

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 2022

	<u>FYE2023</u>	<u>FYE2022</u>	<u>FYE2023</u>	<u>FYE2022</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2022	Preceding Year Corresponding Quarter Ended 30.06.2021	Current Year To Date Ended 30.06.2022	Preceding Year Ended 30.06.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	191,179	140,153	191,179	140,153
Profit from Operations	8,342	11,937	8,342	11,937
Interest Income	138	377	138	377
Interest Expense	(2,144)	(1,974)	(2,144)	(1,974)
Depreciation	(1,636)	(1,276)	(1,636)	(1,276)
Profit Before Tax	4,700	9,064	4,700	9,064
Income Tax Expense	(1,247)	(2,148)	(1,247)	(2,148)
Profit After Tax	3,453	6,916	3,453	6,916
Other Comprehensive Income				
Exchange differences on translating foreign operations	442	(641)	442	(641)
Total Comprehensive Income	3,895	6,275	3,895	6,275
Profit attributable to :				
Owners of the Parent	3,453	6,916	3,453	6,916
Total comprehensive income attributable to :				
Owners of the Parent	3,895	6,275	3,895	6,275
Earning Per Share				
- Basic (sen)	2.09	4.19	2.09	4.19
- Diluted (sen)	2.09	4.19	2.09	4.19

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 2022 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 2022 RM'000	(Audited) As At 31 March 2022 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	163,496	163,593
Investment properties	30,967	30,656
Inventories	6,013	6,013
Right-of-use assets	16,367	16,767
Goodwill	837	837
Deferred tax assets	119	119
	<u>217,799</u>	<u>217,985</u>
<u>Current Assets</u>		
Inventories	217,669	161,605
Trade receivables	179,627	174,067
Other receivables and prepaid expenses	4,931	9,554
Current tax assets	197	234
Short term investments	56,649	55,472
Cash and bank balances	10,816	15,891
	<u>469,889</u>	<u>416,823</u>
TOTAL ASSETS	687,688	634,808
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Parent</u>		
Share capital	83,097	83,097
Other reserves	62,104	61,662
Retained earnings	203,874	200,421
Total Equity	<u>349,075</u>	<u>345,180</u>
<u>Non-Current Liabilities</u>		
Borrowings	13,102	13,426
Lease liabilities	2,600	2,959
Deferred tax liabilities	12,111	12,018
	<u>27,813</u>	<u>28,403</u>
<u>Current Liabilities</u>		
Trade payables	50,558	32,709
Other payables and accrued expenses	12,156	10,016
Borrowings	242,991	211,879
Lease liabilities	2,017	2,198
Current tax liabilities	3,078	4,423
	<u>310,800</u>	<u>261,225</u>
Total Liabilities	<u>338,613</u>	<u>289,628</u>
TOTAL EQUITY AND LIABILITIES	687,688	634,808
Net assets per share (RM)	2.10	2.08

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2022 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 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>
Balance as at 1 April 2022	83,097	61,662	200,421	345,180
Total comprehensive income for the period	-	442	3,453	3,895
Balance as at 30 June 2022	<u>83,097</u>	<u>62,104</u>	<u>203,874</u>	<u>349,075</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 2022 and the accompanying explanatory notes to the interim financial reports.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial Period Ended 30.06.2022 RM'000	Financial Period Ended 30.06.2021 RM'000
Profit for the period	3,453	6,916
Adjustments for : -		
Non-cash items	685	1,932
Non-operating items	2,006	1,597
Taxation	1,247	2,148
<i>Operating profit before changes in working capital</i>	<u>7,391</u>	<u>12,593</u>
Changes in working capital		
Net change in current assets	(55,992)	(56,199)
Net change in current liabilities	19,873	3,298
<i>Cash used in operations</i>	(28,728)	(40,308)
Interest paid	(31)	(28)
Income tax paid	(2,544)	(1,922)
Net cash used in operating activities	<u>(31,303)</u>	<u>(42,258)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	138	377
Proceeds from disposal of property, plant and equipment	126	2
Purchase of property, plant and equipment	(761)	(3,268)
Placement of short term investments	(1,026)	(363)
Net cash used in investing activities	<u>(1,523)</u>	<u>(3,252)</u>
<i>Cash flows from / (used in) financing activities</i>		
Drawdown from borrowings	30,513	33,456
Interest paid	(2,056)	(1,874)
Repayments of lease liabilities	(702)	(605)
Repayments of term loans	(668)	(215)
Net cash from financing activities	<u>27,087</u>	<u>30,762</u>
Net Changes in Cash & Cash Equivalents	<u>(5,739)</u>	<u>(14,748)</u>
Adjustment for foreign exchange differentials	(21)	(47)
Cash & Cash Equivalents at beginning of financial period	15,499	16,439
Cash & Cash Equivalents at end of financial period	<u><u>9,739</u></u>	<u><u>1,644</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	10,816	8,109
Less: Bank overdrafts (included within short term borrowings in Note B6)	(1,077)	(6,465)
	<u><u>9,739</u></u>	<u><u>1,644</u></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 2022 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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 2022. 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 2022.

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 2022 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 2022 as follows:

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*

Initial Application of MFRS 17 and MFRS 19 – Comparative Information (Amendment 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)

Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)

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 2022. 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 2022 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	42,909	40,042	4,275	10,864
Distributing of wood products	153,431	103,414	8,065	6,476
Other operating segments	<u>2,185</u>	<u>1,911</u>	<u>(3,998)</u>	<u>(5,403)</u>
	198,525	145,367	8,342	11,937
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(1,288)	(598)		
- Distributing of wood products	(4,198)	(2,801)		
- Other operating segments	<u>(1,860)</u>	<u>(1,815)</u>		
	<u>191,179</u>	<u>140,153</u>	8,342	11,937
Interest income			138	377
Interest expense			(2,144)	(1,974)
Depreciation			<u>(1,636)</u>	<u>(1,276)</u>
Profit before tax			4,700	9,064
Income tax expense			<u>(1,247)</u>	<u>(2,148)</u>
Profit after tax			<u>3,453</u>	<u>6,916</u>
	<u>Assets</u>		<u>Liabilities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	145,360	140,376	83,295	82,050
Distributing of wood products	413,491	317,723	229,083	171,183
Other operating segments	<u>128,521</u>	<u>135,914</u>	<u>11,046</u>	<u>11,752</u>
	<u>687,372</u>	<u>594,013</u>	<u>323,424</u>	<u>264,985</u>

A11. Contingent Liabilities

As of 30 June 2022, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 561.02 million (RM 529.10 million as of 31 March 2022) 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 268.86 million as of 30 June 2022 (RM 238.11 million as of 31 March 2022).

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 2022, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	21,630
Construction of building	485
Acquisition of forklift, machineries and equipment	352
	<u>22,467</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
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	191,179	140,153	36.41	191,179	140,153	36.41
Operating Profit	8,342	11,937	-30.12	8,342	11,937	-30.12
Profit Before Interest and Tax	6,706	10,661	-37.10	6,706	10,661	-37.10
Profit Before Tax	4,700	9,064	-48.15	4,700	9,064	-48.15
Profit After Tax	3,453	6,916	-50.07	3,453	6,916	-50.07
Profit Attributable to Owners of the Parent	3,453	6,916	-50.07	3,453	6,916	-50.07

For current quarter ended 30 June 2022, the Group recorded revenue of RM 191.18 million. This represents an increase of 36.41% as compared to RM 140.15 million in the preceding year corresponding quarter ended 30 June 2021, due mainly to the recovery of economy and reopening of borders. However, profit before tax decreased 48.15%, from RM 9.06 million to RM 4.70 million.

Manufacturing Division

Revenue was recorded at RM 41.62 million for current quarter, representing an increase of 5.53% as compared to RM 39.44 million in the preceding year corresponding quarter ended 30 June 2021. Profit before tax decreased from RM 9.82 million to RM 3.29 million.

B1. Review of the Performance (continued)Manufacturing Division (continued)

	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	30.06.2022	30.06.2021
	RM'000	RM'000
Profit before tax	3,294	9,824
Less : insurance compensation received in relation to fire incident	(1,423)	(6,000)
Adjusted profit before tax	1,871	3,824

Excluding the interim compensation sum of RM 6.00 million received in preceding year corresponding quarter, and a final fire insurance compensation of RM 0.82 million and consequential loss insurance compensation of RM 0.60 million received in current quarter, the profit before tax decreased by 51.05%, from RM 3.82 million to RM 1.87 million, as a result of higher labour costs and operating costs.

Distribution Division

Revenue was recorded at RM 149.23 million for the current quarter. This represents an increase of 48.33% as compared to RM 100.61 million in the preceding year corresponding quarter ended 30 June 2021. The increase in revenue was largely due to recovery of business activities. Profit before tax increased from RM 4.57 million to RM 5.56 million.

	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	30.06.2022	30.06.2021
	RM'000	RM'000
Profit before tax	5,559	4,573
Less : insurance compensation received in relation to fire incident	(62)	-
Adjusted profit before tax	5,497	4,573

Excluding the consequential loss insurance compensation of RM 0.06 million received in current quarter, the profit before tax increased by 20.35%, from RM 4.57 million to RM 5.50 million, largely due to higher revenue recorded.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes %
	30.06.2022	31.03.2022	
	RM'000	RM'000	
Revenue	191,179	194,801	-1.86
Operating Profit	8,342	16,256	-48.68
Profit Before Interest and Tax	6,706	15,246	-56.01
Profit Before Tax	4,700	14,042	-66.53
Profit After Tax	3,453	10,605	-67.44
Profit Attributable to Owners of the Parent	3,453	10,605	-67.44

For the current quarter under review, the Group's revenue decreased 1.86% as compared to RM 194.80 million in the preceding quarter ended 31 March 2022. Profit before tax decreased from RM 14.04 million to RM 4.70 million. The continuous rising cost of materials has resulted in lower profit before tax.

B3. Prospects

The Board is of the view that the uncertainty in the global economy resulting from the ongoing Russian-Ukraine conflict, together with factors like inflation, rise in interest rates and foreign exchange rates may 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 year ended 30 June 2022 as follows:

<u>Tax Expense :</u>	<u>Current Quarter</u> <u>RM'000</u>	<u>Year To Date</u> <u>RM'000</u>
Current Tax Expense :		
Current Quarter/Year	1,247	1,247
Total Tax Expense	<u>1,247</u>	<u>1,247</u>

B6. Borrowings

The Group's borrowings are as follows :-.

	As At 30 June 2022		As At 31 March 2022	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		185,848		174,518
	USD 4,145,006	17,943	USD 1,593,799	6,704
Bank Overdrafts		1,056		389
	SGD 6,724	21	SGD 926	3
Term Loans		2,693		3,030
Revolving Credit		2,500		2,507
Trust Receipts	SGD 4,386,961	13,906	SGD 3,311,606	10,287
	VND 37,713,030,548	7,147	VND 28,015,816,358	5,155
	THB 95,050,257	11,877	THB 73,533,986	9,286
		<u>242,991</u>		<u>211,879</u>
LONG TERM				
Unsecured				
Term Loans		13,102		13,426
		<u>13,102</u>		<u>13,426</u>
TOTAL BORROWINGS				
Bankers' Acceptances		203,791		181,222
Bank Overdrafts		1,077		392
Term Loans		15,795		16,456
Revolving Credit		2,500		2,507
Trust Receipts		32,930		24,728
		<u>256,093</u>		<u>225,305</u>

B7. Derivatives Financial Instruments

As at 30 June 2022, 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	3,755	3,811

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 2022

A single tier final dividend of 1.0 sen per share and a single tier special final dividend of 1.0 sen per share, for the financial year ended 31 March 2022 had been declared and approved by the shareholders at the Annual General Meeting held on 29 August 2022. The dividends will be paid on 22 September 2022 to shareholders whose names appear in the Record of Depositors on 9 September 2022.

For financial year ending 31 March 2023

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2023 (1.0 sen per share, single tier, in previous corresponding period) to be paid on 27 October 2022 to shareholders whose names appear in Record of Depositors on 3 October 2022.

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)	3,453	3,453
Weighted average number of ordinary shares ('000)	165,240	165,240
Earning per share (sen)	2.09	2.09

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	138	138
Other income including investment income		
- fire insurance compensation	826	826
- consequential loss insurance compensation	659	659
- reversal of impairment loss on receivables	953	953
- others	336	336
Interest expense	(2,144)	(2,144)
Depreciation	(1,636)	(1,636)
Provision for and write off of receivables	(309)	(309)
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	105	105
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	(632)	(632)
Gain/(Loss) on derivatives	N/A	N/A