

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 2023

	<u>FYE2024</u>	<u>FYE2023</u>	<u>FYE2024</u>	<u>FYE2023</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.12.2023	Preceding Year Corresponding Quarter Ended 31.12.2022	Current Year To Date Ended 31.12.2023	Preceding Year Ended 31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	234,910	204,314	659,016	583,035
Profit from Operations	9,947	6,369	25,413	19,243
Interest Income	237	118	613	417
Interest Expense	(3,017)	(2,544)	(7,634)	(6,691)
Depreciation	(1,732)	(1,633)	(5,230)	(4,897)
Profit Before Tax	5,435	2,310	13,162	8,072
Income Tax Expense	(722)	(482)	(2,638)	(2,219)
Profit After Tax	4,713	1,828	10,524	5,853
Other Comprehensive Income				
Exchange differences on translating foreign operations	567	310	1,894	1,329
Total Comprehensive Income	5,280	2,138	12,418	7,182
Profit attributable to :				
Owners of the Parent	4,713	1,828	10,524	5,853
Total comprehensive income attributable to :				
Owners of the Parent	5,280	2,138	12,418	7,182
Earning Per Share				
- Basic (sen)	2.85	1.11	6.37	3.54
- Diluted (sen)	2.85	1.11	6.37	3.54

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 31 December 2023 RM'000	(Audited) As At 31 March 2023 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	164,404	165,673
Investment properties	31,794	31,025
Inventories	28,139	27,604
Right-of-use assets	17,865	20,141
Goodwill	837	837
Deferred tax assets	119	119
	<u>243,158</u>	<u>245,399</u>
<u>Current Assets</u>		
Inventories	123,065	126,429
Trade receivables	216,927	198,076
Other receivables and prepaid expenses	2,995	9,373
Current tax assets	1,603	2,108
Short term investments	60,277	53,773
Cash and bank balances	17,881	9,298
	<u>422,748</u>	<u>399,057</u>
TOTAL ASSETS	<u>665,906</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	67,655	65,761
Retained earnings	210,202	204,635
Total Equity	<u>360,954</u>	<u>353,493</u>
<u>Non-Current Liabilities</u>		
Borrowings	21,236	26,355
Lease liabilities	1,308	3,066
Deferred tax liabilities	12,456	12,332
	<u>35,000</u>	<u>41,753</u>
<u>Current Liabilities</u>		
Trade payables	50,179	33,428
Other payables and accrued expenses	5,333	5,759
Borrowings	211,341	206,468
Lease liabilities	2,537	2,963
Current tax liabilities	562	592
	<u>269,952</u>	<u>249,210</u>
Total Liabilities	<u>304,952</u>	<u>290,963</u>
TOTAL EQUITY AND LIABILITIES	<u>665,906</u>	<u>644,456</u>
Net assets per share (RM)	2.17	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	-	1,329	5,853	7,182
Dividends	-	-	(5,783)	(5,783)
Balance as at 31 December 2022	83,097	62,991	200,491	346,579
Balance as at 1 April 2023	83,097	65,761	204,635	353,493
Total comprehensive income for the period	-	1,894	10,524	12,418
Dividends	-	-	(4,957)	(4,957)
Balance as at 31 December 2023	83,097	67,655	210,202	360,954

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 31.12.2023 RM'000	Financial Period Ended 31.12.2022 RM'000
Profit for the period	10,524	5,853
Adjustments for : -		
Non-cash items	5,062	3,015
Non-operating items	7,021	6,274
Taxation	2,638	2,219
<i>Operating profit before changes in working capital</i>	<u>25,245</u>	<u>17,361</u>
Changes in working capital		
Net change in current assets	(8,197)	(31,106)
Net change in current liabilities	16,114	3,752
<i>Cash generated from / (used in) operations</i>	33,162	(9,993)
Income tax refunded	218	-
Interest paid	(11)	(143)
Income tax paid	(2,384)	(7,856)
Net cash from / (used in) operating activities	<u>30,985</u>	<u>(17,992)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	613	417
Proceeds from disposal of property, plant and equipment	-	198
Proceeds from disposal of investment properties	-	770
Purchase of property, plant and equipment	(1,480)	(1,893)
Additions to investment property	-	(35)
(Placement)/ withdrawal of short term investments	(5,513)	5,716
Net cash (used in) / from investing activities	<u>(6,380)</u>	<u>5,173</u>
<i>Cash flows from / (used in) financing activities</i>		
Net (repayments of)/proceeds from borrowings	4,346	4,141
Dividends paid	(4,957)	(5,783)
Interest paid	(7,481)	(6,379)
Repayments of lease liabilities	(2,387)	(2,119)
Repayments of term loans	(5,445)	14,844
Net cash (used in) / from financing activities	<u>(15,924)</u>	<u>4,704</u>
Net Changes in Cash & Cash Equivalents	8,681	(8,115)
Adjustment for foreign exchange differentials	29	(42)
Cash & Cash Equivalents at beginning of financial period	9,152	15,499
Cash & Cash Equivalents at end of financial period	<u><u>17,862</u></u>	<u><u>7,342</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	17,881	12,198
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(19)	(4,856)
	<u><u>17,862</u></u>	<u><u>7,342</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 2023 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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

A first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2024, amounting to RM 1,652,402, was paid by the Company on 26 October 2023.

A second interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2024, amounting to RM 1,652,402, was paid by the Company on 21 December 2023.

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	115,275	110,164	12,281	7,238
Distributing of wood products	555,868	489,092	19,563	18,714
Other operating segments	<u>8,897</u>	<u>6,554</u>	<u>(6,431)</u>	<u>(6,709)</u>
	680,040	605,810	25,413	19,243
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,300)	(3,128)		
- Distributing of wood products	(10,623)	(14,067)		
- Other operating segments	<u>(8,101)</u>	<u>(5,580)</u>		
	<u>659,016</u>	<u>583,035</u>	25,413	19,243
Interest income			613	417
Interest expense			(7,634)	(6,691)
Depreciation			<u>(5,230)</u>	<u>(4,897)</u>
Profit before tax			13,162	8,072
Income tax expense			<u>(2,638)</u>	<u>(2,219)</u>
Profit after tax			<u>10,524</u>	<u>5,853</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	117,470	122,032	61,685	59,316
Distributing of wood products	394,137	393,726	211,484	222,830
Other operating segments	<u>152,577</u>	<u>143,398</u>	<u>18,765</u>	<u>19,832</u>
	<u>664,184</u>	<u>659,156</u>	<u>291,934</u>	<u>301,978</u>

A11. Contingent Liabilities

As of 31 December 2023, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 583.02 million (RM 581.51 million as of 30 September 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 249.85 million as of 31 December 2023 (RM 245.12 million as of 30 September 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 31 December 2023, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	640
Construction of building	8,541
Acquisition of equipment	46
	<u>9,227</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
	31.12.2023	31.12.2022		31.12.2023	31.12.2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	234,910	204,314	14.97	659,016	583,035	13.03
Operating Profit	9,947	6,369	56.18	25,413	19,243	32.06
Profit Before Interest and Tax	8,215	4,736	73.46	20,183	14,346	40.69
Profit Before Tax	5,435	2,310	135.28	13,162	8,072	63.06
Profit After Tax	4,713	1,828	157.82	10,524	5,853	79.81
Profit Attributable to Owners of the Parent	4,713	1,828	157.82	10,524	5,853	79.81

For current quarter ended 31 December 2023, the Group recorded revenue of RM 234.91 million. This represents an increase of 14.97% as compared to RM 204.31 million in the preceding year corresponding quarter ended 31 December 2022. Profit before tax increased from RM 2.31 million to RM 5.44 million.

The Group's revenue for the current year to date ended 31 December 2023 increased 13.03%, from RM 583.04 million to RM 659.02 million. Profit before tax increased 63.06%, from RM 8.07 million to RM 13.16 million.

B1. Review of the Performance (continued)Manufacturing Division

Revenue was recorded at RM 41.55 million for current quarter, representing an increase of 26.22% as compared to RM 32.92 million in the preceding year corresponding quarter ended 31 December 2022. The increase in revenue was due to slight improvement in market sentiments, as well as the expansion of our customer base. Profit before tax increased from RM 0.82 million to RM 3.91 million.

Revenue was recorded at RM 112.98 million for the nine months ended 31 December 2023. This represents an increase of 5.55% as compared to RM 107.04 million in the preceding year ended 31 December 2022. Profit before tax increased from RM 4.43 million to RM 9.22 million.

	Current Year	Preceding Year
	Ended	Ended
	31.12.2023	31.12.2022
	RM'000	RM'000
Profit before tax	9,224	4,433
Less : insurance compensation received in relation to fire incident	-	(1,423)
Adjusted profit before tax	9,224	3,010

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, the profit before tax increased from RM 3.01 million to RM 9.22 million, due mainly to the production of high margin products and effective costs management.

Distribution Division

Revenue was recorded at RM 193.11 million for the current quarter. This represents an increase of 12.88% as compared to RM 171.07 million in the preceding year corresponding quarter ended 31 December 2022. The increase in revenue was due mainly to additional market share captured. Profit before tax increased from RM 2.24 million to RM 3.29 million, due mainly to higher revenue.

Revenue was recorded at RM 545.25 million for the nine months ended 31 December 2023. This represents an increase of 14.78% as compared to RM 475.03 million in the preceding year ended 31 December 2022. Profit before tax decreased from RM 10.80 million to RM 10.63 million.

	Current Year	Preceding Year
	Ended	Ended
	31.12.2023	31.12.2022
	RM'000	RM'000
Profit before tax	10,633	10,796
Less : insurance compensation received in relation to fire incident	-	(62)
Adjusted profit before tax	10,633	10,734

Excluding the consequential loss insurance compensation of RM 0.06 million received in previous year, the profit before tax decreased from RM 10.73 million to RM 10.63 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	31.12.2023	30.09.2023	
	RM'000	RM'000	%
Revenue	234,910	219,904	6.82
Operating Profit	9,947	7,069	40.71
Profit Before Interest and Tax	8,215	5,320	54.42
Profit Before Tax	5,435	3,069	77.09
Profit After Tax	4,713	2,287	106.08
Profit Attributable to Owners of the Parent	4,713	2,287	106.08

For the current quarter under review, the Group's revenue was recorded at RM 234.91 million, representing an increase of 6.82% as compared to RM 219.90 million in the preceding quarter ended 30 September 2023. Profit before tax increased from RM 3.07 million to RM 5.44 million.

B3. Prospects

The Board is of the view that the uncertainty in the global economy, fluctuation in foreign exchange rates and a high interest rate environment will continue to influence the Group's profit performance.

The Group will 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 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	768	2,684
Overprovision in prior year	(46)	(46)
Total Tax Expense	<u>722</u>	<u>2,638</u>

B6. Borrowings

The Group's borrowings are as follows :-

	As At 31 December 2023		As At 31 March 2023	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		169,870		152,964
	USD 288,305	1,357	USD 5,564,340	24,578
	GBP 1,805,392	10,486	GBP 0	-
	SGD 1,609,497	5,624	SGD 0	-
	EUR 262,537	1,314	EUR 0	-
Bank Overdrafts		-		145
	THB 0	-	THB 10,726	1
	SGD 5,458	19	SGD 0	-
Term Loans		6,216		4,043
Revolving Credit		-		2,501
Trust Receipts		6,771	SGD 2,264,351	7,521
	SGD 1,946,268	4,107	VND 33,874,852,220	6,368
	VND 21,731,481,180	5,577	THB 64,590,504	8,347
	THB 41,525,790	<u>211,341</u>		<u>206,468</u>
LONG TERM				
Unsecured				
Term Loans		<u>21,236</u>		<u>26,355</u>
		<u>21,236</u>		<u>26,355</u>
TOTAL BORROWINGS				
Bankers' Acceptances		188,651		177,542
Bank Overdrafts		19		146
Term Loans		27,452		30,398
Revolving Credit		-		2,501
Trust Receipts		16,455		22,236
		<u>232,577</u>		<u>232,823</u>

B7. Derivatives Financial Instruments

As at 31 December 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	17,170	17,267

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 2024

The Board proposed a third interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2024 (0.5 sen per share, single tier, in previous corresponding period) to be paid on 27 March 2024 to shareholders whose names appear in Record of Depositors on 13 March 2024.

Total dividend per share for current financial year-to-date is 3.0 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)	4,713	10,524
Weighted average number of ordinary shares (*000)	165,240	165,240
Earning per share (sen)	2.85	6.37

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	237	613
Other income including investment income	1,287	3,357
Interest expense	(3,017)	(7,634)
Depreciation	(1,732)	(5,230)
Provision for and write off of receivables	(1,138)	(1,138)
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	766	829
Gain/(Loss) on derivatives	N/A	N/A