

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

	<u>FYE2021</u>	<u>FYE2020</u>	<u>FYE2021</u>	<u>FYE2020</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.12.2020	Preceding Year Corresponding Quarter Ended 31.12.2019	Current Year To Date Ended 31.12.2020	Preceding Year Ended 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	183,263	179,116	432,573	519,690
Profit from Operations	13,526	8,931	22,974	25,700
Interest Income	384	371	1,177	1,121
Interest Expense	(1,127)	(2,237)	(4,497)	(7,425)
Depreciation	(1,212)	(1,526)	(3,874)	(4,580)
Profit Before Tax	11,571	5,539	15,780	14,816
Income Tax Expense	(2,577)	(1,047)	(4,531)	(3,440)
Profit After Tax	8,994	4,492	11,249	11,376
Other Comprehensive Income				
Exchange differences on translating foreign operations	(42)	98	352	483
Total Comprehensive Income	8,952	4,590	11,601	11,859
Profit attributable to :				
Equity holders of the Company	8,994	4,492	11,249	11,376
Total comprehensive income attributable to :				
Equity holders of the Company	8,952	4,590	11,601	11,859
Earning Per Share				
- Basic (sen)	5.44	2.72	6.81	6.88
- Diluted (sen)	5.44	2.72	6.81	6.88

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 31 December 2020 RM'000	(Audited) As At 31 March 2020 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	160,276	158,223
Investment properties	16,092	722
Inventories	6,013	6,013
Right-of-use assets	16,677	27,336
Goodwill	837	837
	<u>199,895</u>	<u>193,131</u>
<u>Current Assets</u>		
Inventories	108,648	125,576
Trade receivables	154,293	159,203
Other receivables and prepaid expenses	3,675	5,166
Current tax assets	1,261	1,651
Short term investments	69,863	46,768
Cash and bank balances	12,189	9,026
	<u>349,929</u>	<u>347,390</u>
TOTAL ASSETS	<u>549,824</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	55,282	54,930
Retained earnings	171,565	162,794
Total Equity	<u>309,944</u>	<u>300,821</u>
<u>Non-Current Liabilities</u>		
Borrowings	15,303	10,531
Lease liabilities	4,195	5,574
Deferred tax liabilities	10,467	10,467
	<u>29,965</u>	<u>26,572</u>
<u>Current Liabilities</u>		
Trade payables	43,042	31,925
Other payables and accrued expenses	7,934	7,636
Borrowings	153,408	169,543
Lease liabilities	1,921	2,042
Current tax liabilities	3,610	1,982
	<u>209,915</u>	<u>213,128</u>
Total Liabilities	<u>239,880</u>	<u>239,700</u>
TOTAL EQUITY AND LIABILITIES	<u>549,824</u>	<u>540,521</u>
Net assets per share (RM)	1.86	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	-	483	11,376	11,859
Dividend	-	-	(6,609)	(6,609)
Balance as at 31 December 2019	<u>83,097</u>	<u>46,339</u>	<u>162,733</u>	<u>292,169</u>
Balance as at 1 April 2020	83,097	54,930	162,794	300,821
Total comprehensive income for the period	-	352	11,249	11,601
Dividend	-	-	(2,478)	(2,478)
Balance as at 31 December 2020	<u>83,097</u>	<u>55,282</u>	<u>171,565</u>	<u>309,944</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 31.12.2020 RM'000	Financial Period Ended 31.12.2019 RM'000
Profit for the period	11,249	11,376
Adjustments for : -		
Non-cash items	8,755	4,215
Non-operating items	3,320	6,304
Taxation	4,531	3,440
<i>Operating profit before changes in working capital</i>	<u>27,855</u>	<u>25,335</u>
Changes in working capital		
Net change in current assets	19,449	20,816
Net change in current liabilities	11,316	5,669
<i>Cash from operations</i>	58,620	51,820
Income tax refunded	110	-
Interest paid	(72)	(199)
Income tax paid	(2,625)	(6,865)
Net cash from operating activities	<u>56,033</u>	<u>44,756</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	1,177	1,121
Proceeds from disposal of property, plant and equipment	249	78
Purchase of property, plant and equipment	(4,005)	(2,920)
Additions to prepaid land lease payments	(146)	-
Placement of short term investments	(23,139)	(1,079)
Net cash used in investing activities	<u>(25,864)</u>	<u>(2,800)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net repayments of borrowings	(10,583)	(18,393)
Dividends paid	(2,478)	(6,609)
Interest paid	(4,186)	(7,209)
Repayments of lease liabilities	(1,707)	(1,953)
Repayments of term loans	(2,584)	(5,756)
Net cash used in financing activities	<u>(21,538)</u>	<u>(39,920)</u>
Net Changes in Cash & Cash Equivalents	8,631	2,036
Adjustment for foreign exchange differentials	(326)	(73)
Cash & Cash Equivalents at beginning of financial period	<u>3,629</u>	<u>6,937</u>
Cash & Cash Equivalents at end of financial period	<u><u>11,934</u></u>	<u><u>8,900</u></u>

* Cash and cash equivalents at end of financial period comprise the following :

Cash and bank balances	12,189	12,523
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(255)	(3,623)
	<u>11,934</u>	<u>8,900</u>

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 31 DECEMBER 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

In previous 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 and equity securities during the current quarter.

A8. Dividend Paid

For financial year ended 31 March 2020

A final dividend of 0.5 sen per share, single tier, for the financial year ended 31 March 2020, amounting to RM 826,201, was paid by the Company on 22 October 2020.

For financial year ending 31 March 2021

A first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2021, amounting to RM 1,652,402, was paid by the Company on 23 December 2020.

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	149,753	134,030	16,274	13,173
Distributing of wood products	294,398	404,187	11,802	15,334
Other operating segments	8,305	2,770	(5,102)	(2,807)
	<u>452,456</u>	<u>540,987</u>	<u>22,974</u>	<u>25,700</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(1,823)	(3,350)		
- Distributing of wood products	(10,028)	(15,177)		
- Other operating segments	(8,032)	(2,770)		
	<u>432,573</u>	<u>519,690</u>	<u>22,974</u>	<u>25,700</u>
Interest income			1,177	1,121
Interest expense			(4,497)	(7,425)
Depreciation			(3,874)	(4,580)
Profit before tax			15,780	14,816
Income tax expense			(4,531)	(3,440)
Profit after tax			<u>11,249</u>	<u>11,376</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	138,517	115,513	79,265	71,343
Distributing of wood products	277,745	317,223	138,683	166,665
Other operating segments	132,301	96,346	7,855	3,451
	<u>548,563</u>	<u>529,082</u>	<u>225,803</u>	<u>241,459</u>

A11. Contingent Liabilities

As of 31 December 2020, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 504.35 million (RM 503.74 million in September 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 183.18 million as at 31 December 2020 (RM 169.64 million in September 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 was a fire outbreak at the Group's factory and warehouse in Muar located at PTD 2805, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor, Malaysia on 23 January 2021. The actual losses incurred from the fire incident are still being ascertained.

A14. Capital Commitment

As of 31 December 2020, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	2,559
Construction of building	2,941
Acquisition of forklift, machineries and equipments	919
	<u>6,419</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	
	31.12.2020	31.12.2019			31.12.2020	31.12.2019	
	RM'000	RM'000	%		RM'000	RM'000	
Revenue	183,263	179,116	2.32	432,573	519,690	-16.76	
Operating Profit	13,526	8,931	51.45	22,974	25,700	-10.61	
Profit Before Interest and Tax	12,314	7,405	66.29	19,100	21,120	-9.56	
Profit Before Tax	11,571	5,539	108.90	15,780	14,816	6.51	
Profit After Tax	8,994	4,492	100.22	11,249	11,376	-1.12	
Profit Attributable to Ordinary Equity Holders of the Parent	8,994	4,492	100.22	11,249	11,376	-1.12	

The Group's revenue for the current year to date ended 31 December 2020 was 16.76% 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 pandemic-related restrictions imposed by the respective local governments. The Group's operating profit decreased 10.61%, from RM 25.70 million to RM 22.97 million, as a result of lower revenue recorded.

For current quarter ended 31 December 2020, the Group recorded revenue of RM 183.26 million. This represents an increase of 2.32% as compared to RM 179.12 million in the preceding year corresponding quarter ended 31 December 2019. Operating profit increased 51.45%, from RM 8.93 million to RM 13.53 million.

B1. Review of the Performance (continued)

Manufacturing Division

Revenue was recorded at RM 60.66 million for current quarter, representing an increase of 23.24% as compared to RM 49.22 million in the preceding year corresponding quarter ended 31 December 2019. The increase in revenue was mainly due to the furniture industry boom, as well as market share expansion. The operating profit has increased 45.45%, from RM 5.06 million to RM 7.36 million. The increase was driven by higher revenue, together with the production of high margin products and effective costs management.

Revenue was recorded at RM 147.93 million for the nine months ended 31 December 2020. This represents an increase of 13.20% as compared to RM 130.68 million in the preceding year ended 31 December 2019. Operating profit increased 23.54%, from RM 13.17 million to RM 16.27 million.

Distribution Division

Revenue was recorded at RM 122.51 million for the current quarter. This represents a decrease of 5.69% as compared to RM 129.90 million in the preceding year corresponding quarter ended 31 December 2019. The decrease in revenue was due to weak market sentiments especially in the construction sector, and pandemic-related restrictions imposed by local governments. Operating profit has increased 47.63%, from RM 5.48 million to RM 8.09 million. The increase in profit was due mainly to better margin achieved as well as effective costs management.

Revenue was recorded at RM 284.37 million for the nine months ended 31 December 2020. This represents a decrease of 26.90% as compared to RM 389.01 million in the preceding year ended 31 December 2019. Operating profit decreased 23.03%, from RM 15.33 million to RM 11.80 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter	Preceding Quarter	Changes
	Ended	Ended	
	31.12.2020	30.09.2020	
	RM'000	RM'000	%
Revenue	183,263	174,144	5.24
Operating Profit	13,526	8,225	64.45
Profit Before Interest and Tax	12,314	6,939	77.46
Profit Before Tax	11,571	5,806	99.29
Profit After Tax	8,994	4,243	111.97
Profit Attributable to Ordinary Equity Holders of the Parent	8,994	4,243	111.97

For the current quarter under review, the Group's revenue increased 5.24% as compared to RM 174.14 million in the preceding quarter ended 30 September 2020. Profit before tax increased 99.29%, from RM 5.81 million to RM 11.57 million.

B3. Prospects

The Board is of the view that the uncertainty in the global economy resulting from the current COVID-19 pandemic, together with factors like raw material costs, labour supply and foreign exchange rates may continue to influence the Group's profit performance.

The Group will continue to leverage on its competitive strength to meet these challenges.

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 31 December 2020 as follows:

<u>Income Tax Expenses :</u>	Current Quarter <u>RM'000</u>	Year To Date <u>RM'000</u>
Current Tax Expense :		
Current Quarter/Year	2,355	4,309
Under provision in prior year	222	222
	2,577	4,531

B6. Borrowings

The Group's borrowings are as follows :-

	As At 31 December 2020		As At 31 March 2020	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		132,290		140,423
Bank Overdrafts		109		5,322
	SGD 47,935	146	SGD 23,774	72
	THB 0	-	THB 21,107	3
Term Loans		3,630		4,136
Revolving Credit		2,507		2,508
Trust Receipts		6,060		6,880
	SGD 1,996,439	2,571	SGD 2,278,577	1,493
	VND 14,776,707,554	6,095	VND 8,200,698,529	8,706
	THB 45,487,975	153,408	THB 66,111,948	169,543
LONG TERM				
Unsecured				
Term Loans		15,303		10,531
		15,303		10,531
TOTAL BORROWINGS				
Bankers' Acceptances		132,290		140,423
Bank Overdrafts		255		5,397
Term Loans		18,933		14,667
Revolving Credit		2,507		2,508
Trust Receipts		14,726		17,079
		168,711		180,074

B7. Derivatives Financial Instruments

As at 31 December 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	15,005	15,020

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 second 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 26 March 2021 to shareholders whose names appear in Record of Depositors on 12 March 2021.

Total dividend per share for current financial year-to-date is 2.0 sen.

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)	8,994	11,249
Weighted average number of ordinary shares ('000)	165,240	165,240
Earning per share (sen)	5.44	6.81

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	384	1,177
Other income including investment income	1,358	4,318
Interest expense	(1,127)	(4,497)
Depreciation	(1,212)	(3,874)
Provision for and write off of receivables	(504)	(2,216)
Provision for and write off of inventories	(2,735)	(2,735)
Gain/(Loss) on disposal of quoted or unquoted investments	-	-
Gain/(Loss) on disposal of property, plant and equipment	109	249
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	502	1,222
Gain/(Loss) on derivatives	N/A	N/A