

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2016

	<u>FYE2017</u>	<u>FYE2016</u>	<u>FYE2017</u>	<u>FYE2016</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2016	Preceding Year Corresponding Quarter Ended 30.06.2015	Current Year To Date Ended 30.06.2016	Preceding Year Ended 30.06.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	137,828	127,031	137,828	127,031
Profit from Operations	7,766	8,550	7,766	8,550
Interest Income	329	145	329	145
Interest Expense	(1,746)	(1,921)	(1,746)	(1,921)
Depreciation and Amortisation	(718)	(720)	(718)	(720)
Profit Before Tax	5,631	6,054	5,631	6,054
Income Tax Expense	(1,388)	(1,368)	(1,388)	(1,368)
Profit After Tax	4,243	4,686	4,243	4,686
Other Comprehensive Income				
Exchange differences on translating foreign operations	554	1,036	554	1,036
Fair value changes on available-for-sale financial assets	(10)	-	(10)	-
Total Comprehensive Income	4,787	5,722	4,787	5,722
Profit attributable to :				
Equity holders of the Company	4,078	4,679	4,078	4,679
Non-Controlling Interest	165	7	165	7
	4,243	4,686	4,243	4,686
Total comprehensive income attributable to :				
Equity holders of the Company	4,622	5,715	4,622	5,715
Non-Controlling Interest	165	7	165	7
	4,787	5,722	4,787	5,722
Earning Per Share				
- Basic (sen)	2.47	3.40	2.47	3.40
- Diluted (sen)	-	-	-	-

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2016 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As At 30 June 2016 RM'000	(Audited) As At 31 March 2016 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	98,447	97,818
Investment properties	14,632	13,992
Land held for property development	13,447	13,447
Prepaid lease payments for land	5,483	5,288
Intangible assets	837	837
	132,846	131,382
<u>Current Assets</u>		
Inventories	91,795	79,626
Trade receivables	129,176	117,320
Other receivables and prepaid expenses	3,346	6,015
Short term investment	36,059	35,748
Cash and cash equivalents	8,498	13,663
	268,874	252,372
TOTAL ASSETS	401,720	383,754
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	82,520	82,520
Share premium	317	317
Other reserves	35,845	35,301
Retained Earnings	113,072	108,994
	231,754	227,132
Non - Controlling Interest	(210)	(359)
Total Equity	231,544	226,773
<u>Non-Current Liabilities</u>		
Hire purchase creditors	283	200
Bank borrowings	7,049	9,175
Deferred tax liabilities	5,785	5,785
	13,117	15,160
<u>Current Liabilities</u>		
Trade payables	22,218	17,753
Other payables and accrued expenses	6,080	6,450
Hire purchase creditors	395	312
Bank borrowings	128,348	117,162
Current tax liabilities	18	144
	157,059	141,821
Total Liabilities	170,176	156,981
TOTAL EQUITY AND LIABILITIES	401,720	383,754
Net assets per share (RM)	1.40	1.37

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2016 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD

(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	<u>Issued Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Earnings</u> RM'000	<u>Total</u> RM'000	<u>Non- Controlling Interest</u> RM'000	<u>Total Equity</u> RM'000
Balance as at 1 April 2015	68,767	317	33,198	116,462	218,744	(341)	218,403
Total comprehensive income for the year	-	-	1,036	4,679	5,715	7	5,722
Foreign currency translations, net of tax	-	-	-	-	-	6	6
Balance as at 30 June 2015	<u>68,767</u>	<u>317</u>	<u>34,234</u>	<u>121,141</u>	<u>224,459</u>	<u>(328)</u>	<u>224,131</u>
Balance as at 1 April 2016	82,520	317	35,301	108,994	227,132	(359)	226,773
Total comprehensive income for the year	-	-	544	4,078	4,622	165	4,787
Foreign currency translations, net of tax	-	-	-	-	-	(16)	(16)
Balance as at 30 June 2016	<u>82,520</u>	<u>317</u>	<u>35,845</u>	<u>113,072</u>	<u>231,754</u>	<u>(210)</u>	<u>231,544</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 2016 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Financial Period Ended 30.06.2016 RM'000	Financial Period Ended 30.06.2015 RM'000
Profit for the period	4,243	4,686
Adjustments for : -		
Non-cash items	417	843
Non-operating items	1,417	1,776
Taxation	1,388	1,368
	<u>7,465</u>	<u>8,673</u>
<i>Operating profit before changes in working capital</i>		
Changes in working capital		
Net change in current assets	(21,745)	(29,796)
Net change in current liabilities	5,122	(3,532)
	<u>(9,158)</u>	<u>(24,655)</u>
<i>Cash used in operations</i>		
Interest paid	(52)	(39)
Income tax paid	(1,521)	(1,391)
Net cash used in operating activities	<u>(10,731)</u>	<u>(26,085)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	329	145
Proceeds from disposal of property, plant and equipment	150	4
Purchase of property, plant and equipment	(1,065)	(238)
Purchase of investment properties	(640)	-
Placement of short term investment	(321)	-
Net cash used in investing activities	<u>(1,547)</u>	<u>(89)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from/ repayment of short-term borrowings	10,007	24,461
Interest paid on bank borrowings	(1,694)	(1,882)
Net proceeds from/ repayment of hire-purchase payables	166	(68)
Net proceeds from/ repayments of term loans	(774)	(696)
Net cash from financing activities	<u>7,705</u>	<u>21,815</u>
Net Changes in Cash & Cash Equivalents	<u>(4,573)</u>	<u>(4,359)</u>
Adjustment for foreign exchange differentials	(9)	(42)
Cash & Cash Equivalents at beginning of financial period	11,771	49,074
Cash & Cash Equivalents at end of financial period	<u>7,189</u>	<u>44,673</u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	8,498	46,603
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(1,309)	(1,930)
	<u>7,189</u>	<u>44,673</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2016 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

Notes to the Interim Financial Report

A1. Accounting Policies

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 2016. The explanatory notes attached to the interim financial statements provide an explanation on 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 2016.

A2. Change in Accounting Policies

The accounting policies adopted are consistent with those in the audited financial statements for the financial year ended 31 March 2016. The Group has adopted all the new and revised MFRSs and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") effective for annual financial periods beginning on or after 1 January 2016. The adoption has no significant 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 2016 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 are no issuance and repayment of debts and equity securities during the current quarter and the financial year to date.

A8. Dividend Paid

There were no dividend payment made in current quarter.

A9. Valuations of Property, Plant and Equipment

There is no significant changes during the financial year.

A10. Segmental Reporting

	<u>Revenue</u>		<u>Segment Results</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	31,800	26,456	2,721	2,787
Distributing of wood products	113,406	107,168	5,582	5,887
Other operating segments	581	15,836	(537)	(124)
	<u>145,787</u>	<u>149,460</u>	<u>7,766</u>	<u>8,550</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,960)	(2,825)		
- Distributing of wood products	(4,476)	(3,930)		
- Other operating segments	(523)	(15,674)		
	<u>137,828</u>	<u>127,031</u>	<u>7,766</u>	<u>8,550</u>
Interest income			329	145
Interest expense			(1,746)	(1,921)
Depreciation and amortisation			(718)	(720)
Profit before tax			5,631	6,054
Income tax expense			(1,388)	(1,368)
Profit after tax			<u>4,243</u>	<u>4,686</u>

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	71,983	71,399	35,053	40,691
Distributing of wood products	242,910	253,452	122,892	135,249
Other operating segments	86,827	85,077	6,428	9,857
	<u>401,720</u>	<u>409,928</u>	<u>164,373</u>	<u>185,797</u>

A11. Changes in the Composition of the Group

There were no changes in composition of the Group for current quarter under review.

A12. Subsequent Material Events

There are no subsequent material events that are required to be reflected in the current quarter.

A13. Contingent Liabilities

As of 30 June 2016, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 404.44 million (RM 393.53 million in March 2016) which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by its subsidiary companies as of period-end amounting to about RM 140.40 million (RM 131.62 million in March 2016).

A14. Capital Commitment

As of 30 June 2016, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	<u>4,073</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

For the quarter ended 30 June 2016, the Group recorded a revenue of RM 137.83 million. This represents an increase of 8.50% as compared to RM 127.03 million in the preceding year corresponding quarter ended 30 June 2015. Operating profit has decreased by 9.12%, from RM 8.55 million to RM 7.77 million.

Manufacturing Division

The revenue was recorded at RM 28.84 million for current quarter, an increase of 22.05% as compared to RM 23.63 million in the preceding year corresponding quarter ended 30 June 2015. The increase in revenue was mainly attributed to market share expansion which enables the Group to grow continuously. Furthermore, the newly developed products and market penetration had also contributed to higher revenue.

However, operating profit has decreased by 2.51%, from RM 2.79 million to RM 2.72 million. The decrease in operating profit was mainly due to higher raw material costs as well as higher operating costs.

Distribution Division

The revenue was recorded at RM 108.93 million for current quarter. This represented an increase of 5.51% as compared to RM 103.24 million in the preceding year corresponding quarter ended 30 June 2015. The increase in revenue was mainly contributed by additional market shares captured as well as penetration into new markets.

Operating profit has declined by 5.26% from RM 5.89 million to RM 5.58 million, as a result of increase in costs of distributed products and operating costs.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue increased by 9.68% as compared to RM 125.66 million in the preceding quarter ended 31 March 2016. The profit before tax ("PBT") increased from RM 1.42 million to RM 5.63 million.

B3. Prospects

The Board is of the view that the wood panel products' prices are not expected to experience any significant volatility. However, the raw material costs and foreign exchange rates may jeopardize the company's profit performance.

The Company will continue to leverage its competitive strengths of its economies of scale to lower its costs of production, in order to achieve satisfactory performance in coming financial year.

B4. Taxation

The taxation is calculated based on the profit for the financial period ended 30 June 2016 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	1,388	1,388
	<u>1,388</u>	<u>1,388</u>

B5. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B6. Borrowings

The Group's borrowings as at the end of the reporting period are 100% unsecured :-

	As At 30 June 2016 RM'000	As At 31 March 2016 RM'000
Short Term Borrowings	128,348	117,162
Long Term Borrowings	7,049	9,175
	<u>135,397</u>	<u>126,337</u>

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 30 June 2016, 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	30,993	31,096

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.

B9. Proposed Dividend

(a) For financial year ended 31 March 2016

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2016 had been declared and approved at the Annual General Meeting held on 22 August 2016. The dividend will be paid on 22 September 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 7 September 2016.

(b) For financial year ending 31 March 2017

The Board proposed a first interim dividend of 1.0 sen per share, single tier, for the financial year ending 31 March 2017 to be paid on 22 September 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 7 September 2016.

B10. Earnings Per Share ("EPS")

The EPS is derived as follow :-

	Current Quarter	Current Year To Date
Net profit for the period/year (RM'000)	4,078	4,078
Weighted average number of ordinary shares ('000)	165,040	165,040
EPS (sen)	2.47	2.47

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 30.06.2016	As At Financial Year Ended 31.03.2016
Retained Earning		
- Realised	110,097	106,341
- Unrealised	1,065	578
	111,162	106,919
Consolidation Adjustment	1,910	2,075
Total Group Retained Earning as per Consolidated Accounts	113,072	108,994

B12. Notes to the Condensed Consolidated Income Statements

Profit before tax is arrived at after crediting (charging) the following:

	Current Quarter RM'000	Current Year To Date RM'000
Interest income	329	329
Other income including investment income	883	883
Interest expense	(1,746)	(1,746)
Depreciation and amortisation	(718)	(718)
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	102	102
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	(668)	(668)
Gain/(Loss) on derivatives	N/A	N/A