

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 2021

	<u>FYE2022</u>	<u>FYE2021</u>	<u>FYE2022</u>	<u>FYE2021</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.09.2021	Preceding Year Corresponding Quarter Ended 30.09.2020	Current Year To Date Ended 30.09.2021	Preceding Year Ended 30.09.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	122,315	174,144	262,468	249,310
Profit from Operations	5,252	8,225	17,189	9,448
Interest Income	360	401	737	793
Interest Expense	(1,411)	(1,534)	(3,385)	(3,370)
Depreciation	(1,422)	(1,286)	(2,698)	(2,662)
Profit Before Tax	2,779	5,806	11,843	4,209
Income Tax Expense	(732)	(1,563)	(2,880)	(1,954)
Profit After Tax	2,047	4,243	8,963	2,255
Other Comprehensive Income/(Loss)				
Exchange differences on translating foreign operations	(392)	(833)	(1,033)	394
Total Comprehensive Income/(Loss)	1,655	3,410	7,930	2,649
Profit attributable to :				
Owners of the Parent	2,047	4,243	8,963	2,255
Total comprehensive income attributable to :				
Owners of the Parent	1,655	3,410	7,930	2,649
Earning Per Share				
- Basic (sen)	1.24	2.57	5.42	1.36
- Diluted (sen)	1.24	2.57	5.42	1.36

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 September 2021 RM'000	(Audited) As At 31 March 2021 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	164,678	160,336
Investment properties	16,415	16,466
Inventories	6,013	6,013
Right-of-use assets	17,483	17,689
Goodwill	837	837
Deferred tax assets	254	254
	<u>205,680</u>	<u>201,595</u>
<u>Current Assets</u>		
Inventories	186,833	104,552
Trade receivables	123,924	144,243
Other receivables and prepaid expenses	4,567	7,852
Current tax assets	1,519	1,339
Short term investments	70,878	70,198
Cash and bank balances	7,286	17,299
	<u>395,007</u>	<u>345,483</u>
TOTAL ASSETS	600,687	547,078
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Parent</u>		
Share capital	83,097	83,097
Other reserves	54,036	55,069
Retained earnings	180,963	173,652
Total Equity	318,096	311,818
<u>Non-Current Liabilities</u>		
Borrowings	14,992	15,330
Lease liabilities	3,471	4,006
Deferred tax liabilities	10,633	10,133
	<u>29,096</u>	<u>29,469</u>
<u>Current Liabilities</u>		
Trade payables	33,836	39,225
Other payables and accrued expenses	14,028	8,476
Borrowings	201,934	154,282
Lease liabilities	2,411	2,107
Current tax liabilities	1,286	1,701
	<u>253,495</u>	<u>205,791</u>
Total Liabilities	282,591	235,260
TOTAL EQUITY AND LIABILITIES	600,687	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 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>
Balance as at 1 April 2021	83,097	55,069	173,652	311,818
Total comprehensive income/(loss) for the period	-	(1,033)	8,963	7,930
Dividend	-	-	(1,652)	(1,652)
Balance as at 30 September 2021	<u>83,097</u>	<u>54,036</u>	<u>180,963</u>	<u>318,096</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 30.09.2021 RM'000	Financial Period Ended 30.09.2020 RM'000
Profit for the period	8,963	2,255
Adjustments for : -		
Non-cash items	2,662	4,449
Non-operating items	2,648	2,577
Taxation	2,880	1,954
<i>Operating profit before changes in working capital</i>	17,153	11,235
Changes in working capital		
Net change in current assets	(60,126)	38,099
Net change in current liabilities	285	10,502
<i>Cash (used in)/generated from operations</i>	(42,688)	59,836
Interest paid	(87)	(83)
Income tax paid	(3,450)	(828)
Net cash (used in)/from operating activities	(46,225)	58,925
<i>Cash flows from / (used in) investing activities</i>		
Interest received	737	793
Proceeds from disposal of property, plant and equipment	73	140
Purchase of property, plant and equipment	(5,715)	(2,434)
Placement of short term investments	(715)	(22,771)
Net cash used in investing activities	(5,620)	(24,272)
<i>Cash flows from / (used in) financing activities</i>		
Drawdown from/(repayments of) borrowings	46,593	(23,432)
Dividends paid	(1,652)	-
Interest paid	(3,153)	(3,123)
Repayments of lease liabilities	(1,312)	(1,184)
Repayments of term loans	(757)	(1,495)
Net cash from/(used in) financing activities	39,719	(29,234)
Net Changes in Cash & Cash Equivalents	(12,126)	5,419
Adjustment for foreign exchange differentials	(75)	(303)
Cash & Cash Equivalents at beginning of financial period	16,439	3,629
Cash & Cash Equivalents at end of financial period	4,238	8,745
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	7,286	9,806
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(3,048)	(1,061)
	4,238	8,745

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 SEPTEMBER 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

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2021, amounting to RM 1,652,402, was paid by the Company on 23 September 2021.

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	65,441	88,240	12,089	8,913
Distributing of wood products	204,238	167,310	12,738	3,712
Other operating segments	<u>3,855</u>	<u>6,636</u>	<u>(7,638)</u>	<u>(3,177)</u>
	273,534	262,186	17,189	9,448
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(968)	(968)		
- Distributing of wood products	(6,444)	(5,454)		
- Other operating segments	<u>(3,654)</u>	<u>(6,454)</u>		
	<u>262,468</u>	<u>249,310</u>	17,189	9,448
Interest income			737	793
Interest expense			(3,385)	(3,370)
Depreciation			<u>(2,698)</u>	<u>(2,662)</u>
Profit before tax			11,843	4,209
Income tax expense			<u>(2,880)</u>	<u>(1,954)</u>
Profit after tax			<u>8,963</u>	<u>2,255</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	126,608	132,118	69,029	79,261
Distributing of wood products	335,868	263,950	189,565	124,474
Other operating segments	<u>136,438</u>	<u>130,468</u>	<u>12,078</u>	<u>7,413</u>
	<u>598,914</u>	<u>526,536</u>	<u>270,672</u>	<u>211,148</u>

A11. Contingent Liabilities

As of 30 September 2021, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 533.32 million (RM 503.87 million as of 30 June 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 223.75 million as of 30 September 2021 (RM 217.00 million as of 30 June 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

In October 2021, a second compensation sum of RM 4.75 million was received from insurance company in relation to the fire incident that occurred in the Group's warehouse in Muar in January 2021. Including the first interim compensation sum of RM 6.00 million received in the first quarter, the Group has received a total compensation amounting to RM 10.75 million to-date. Total insurance claim amount is still to be finalised, pending the completion of the rebuilding of the affected warehouse.

A14. Capital Commitment

As of 30 September 2021, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	23,325
Construction of building	3,029
Acquisition of forklift, machineries and equipment	802
	<u>27,156</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
	30.09.2021	30.09.2020		30.09.2021	30.09.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	122,315	174,144	-29.76	262,468	249,310	5.28
Operating Profit	5,252	8,225	-36.15	17,189	9,448	81.93
Profit Before Interest and Tax	3,830	6,939	-44.80	14,491	6,786	113.54
Profit Before Tax	2,779	5,806	-52.14	11,843	4,209	181.37
Profit After Tax	2,047	4,243	-51.76	8,963	2,255	297.47
Profit Attributable to Owners of the Parent	2,047	4,243	-51.76	8,963	2,255	297.47

For current quarter ended 30 September 2021, the Group recorded revenue of RM 122.32 million. This represents a decrease of 29.76% as compared to RM 174.14 million in the preceding year corresponding quarter ended 30 September 2020. Operating profit decreased 36.15%, from RM 8.23 million to RM 5.25 million.

The Group's revenue for the current year to date ended 30 September 2021 was 5.28% higher than the same period last year. Operating profit increased 81.93%, from RM 9.45 million to RM 17.19 million. Financial performance in preceding year 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)

Manufacturing Division

Revenue was recorded at RM 25.03 million for current quarter, representing a decrease of 59.17% as compared to RM 61.30 million in the preceding year corresponding quarter ended 30 September 2020. The drop in revenue was due mainly to the imposition of a total lockdown since June 2021 by the Malaysian Government as an attempt to control the increasing number of COVID-19 infections. Operating profit has decreased 82.65%, from RM 7.09 million to RM 1.23 million, as a result of lower revenue recorded.

Revenue was recorded at RM 64.47 million for the six months ended 30 September 2021. This represents a decrease of 26.13% as compared to RM 87.27 million in the preceding year ended 30 September 2020. Operating profit increased 35.69%, from RM 8.91 million to RM 12.09 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 decreased by 31.65%, as a result of lower revenue recorded arising from a relatively longer lockdown period.

Distribution Division

Revenue was recorded at RM 97.18 million for the current quarter. This represents a decrease of 13.81% as compared to RM 112.75 million in the preceding year corresponding quarter ended 30 September 2020. The decrease in revenue was again, largely due to the imposition of a total lockdown since June 2021 by the Malaysian Government as an attempt to control the increasing COVID-19 infections. Operating profit increased 74.86%, from RM 3.58 million to RM 6.26 million. The increase in operating profit was due mainly to the Group's policy of having diverse source of supply, as well as effective stock and costs management.

Revenue was recorded at RM 197.79 million for the six months ended 30 September 2021. This represents an increase of 22.20% as compared to RM 161.86 million in the preceding year ended 30 September 2020. Operating profit increased from RM 3.71 million to RM 12.74 million, largely due to higher revenue, the Group's policy of having diverse source of supply, as well as effective stock and costs management.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes %
	30.09.2021	30.06.2021	
	RM'000	RM'000	
Revenue	122,315	140,153	-12.73
Operating Profit	5,252	11,937	-56.00
Profit Before Interest and Tax	3,830	10,661	-64.07
Profit Before Tax	2,779	9,064	-69.34
Profit After Tax	2,047	6,916	-70.40
Profit Attributable to Owners of the Parent	2,047	6,916	-70.40

For the current quarter under review, the Group's revenue decreased 12.73% as compared to RM 140.15 million in the preceding quarter ended 30 June 2021, as a result of reduced business activities since the imposition of Full Movement Control Order ("FMCO") by the Malaysian Government which started in June 2021. Profit before tax decreased from RM 9.06 million to RM 2.78 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, profit before tax decreased from RM 3.06 million to RM 2.78 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, freight and logistics 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 September 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	732	2,880
	<u>732</u>	<u>2,880</u>

B6. Borrowings

The Group's borrowings are as follows :-.

	As At 30 September 2021		As At 31 March 2021	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		170,598		122,119
	USD 0	-	USD 2,396,297	9,966
	AUD 24,550	74	AUD 0	-
Bank Overdrafts		3,041		637
	SGD 0	-	SGD 71,702	221
	THB 8,433	1	THB 0	-
	AUD 1,981	6	AUD 498	2
Term Loans		2,687		3,018
Revolving Credit		2,507		2,506
Trust Receipts		8,507		5,817
	SGD 2,764,586	6,782	SGD 1,884,205	3,018
	VND 36,860,995,255	7,731	VND 16,763,952,170	6,978
	THB 62,521,568	201,934	THB 52,670,591	154,282
		<u>201,934</u>		<u>154,282</u>
LONG TERM				
Unsecured				
Term Loans		14,992		15,330
		<u>14,992</u>		<u>15,330</u>
TOTAL BORROWINGS				
Bankers' Acceptances		170,672		132,085
Bank Overdrafts		3,048		860
Term Loans		17,679		18,348
Revolving Credit		2,507		2,506
Trust Receipts		23,020		15,813
		<u>216,926</u>		<u>169,612</u>

B7. Derivatives Financial Instruments

As at 30 September 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	1,834	1,878

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 2022

The Board proposed a second interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2022 (1.0 sen per share, single tier, in previous corresponding period) to be paid on 24 December 2021 to shareholders whose names appear in Record of Depositors on 10 December 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)	2,047	8,963
Weighted average number of ordinary shares ('000)	165,240	165,240
Earning per share (sen)	1.24	5.42

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	360	737
Other income including investment income		
- fire insurance compensation	(175)	5,825
- reversal of impairment loss on receivables	154	843
- wage subsidy programme	371	371
- others	306	621
Interest expense	(1,411)	(3,385)
Depreciation	(1,422)	(2,698)
Provision for and write off of receivables	552	(960)
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	72	67
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	229	999
Gain/(Loss) on derivatives	N/A	N/A