

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2021

| | <u>FYE2022</u> | <u>FYE2021</u> | <u>FYE2022</u> | <u>FYE2021</u> |
|--|---|--|--|--|
| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
| | Current Quarter Ended 30.06.2021 | Preceding Year Corresponding Quarter Ended 30.06.2020 | Current Year To Date Ended 30.06.2021 | Preceding Year Ended 30.06.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 140,153 | 75,166 | 140,153 | 75,166 |
| Profit from Operations | 11,937 | 1,223 | 11,937 | 1,223 |
| Interest Income | 377 | 392 | 377 | 392 |
| Interest Expense | (1,974) | (1,836) | (1,974) | (1,836) |
| Depreciation | (1,276) | (1,376) | (1,276) | (1,376) |
| Profit/(Loss) Before Tax | 9,064 | (1,597) | 9,064 | (1,597) |
| Income Tax Expense | (2,148) | (391) | (2,148) | (391) |
| Profit/(Loss) After Tax | 6,916 | (1,988) | 6,916 | (1,988) |
| Other Comprehensive Income/(Loss) | | | | |
| Exchange differences on translating foreign operations | (641) | 1,227 | (641) | 1,227 |
| Total Comprehensive Income/(Loss) | 6,275 | (761) | 6,275 | (761) |
| Profit/(Loss) attributable to : | | | | |
| Equity holders of the Company | 6,916 | (1,988) | 6,916 | (1,988) |
| Total comprehensive income/(loss) attributable to : | | | | |
| Equity holders of the Company | 6,275 | (761) | 6,275 | (761) |
| Earning/(Loss) Per Share | | | | |
| - Basic (sen) | 4.19 | (1.20) | 4.19 | (1.20) |
| - Diluted (sen) | 4.19 | (1.20) | 4.19 | (1.20) |

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 2021 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 June 2021 RM'000 | (Audited) As At 31 March 2021 RM'000 |
|--|--|---|
| ASSETS | | |
| <u>Non-Current Assets</u> | | |
| Property, plant and equipment | 162,931 | 160,336 |
| Investment properties | 16,472 | 16,466 |
| Inventories | 6,013 | 6,013 |
| Right-of-use assets | 17,535 | 17,689 |
| Goodwill | 837 | 837 |
| Deferred tax assets | 254 | 254 |
| | <u>204,042</u> | <u>201,595</u> |
| <u>Current Assets</u> | | |
| Inventories | 163,142 | 104,552 |
| Trade receivables | 143,893 | 144,243 |
| Other receivables and prepaid expenses | 4,541 | 7,852 |
| Current tax assets | 949 | 1,339 |
| Short term investments | 70,540 | 70,198 |
| Cash and bank balances | 8,109 | 17,299 |
| | <u>391,174</u> | <u>345,483</u> |
| TOTAL ASSETS | 595,216 | 547,078 |
| EQUITY AND LIABILITIES | | |
| <u>Equity Attributable To Owners Of The Company</u> | | |
| Share capital | 83,097 | 83,097 |
| Other reserves | 54,428 | 55,069 |
| Retained earnings | 180,568 | 173,652 |
| Total Equity | 318,093 | 311,818 |
| <u>Non-Current Liabilities</u> | | |
| Borrowings | 15,360 | 15,330 |
| Lease liabilities | 3,783 | 4,006 |
| Deferred tax liabilities | 10,611 | 10,133 |
| | <u>29,754</u> | <u>29,469</u> |
| <u>Current Liabilities</u> | | |
| Trade payables | 39,162 | 39,225 |
| Other payables and accrued expenses | 11,799 | 8,476 |
| Borrowings | 192,650 | 154,282 |
| Lease liabilities | 2,231 | 2,107 |
| Current tax liabilities | 1,527 | 1,701 |
| | <u>247,369</u> | <u>205,791</u> |
| Total Liabilities | 277,123 | 235,260 |
| TOTAL EQUITY AND LIABILITIES | 595,216 | 547,078 |
| Net assets per share (RM) | 1.91 | 1.88 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2021 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 2020 | 83,097 | 54,930 | 162,794 | 300,821 |
| Total comprehensive income/(loss) for the period | - | 1,227 | (1,988) | (761) |
| Balance as at 30 June 2020 | <u>83,097</u> | <u>56,157</u> | <u>160,806</u> | <u>300,060</u> |
| Balance as at 1 April 2021 | 83,097 | 55,069 | 173,652 | 311,818 |
| Total comprehensive income/(loss) for the period | - | (641) | 6,916 | 6,275 |
| Balance as at 30 June 2021 | <u>83,097</u> | <u>54,428</u> | <u>180,568</u> | <u>318,093</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 2021 and the accompanying explanatory notes to the interim financial reports.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

| | Financial Period Ended 30.06.2021 RM'000 | Financial Period Ended 30.06.2020 RM'000 |
|---|---|--|
| Profit/(Loss) for the period | 6,916 | (1,988) |
| Adjustments for : - | | |
| Non-cash items | 1,932 | 1,439 |
| Non-operating items | 1,597 | 1,444 |
| Taxation | <u>2,148</u> | <u>391</u> |
| <i>Operating profit before changes in working capital</i> | 12,593 | 1,286 |
| Changes in working capital | | |
| Net change in current assets | (56,199) | 75,912 |
| Net change in current liabilities | <u>3,298</u> | <u>(7,074)</u> |
| <i>Cash (used in)/generated from operations</i> | (40,308) | 70,124 |
| Interest paid | (28) | (69) |
| Income tax paid | <u>(1,922)</u> | <u>(648)</u> |
| Net cash (used in)/from operating activities | (42,258) | 69,407 |
| <i>Cash flows from / (used in) investing activities</i> | | |
| Interest received | 377 | 392 |
| Proceeds from disposal of property, plant and equipment | 2 | - |
| Purchase of property, plant and equipment | (3,268) | (2,170) |
| Placement of short term investments | (363) | (20,376) |
| Net cash used in investing activities | (3,252) | (22,154) |
| <i>Cash flows from / (used in) financing activities</i> | | |
| Drawdown from/(repayments of) borrowings | 33,456 | (41,817) |
| Interest paid | (1,874) | (1,684) |
| Repayments of lease liabilities | (605) | (613) |
| (Repayments of)/proceeds from term loans | (215) | 1,146 |
| Net cash from/(used in) financing activities | <u>30,762</u> | <u>(42,968)</u> |
| Net Changes in Cash & Cash Equivalents | (14,748) | 4,285 |
| Adjustment for foreign exchange differentials | (47) | (231) |
| Cash & Cash Equivalents at beginning of financial period | <u>16,439</u> | <u>3,629</u> |
| Cash & Cash Equivalents at end of financial period | <u><u>1,644</u></u> | <u><u>7,683</u></u> |
| | | |
| * Cash and cash equivalents at end of financial period comprise the following : | | |
| Cash and bank balances | 8,109 | 8,313 |
| Less: Bank overdrafts | | |
| (included within short term borrowings in Note B6) | (6,465) | (630) |
| | <u>1,644</u> | <u>7,683</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 2021 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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 2021. 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 2021.

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 2021 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 2021 as follows:

Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

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 101 *Classification of Liabilities as Current or Non-current*

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts*

Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)

Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)

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 2021. 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 2021 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 were no issuance or repayment of debentures and equity securities 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>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Manufacturing of wood products | 40,042 | 26,343 | 10,864 | 1,827 |
| Distributing of wood products | 103,414 | 50,717 | 6,476 | 133 |
| Other operating segments | <u>1,911</u> | <u>4,425</u> | <u>(5,403)</u> | <u>(737)</u> |
| | 145,367 | 81,485 | 11,937 | 1,223 |
| Elimination of inter-segment revenue: | | | | |
| - Manufacturing of wood products | (598) | (372) | | |
| - Distributing of wood products | (2,801) | (1,613) | | |
| - Other operating segments | <u>(1,815)</u> | <u>(4,334)</u> | | |
| | <u>140,153</u> | <u>75,166</u> | 11,937 | 1,223 |
| Interest income | | | 377 | 392 |
| Interest expense | | | (1,974) | (1,836) |
| Depreciation | | | <u>(1,276)</u> | <u>(1,376)</u> |
| Profit before tax | | | 9,064 | (1,597) |
| Income tax expense | | | <u>(2,148)</u> | <u>(391)</u> |
| Profit/(Loss) after tax | | | <u>6,916</u> | <u>(1,988)</u> |
| | | | | |
| | <u>Assets</u> | | <u>Liabilities</u> | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Manufacturing of wood products | 140,376 | 105,854 | 82,050 | 56,309 |
| Distributing of wood products | 317,723 | 253,084 | 171,183 | 114,545 |
| Other operating segments | <u>135,914</u> | <u>126,721</u> | <u>11,752</u> | <u>4,205</u> |
| | <u>594,013</u> | <u>485,659</u> | <u>264,985</u> | <u>175,059</u> |

A11. Contingent Liabilities

As of 30 June 2021, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 503.87 million (RM 489.30 million in March 2021) 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 217.00 million as at 30 June 2021 (RM 182.86 million in March 2021).

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 June 2021, the Group has the following capital commitments:

| | RM'000 |
|--|--------------|
| Approved and contracted for : | |
| Acquisition of land | 2,559 |
| Construction of building | 3,946 |
| Acquisition of forklift, machineries and equipment | 994 |
| | <u>7,499</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 |
| | 30.06.2021 | 30.06.2020 | | 30.06.2021 | 30.06.2020 | |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 140,153 | 75,166 | 86.46 | 140,153 | 75,166 | 86.46 |
| Operating Profit | 11,937 | 1,223 | 876.04 | 11,937 | 1,223 | 876.04 |
| Profit/(Loss) Before Interest and Tax | 10,661 | (153) | 7067.97 | 10,661 | (153) | 7067.97 |
| Profit/(Loss) Before Tax | 9,064 | (1,597) | 667.56 | 9,064 | (1,597) | 667.56 |
| Profit/(Loss) After Tax | 6,916 | (1,988) | 447.89 | 6,916 | (1,988) | 447.89 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 6,916 | (1,988) | 447.89 | 6,916 | (1,988) | 447.89 |

For current quarter ended 30 June 2021, the Group recorded revenue of RM 140.15 million. This represents an increase of 86.46% as compared to RM 75.17 million in the preceding year corresponding quarter ended 30 June 2020. Operating profit increased 876.04%, from RM 1.22 million to RM 11.94 million.

Financial performance in preceding year corresponding quarter was very much impacted by the imposition of Movement Control Order (“MCO”) by the Malaysian Government, to tackle the COVID-19 pandemic. Overseas operations were also affected by weak market sentiments and pandemic-related restrictions imposed by the respective local governments, recorded a low base.

B1. Review of the Performance (continued)

As for the current quarter ended 30 June 2021, the business momentum remained positive from improving business activities until the Malaysian Government imposed a total lockdown in June 2021 as an attempt to control the increasing infections.

Manufacturing Division

Revenue was recorded at RM 39.44 million for current quarter, representing an increase of 51.87% as compared to RM 25.97 million in the preceding year corresponding quarter ended 30 June 2020. The increase in revenue was largely due to the low base in the same period last year, as a result of the MCO implemented by the Malaysian Government from 18 March 2020 to early May 2020.

Operating profit has increased 493.44%, from RM 1.83 million to RM 10.86 million. Excluding the interim compensation sum of RM 6.00 million received from insurance company in relation to the fire incident that occurred in January 2021, the operating profit increased by 165.57%, due mainly to higher revenue, together with the production of high margin products and effective costs management.

Distribution Division

Revenue was recorded at RM 100.61 million for the current quarter. This represents an increase of 104.91% as compared to RM 49.10 million in the preceding year corresponding quarter ended 30 June 2020. The increase in revenue was again, largely due to the low base in the same period last year, as a result of the MCO implemented by the Malaysian Government from 18 March 2020 to early May 2020.

Operating profit has increased from RM 0.13 million to RM 6.48 million. The increase in operating profit was due mainly to higher revenue, better margin achieved as well as effective costs management.

B2. Variation of Results Against Preceding Quarter

| | Current Quarter Ended | Preceding Quarter Ended | Changes % |
|--|-----------------------|-------------------------|--------------|
| | 30.06.2021 | 31.03.2021 | |
| | RM'000 | RM'000 | |
| Revenue | 140,153 | 168,475 | -16.81 |
| Operating Profit | 11,937 | 6,615 | 80.45 |
| Profit Before Interest and Tax | 10,661 | 5,323 | 100.28 |
| Profit Before Tax | 9,064 | 4,980 | 82.01 |
| Profit After Tax | 6,916 | 3,740 | 84.92 |
| Profit Attributable to Ordinary Equity Holders of the Parent | 6,916 | 3,740 | 84.92 |

For the current quarter under review, the Group's revenue decreased 16.81% as compared to RM 168.48 million in the preceding quarter ended 31 March 2021, as a result of reduced business activities since the imposition of Full Movement Control Order ("FMCO") by the Malaysian Government in June 2021. Excluding the interim compensation sum of RM 6.00 million received from insurance company in relation to the fire incident that occurred in January 2021, profit before tax decreased from RM 4.98 million to RM 3.06 million, due mainly to lower revenue.

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 30 June 2021 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 | 2,148 | 2,148 |
| | <u>2,148</u> | <u>2,148</u> |

B6. Borrowings

The Group's borrowings are as follows :-

| | As At 30 June 2021 | | As At 31 March 2021 | |
|-------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| | Foreign Denomination | RM Denomination RM'000 | Foreign Denomination | RM Denomination RM'000 |
| SHORT TERM | | | | |
| Unsecured | | | | |
| Bankers' Acceptances | | 157,232 | | 122,119 |
| | USD 203,167 | 834 | USD 2,396,297 | 9,966 |
| Bank Overdrafts | | 6,463 | | 637 |
| | SGD 0 | - | SGD 71,702 | 221 |
| | THB 15,502 | 2 | THB 0 | - |
| | AUD 0 | - | AUD 498 | 2 |
| Term Loans | | 2,773 | | 3,018 |
| Revolving Credit | | 2,507 | | 2,506 |
| Trust Receipts | | 8,622 | | 5,817 |
| | SGD 2,791,881 | 4,190 | SGD 1,884,205 | 3,018 |
| | VND 23,213,691,270 | 10,027 | VND 16,763,952,170 | 6,978 |
| | THB 77,348,963 | <u>192,650</u> | THB 52,670,591 | <u>154,282</u> |
| LONG TERM | | | | |
| Unsecured | | | | |
| Term Loans | | <u>15,360</u> | | <u>15,330</u> |
| | | <u>15,360</u> | | <u>15,330</u> |
| TOTAL BORROWINGS | | | | |
| Bankers' Acceptances | | 158,066 | | 132,085 |
| Bank Overdrafts | | 6,465 | | 860 |
| Term Loans | | 18,133 | | 18,348 |
| Revolving Credit | | 2,507 | | 2,506 |
| Trust Receipts | | 22,839 | | 15,813 |
| | | <u>208,010</u> | | <u>169,612</u> |

B7. Derivatives Financial Instruments

As at 30 June 2021, 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 | 1,793 | 1,843 |

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 DividendFor financial year ended 31 March 2021

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2021 had been declared and approved at the 29th Annual General Meeting held on 23 August 2021. The dividend will be paid on 23 September 2021 to shareholders whose names appear in the Record of Depositors on 10 September 2021.

For financial year ending 31 March 2022

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2022 (no dividend had been declared in previous corresponding period) to be paid on 22 October 2021 to shareholders whose names appear in Record of Depositors on 1 October 2021.

Total dividend per share for current financial year-to-date is 1.0 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) | 6,916 | 6,916 |
| Weighted average number of ordinary shares ('000) | 165,240 | 165,240 |
| Earning per share (sen) | 4.19 | 4.19 |

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 | 377 | 377 |
| Other income including investment income | | |
| - fire insurance compensation | 6,000 | 6,000 |
| - reversal of impairment loss on receivables | 689 | 689 |
| - others | 315 | 315 |
| Interest expense | (1,974) | (1,974) |
| Depreciation | (1,276) | (1,276) |
| Provision for and write off of receivables | (1,512) | (1,512) |
| 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 | (5) | (5) |
| Impairment of assets | - | - |
| Gain/(Loss) on foreign exchange | 770 | 770 |
| Gain/(Loss) on derivatives | N/A | N/A |