

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 2023

	<u>FYE2024</u>	<u>FYE2023</u>	<u>FYE2024</u>	<u>FYE2023</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2023	Preceding Year Corresponding Quarter Ended 30.06.2022	Current Year To Date Ended 30.06.2023	Preceding Year Ended 30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	204,202	191,179	204,202	191,179
Profit from Operations	8,397	8,342	8,397	8,342
Interest Income	170	138	170	138
Interest Expense	(2,160)	(2,144)	(2,160)	(2,144)
Depreciation	(1,749)	(1,636)	(1,749)	(1,636)
Profit Before Tax	4,658	4,700	4,658	4,700
Income Tax Expense	(1,134)	(1,247)	(1,134)	(1,247)
Profit After Tax	3,524	3,453	3,524	3,453
Other Comprehensive Income				
Exchange differences on translating foreign operations	1,816	442	1,816	442
Total Comprehensive Income	5,340	3,895	5,340	3,895
Profit attributable to :				
Owners of the Parent	3,524	3,453	3,524	3,453
Total comprehensive income attributable to :				
Owners of the Parent	5,340	3,895	5,340	3,895
Earning Per Share				
- Basic (sen)	2.13	2.09	2.13	2.09
- Diluted (sen)	2.13	2.09	2.13	2.09

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 2023 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 2023 RM'000	(Audited) As At 31 March 2023 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	165,510	165,673
Investment properties	31,594	31,025
Inventories	27,783	27,604
Right-of-use assets	19,947	20,141
Goodwill	837	837
Deferred tax assets	119	119
	<u>245,790</u>	<u>245,399</u>
<u>Current Assets</u>		
Inventories	133,533	126,429
Trade receivables	204,058	198,076
Other receivables and prepaid expenses	1,859	9,373
Current tax assets	1,870	2,108
Short term investments	56,245	53,773
Cash and bank balances	12,640	9,298
	<u>410,205</u>	<u>399,057</u>
TOTAL ASSETS	<u>655,995</u>	<u>644,456</u>
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Parent</u>		
Share capital	83,097	83,097
Other reserves	67,577	65,761
Retained earnings	208,159	204,635
Total Equity	<u>358,833</u>	<u>353,493</u>
<u>Non-Current Liabilities</u>		
Borrowings	22,793	26,355
Lease liabilities	2,338	3,066
Deferred tax liabilities	12,531	12,332
	<u>37,662</u>	<u>41,753</u>
<u>Current Liabilities</u>		
Trade payables	41,566	33,428
Other payables and accrued expenses	5,590	5,759
Borrowings	208,652	206,468
Lease liabilities	3,050	2,963
Current tax liabilities	642	592
	<u>259,500</u>	<u>249,210</u>
Total Liabilities	<u>297,162</u>	<u>290,963</u>
TOTAL EQUITY AND LIABILITIES	<u>655,995</u>	<u>644,456</u>
Net assets per share (RM)	2.15	2.12

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2023 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 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>
Balance as at 1 April 2023	83,097	65,761	204,635	353,493
Total comprehensive income for the period	-	1,816	3,524	5,340
Balance as at 30 June 2023	<u>83,097</u>	<u>67,577</u>	<u>208,159</u>	<u>358,833</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 2023 and the accompanying explanatory notes to the interim financial reports.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial Period Ended 30.06.2023 RM'000	Financial Period Ended 30.06.2022 RM'000
Profit for the period	3,524	3,453
Adjustments for : -		
Non-cash items	1,234	685
Non-operating items	1,990	2,006
Taxation	<u>1,134</u>	<u>1,247</u>
<i>Operating profit before changes in working capital</i>	7,882	7,391
Changes in working capital		
Net change in current assets	(3,672)	(55,992)
Net change in current liabilities	<u>7,781</u>	<u>19,873</u>
<i>Cash generated from / (used in) operations</i>	11,991	(28,728)
Interest paid	(6)	(31)
Income tax paid	<u>(849)</u>	<u>(2,544)</u>
Net cash from / (used in) operating activities	11,136	(31,303)
<i>Cash flows from / (used in) investing activities</i>		
Interest received	170	138
Proceeds from disposal of property, plant and equipment	-	126
Purchase of property, plant and equipment	(601)	(761)
Placement of short term investments	<u>(2,149)</u>	<u>(1,026)</u>
Net cash used in investing activities	(2,580)	(1,523)
<i>Cash flows from / (used in) financing activities</i>		
Proceeds from borrowings	884	30,513
Interest paid	(2,098)	(2,056)
Repayments of lease liabilities	(795)	(702)
Repayments of term loans	<u>(3,472)</u>	<u>(668)</u>
Net cash (used in) / from financing activities	<u>(5,481)</u>	<u>27,087</u>
Net Changes in Cash & Cash Equivalents	3,075	(5,739)
Adjustment for foreign exchange differentials	67	(21)
Cash & Cash Equivalents at beginning of financial period	<u>9,152</u>	<u>15,499</u>
Cash & Cash Equivalents at end of financial period	<u><u>12,294</u></u>	<u><u>9,739</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	12,640	10,816
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(346)	(1,077)
	<u>12,294</u>	<u>9,739</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 2023 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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 2023. 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 2023.

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 2023 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 2023 as follows:

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 Income Taxes)

International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)

Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)

Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)

The Group has adopted the new and revised MFRSs that are relevant and effective for accounting periods beginning on or after 1 January 2023. 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 2023 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	36,978	42,909	4,044	4,275
Distributing of wood products	171,109	153,431	6,734	8,065
Other operating segments	<u>3,046</u>	<u>2,185</u>	<u>(2,381)</u>	<u>(3,998)</u>
	211,133	198,525	8,397	8,342
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(700)	(1,288)		
- Distributing of wood products	(3,531)	(4,198)		
- Other operating segments	<u>(2,700)</u>	<u>(1,860)</u>		
	<u>204,202</u>	<u>191,179</u>	8,397	8,342
Interest income			170	138
Interest expense			(2,160)	(2,144)
Depreciation			<u>(1,749)</u>	<u>(1,636)</u>
Profit before tax			4,658	4,700
Income tax expense			<u>(1,134)</u>	<u>(1,247)</u>
Profit after tax			<u>3,524</u>	<u>3,453</u>
	<u>Assets</u>		<u>Liabilities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	124,903	145,360	63,531	83,295
Distributing of wood products	381,013	413,491	200,728	229,083
Other operating segments	<u>148,090</u>	<u>128,521</u>	<u>19,730</u>	<u>11,046</u>
	<u>654,006</u>	<u>687,372</u>	<u>283,989</u>	<u>323,424</u>

A11. Contingent Liabilities

As of 30 June 2023, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 589.34 million (RM 585.44 million as of 31 March 2023) 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 243.68 million as of 30 June 2023 (RM 246.98 million as of 31 March 2023).

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 2023, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	640
Construction of building	7,837
Acquisition of forklift and equipment	346
	<u>8,823</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
	30.06.2023	30.06.2022		30.06.2023	30.06.2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	204,202	191,179	6.81	204,202	191,179	6.81
Operating Profit	8,397	8,342	0.66	8,397	8,342	0.66
Profit Before Interest and Tax	6,648	6,706	-0.86	6,648	6,706	-0.86
Profit Before Tax	4,658	4,700	-0.89	4,658	4,700	-0.89
Profit After Tax	3,524	3,453	2.06	3,524	3,453	2.06
Profit Attributable to Owners of the Parent	3,524	3,453	2.06	3,524	3,453	2.06

For current quarter ended 30 June 2023, the Group recorded revenue of RM 204.20 million. This represents an increase of 6.81% as compared to RM 191.18 million in the preceding year corresponding quarter ended 30 June 2022. Profit before tax decreased 0.89%, from RM 4.70 million to RM 4.66 million.

B1. Review of the Performance (continued)Manufacturing Division

Revenue was recorded at RM 36.28 million for current quarter, representing a decrease of 12.83% as compared to RM 41.62 million in the preceding year corresponding quarter ended 30 June 2022. The decrease in revenue was largely due to slow down in market demand. Profit before tax decreased from RM 3.29 million to RM 2.99 million.

	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	30.06.2023	30.06.2022
	RM'000	RM'000
Profit before tax	2,990	3,294
Less : insurance compensation received in relation to fire incident	-	(1,423)
Adjusted profit before tax	2,990	1,871

Excluding the final fire insurance compensation of RM 0.82 million and consequential loss insurance compensation of RM 0.60 million received in preceding year corresponding quarter, the profit before tax increased from RM 1.87 million to RM 2.99 million, due mainly to the production of high margin products and effective costs management.

Distribution Division

Revenue was recorded at RM 167.58 million for the current quarter. This represents an increase of 12.30% as compared to RM 149.23 million in the preceding year corresponding quarter ended 30 June 2022. The increase in revenue was due mainly to additional market share captured. However, profit before tax decreased 25.00%, from RM 5.56 million to RM 4.17 million, as a result of higher costs of distributed products, stiff competition, as well as lower margins.

	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	30.06.2023	30.06.2022
	RM'000	RM'000
Profit before tax	4,166	5,559
Less : insurance compensation received in relation to fire incident	-	(62)
Adjusted profit before tax	4,166	5,497

Excluding the consequential loss insurance compensation of RM 0.06 million received in previous year corresponding quarter, the profit before tax decreased by 24.18%, from RM 5.50 million to RM 4.17 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	30.06.2023	31.03.2023	
	RM'000	RM'000	
Revenue	204,202	208,545	-2.08
Operating Profit	8,397	8,690	-3.37
Profit Before Interest and Tax	6,648	6,837	-2.76
Profit Before Tax	4,658	4,689	-0.66
Profit After Tax	3,524	4,970	-29.09
Profit Attributable to Owners of the Parent	3,524	4,970	-29.09

For the current quarter under review, the Group's revenue was recorded at RM 204.20 million, representing a decrease of 2.08% as compared to RM 208.55 million in the preceding quarter ended 31 March 2023. Profit before tax decreased slightly from RM 4.69 million to RM 4.66 million.

B3. Prospects

The Board is of the view that the uncertainty in the global economy, fluctuation in foreign exchange rates and to a lesser extent, the inflation and rise in interest 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 period ended 30 June 2023 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	1,134	1,134
Total Tax Expense	<u>1,134</u>	<u>1,134</u>

B6. Borrowings

The Group's borrowings are as follows :-

	As At 30 June 2023		As At 31 March 2023	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		148,817		152,964
	USD 5,967,987	26,616	USD 5,564,340	24,578
	GBP 1,037,127	6,068	GBP 0	-
Bank Overdrafts		143		145
	SGD 58,944	203	SGD 0	-
	THB 0	-	THB 10,726	1
Term Loans		6,634		4,043
Revolving Credit		-		2,501
Trust Receipts		-		-
	SGD 1,972,644	6,782	SGD 2,264,351	7,521
	VND 30,414,040,294	6,022	VND 33,874,852,220	6,368
	THB 56,056,393	7,367	THB 64,590,504	8,347
		<u>208,652</u>		<u>206,468</u>
LONG TERM				
Unsecured				
Term Loans		22,793		26,355
		<u>22,793</u>		<u>26,355</u>
TOTAL BORROWINGS				
Bankers' Acceptances		181,501		177,542
Bank Overdrafts		346		146
Term Loans		29,427		30,398
Revolving Credit		-		2,501
Trust Receipts		20,171		22,236
		<u>231,445</u>		<u>232,823</u>

B7. Derivatives Financial Instruments

As at 30 June 2023, 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	1,405	1,443

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 2023

A single tier final dividend of 1.0 sen per share, for the financial year ended 31 March 2023 had been declared and approved by the shareholders at the Annual General Meeting held on 28 August 2023. The dividend will be paid on 27 September 2023 to shareholders whose names appear in the Record of Depositors on 8 September 2023.

For financial year ending 31 March 2024

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2024 (1.0 sen per share, single tier, in previous corresponding period) to be paid on 26 October 2023 to shareholders whose names appear in Record of Depositors on 2 October 2023.

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)	3,524	3,524
Weighted average number of ordinary shares ('000)	165,240	165,240
Earning per share (sen)	2.13	2.13

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	170	170
Other income including investment income	1,160	1,160
Interest expense	(2,160)	(2,160)
Depreciation	(1,749)	(1,749)
Provision for and write off of receivables	-	-
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	-	-
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	(221)	(221)
Gain/(Loss) on derivatives	N/A	N/A