'000	(Audited) As At 31 March 2020 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	156,064	158,223
Investment properties	16,102	722
Inventories	6,013	6,013
Right-of-use assets	17,291	27,336
Goodwill	837	837
	<u>196,307</u>	<u>193,131</u>
<u>Current Assets</u>		
Inventories	99,349	125,576
Trade receivables	149,307	159,203
Other receivables and prepaid expenses	2,263	5,166
Current tax assets	1,688	1,651
Short term investments	69,504	46,768
Cash and bank balances	9,806	9,026
	<u>331,917</u>	<u>347,390</u>
TOTAL ASSETS	<u>528,224</u>	<u>540,521</u>
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Share capital	83,097	83,097
Other reserves	55,324	54,930
Retained earnings	165,049	162,794
Total Equity	<u>303,470</u>	<u>300,821</u>
<u>Non-Current Liabilities</u>		
Borrowings	12,426	10,531
Lease liabilities	4,727	5,574
Deferred tax liabilities	10,467	10,467
	<u>27,620</u>	<u>26,572</u>
<u>Current Liabilities</u>		
Trade payables	39,060	31,925
Other payables and accrued expenses	11,088	7,636
Borrowings	142,000	169,543
Lease liabilities	1,847	2,042
Current tax liabilities	3,139	1,982
	<u>197,134</u>	<u>213,128</u>
Total Liabilities	<u>224,754</u>	<u>239,700</u>
TOTAL EQUITY AND LIABILITIES	<u>528,224</u>	<u>540,521</u>
Net assets per share (RM)	1.83	1.81

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2020 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD

Company No.: 199101010894 (221206-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 April 2019	83,097	35,043	158,119	276,259
Effect of adoption of MFRS 16	-	10,813	(153)	10,660
Balance as at 1 April 2019, as restated	83,097	45,856	157,966	286,919
Total comprehensive income for the period	-	385	6,885	7,270
Dividend	-	-	(2,479)	(2,479)
Balance as at 30 September 2019	<u>83,097</u>	<u>46,241</u>	<u>162,372</u>	<u>291,710</u>
Balance as at 1 April 2020	83,097	54,930	162,794	300,821
Total comprehensive income for the period	-	394	2,255	2,649
Balance as at 30 September 2020	<u>83,097</u>	<u>55,324</u>	<u>165,049</u>	<u>303,470</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 2020 and the accompanying explanatory notes to the interim financial reports.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial Period Ended 30.09.2020 RM'000	Financial Period Ended 30.09.2019 RM'000
Profit for the period	2,255	6,885
Adjustments for : -		
Non-cash items	4,449	2,581
Non-operating items	2,577	4,438
Taxation	1,954	2,392
<i>Operating profit before changes in working capital</i>	11,235	16,296
Changes in working capital		
Net change in current assets	38,099	14,721
Net change in current liabilities	10,502	971
<i>Cash from operations</i>	59,836	31,988
Interest paid	(83)	(148)
Income tax paid	(828)	(4,312)
Net cash from operating activities	58,925	27,528
<i>Cash flows from / (used in) investing activities</i>		
Interest received	793	750
Proceeds from disposal of property, plant and equipment	140	78
Purchase of property, plant and equipment	(2,434)	(1,923)
Placement of short term investments	(22,771)	(719)
Net cash used in investing activities	(24,272)	(1,814)
<i>Cash flows from / (used in) financing activities</i>		
Net repayments of borrowings	(23,432)	(18,686)
Dividends paid	-	(2,479)
Interest paid	(3,123)	(5,028)
Repayments of lease liabilities	(1,184)	(1,328)
Repayments of term loans	(1,495)	(412)
Net cash used in financing activities	(29,234)	(27,933)
Net Changes in Cash & Cash Equivalents	5,419	(2,219)
Adjustment for foreign exchange differentials	(303)	(36)
Cash & Cash Equivalents at beginning of financial period	3,629	6,937
Cash & Cash Equivalents at end of financial period	8,745	4,682
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	9,806	7,147
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(1,061)	(2,465)
	8,745	4,682

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2020 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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 2020. 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 2020.

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 2020 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 2020 as follows:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 17 Insurance Contracts

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group has adopted the new and revised MFRSs that are relevant and effective for accounting periods beginning on or after 1 January 2020. The adoption of these new and revised MFRSs have not resulted in any material 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 2020 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

During the current quarter, the issued and paid-up ordinary share capital was increased from 165,240,066 to 165,240,206 by way of issuance of 140 new ordinary shares pursuant to the exercise of Warrants 2015/2020 at an exercise price of RM 1.30 each for cash.

There were no issuance or repayment of debentures during the current quarter and the financial year to date.

A8. Dividend Paid

There was no dividend payment made in current quarter.

A9. Valuations of Property, Plant and Equipment

There was no significant changes during the financial period.

A10. Segmental Reporting

	<u>Revenue</u>		<u>Segment Results</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	88,240	83,581	8,913	8,114
Distributing of wood products	167,310	269,578	3,712	9,858
Other operating segments	<u>6,636</u>	<u>1,846</u>	<u>(3,177)</u>	<u>(1,203)</u>
	262,186	355,005	9,448	16,769
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(968)	(2,117)		
- Distributing of wood products	(5,454)	(10,469)		
- Other operating segments	<u>(6,454)</u>	<u>(1,846)</u>		
	<u>249,310</u>	<u>340,573</u>	9,448	16,769
Interest income			793	750
Interest expense			(3,370)	(5,188)
Depreciation			<u>(2,662)</u>	<u>(3,054)</u>
Profit before tax			4,209	9,277
Income tax expense			<u>(1,954)</u>	<u>(2,392)</u>
Profit after tax			<u>2,255</u>	<u>6,885</u>
	<u>Assets</u>		<u>Liabilities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	132,118	105,788	79,261	63,447
Distributing of wood products	263,950	317,932	124,474	164,305
Other operating segments	<u>130,468</u>	<u>95,524</u>	<u>7,413</u>	<u>2,817</u>
	<u>526,536</u>	<u>519,244</u>	<u>211,148</u>	<u>230,569</u>

A11. Contingent Liabilities

As of 30 September 2020, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 503.74 million (RM 506.68 million in June 2020) which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by its subsidiary companies amounting to approximately RM 169.64 million as at 30 September 2020 (RM 142.81 million in June 2020).

A12. Changes in the Composition of the Group

There were no changes in composition of the Group for the 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 30 September 2020, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	3,839
Construction of building	6,514
Acquisition of forklift, machineries and equipments	735
	<u>11,088</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
	30.09.2020	30.09.2019		30.09.2020	30.09.2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	174,144	177,133	-1.69	249,310	340,573	-26.80
Operating Profit	8,225	8,027	2.47	9,448	16,769	-43.66
Profit Before Interest and Tax	6,939	6,522	6.39	6,786	13,715	-50.52
Profit Before Tax	5,806	4,665	24.46	4,209	9,277	-54.63
Profit After Tax	4,243	3,440	23.34	2,255	6,885	-67.25
Profit Attributable to Ordinary Equity Holders of the Parent	4,243	3,440	23.34	2,255	6,885	-67.25

The Group's revenue for the current year to date ended 30 September 2020 was 26.80% lower than the same period last year. The drop in revenue was due mainly to the imposition of Movement Control Order ("MCO") by the Malaysian Government, to tackle the COVID-19 pandemic. Business operations of all Malaysian companies in non-essential sectors were suspended from 18 March 2020 to early May 2020. At the same time, our overseas operations were also affected by weak market sentiments and restrictive movement controls imposed by the respective local governments.

The Group's operating profit decreased 43.66%, from RM 16.77 million to RM 9.45 million, as a result of lower revenue recorded.

For current quarter ended 30 September 2020, the Group recorded revenue of RM 174.14 million. This represents a decrease of 1.69% as compared to RM 177.13 million in the preceding year corresponding quarter ended 30 September 2019. Operating profit increased 2.47%, from RM 8.03 million to RM 8.23 million.

B1. Review of the Performance (continued)

Manufacturing Division

Revenue was recorded at RM 61.30 million for current quarter, representing an increase of 31.88% as compared to RM 46.48 million in the preceding year corresponding quarter ended 30 September 2019. The increase in revenue was mainly due to the furniture industry boom, as well as market share expansion.

The operating profit has increased 66.82%, from RM 4.25 million to RM 7.09 million. The increase was driven mainly by concentrating on the production of high margin products, as well as effective costs management.

Revenue was recorded at RM 87.27 million for the six months ended 30 September 2020. This represents an increase of 7.13% as compared to RM 81.46 million in the preceding year ended 30 September 2019. Operating profit increased 9.86%, from RM 8.11 million to RM 8.91 million.

Distribution Division

Revenue was recorded at RM 112.75 million for the current quarter. This represents a decrease of 13.71% as compared to RM 130.66 million in the preceding year corresponding quarter ended 30 September 2019. The decrease in revenue was due to weak market sentiments especially in the construction sector, and restrictive movement controls imposed by local governments to combat the COVID-19 pandemic.

Operating profit has declined 19.37%, from RM 4.44 million to RM 3.58 million. The reduction in profit was driven mainly by lower revenue. At the same time, the slow down in market demand, as well as increased purchase price of our imports resulted in lower profit margin.

Revenue was recorded at RM 161.86 million for the six months ended 30 September 2020. This represents a decrease of 37.53% as compared to RM 259.11 million in the preceding year ended 30 September 2019. Operating profit decreased 62.37%, from RM 9.86 million to RM 3.71 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter	Preceding Quarter	Changes
	Ended	Ended	
	30.09.2020	30.06.2020	
	RM'000	RM'000	%
Revenue	174,144	75,166	131.68
Operating Profit	8,225	1,223	572.53
Profit/(Loss) Before Interest and Tax	6,939	(153)	4,635.29
Profit/(Loss) Before Tax	5,806	(1,597)	463.56
Profit/(Loss) After Tax	4,243	(1,988)	313.43
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,243	(1,988)	313.43

For the current quarter under review, the Group's revenue increased significantly by 131.68% to RM 174.14 million as compared to RM 75.17 million in the preceding quarter ended 30 June 2020. This was due mainly to the re-opening of the economy as all business activities resumed after the MCO was lifted from mid May 2020. Profit before tax was RM 5.81 million as compared to loss before tax of RM 1.60 million in the preceding quarter ended 30 June 2020.

B3. Prospects

The Board is of the view that the on-going US-China trade war coupled with the current COVID-19 pandemic has resulted in global demand and supply shock. These factors, together with raw material costs, labour supply and foreign exchange rates may influence the Group's profit performance.

The Group will continue to leverage on its competitive strength to achieve satisfactory performance.

B4. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B5. Taxation

The taxation is calculated based on the profit for the financial period ended 30 September 2020 as follows:

<u>Income Tax Expenses :</u>	<u>Current Quarter</u> <u>RM'000</u>	<u>Year To Date</u> <u>RM'000</u>
Current Tax Expense :		
Current Quarter/Year	1,563	1,954
	<u>1,563</u>	<u>1,954</u>

B6. Borrowings

The Group's borrowings are as follows :-.

	As At 30 September 2020		As At 31 March 2020	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		124,044		140,423
	AUD 266,910	790	AUD 0	-
Bank Overdrafts		891		5,322
	SGD 55,667	169	SGD 23,774	72
	THB 2,938	1	THB 21,107	3
Term Loans		4,206		4,136
Revolving Credit		2,507		2,508
Trust Receipts		3,929		6,880
	SGD 1,293,598	3,929	SGD 2,278,577	6,880
	VND 14,736,684,191	2,645	VND 8,200,698,529	1,493
	THB 21,475,113	2,818	THB 66,111,948	8,706
		<u>142,000</u>		<u>169,543</u>
LONG TERM				
Unsecured				
Term Loans		12,426		10,531
		<u>12,426</u>		<u>10,531</u>
TOTAL BORROWINGS				
Bankers' Acceptances		124,834		140,423
Bank Overdrafts		1,061		5,397
Term Loans		16,632		14,667
Revolving Credit		2,507		2,508
Trust Receipts		9,392		17,079
		<u>154,426</u>		<u>180,074</u>

B7. Derivatives Financial Instruments

As at 30 September 2020, 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	20,815	20,953

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 2021

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2021 (1.0 sen per share, single tier, in previous corresponding period) to be paid on 23 December 2020 to shareholders whose names appear in Record of Depositors on 10 December 2020.

B10. Earning Per Share

The earning per share is derived as follow :-

	Current Quarter	Current Year To Date
Net profit for the period/year (RM'000)	4,243	2,255
Weighted average number of ordinary shares ('000)	165,240	165,240
Earning per share (sen)	2.57	1.36

B11. Notes to the Condensed Consolidated Statement of Profit or Loss and Other 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	401	793
Other income including investment income	1,667	2,960
Interest expense	(1,534)	(3,370)
Depreciation	(1,286)	(2,662)
Provision for and write off of receivables	(1,712)	(1,712)
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	140	140
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	341	720
Gain/(Loss) on derivatives	N/A	N/A