

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

	<u>FYE2018</u>	<u>FYE2017</u>	<u>FYE2018</u>	<u>FYE2017</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.09.2017	Preceding Year Corresponding Quarter Ended 30.09.2016	Current Year To Date Ended 30.09.2017	Preceding Year Ended 30.09.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	158,478	135,870	308,183	273,698
Profit from Operations	7,855	7,881	17,212	15,647
Interest Income	300	350	590	679
Interest Expense	(1,764)	(1,387)	(3,915)	(3,133)
Depreciation and Amortisation	(799)	(722)	(1,535)	(1,440)
Profit Before Tax	5,592	6,122	12,352	11,753
Income Tax Expense	(1,343)	(1,406)	(2,971)	(2,794)
Profit After Tax	4,249	4,716	9,381	8,959
Other Comprehensive Income				
Exchange differences on translating foreign operations	(97)	956	(730)	1,510
Fair value changes on available-for-sale financial assets	19	(39)	40	(49)
Total Comprehensive Income	<u>4,171</u>	<u>5,633</u>	<u>8,691</u>	<u>10,420</u>
Profit attributable to :				
Equity holders of the Company	4,097	4,553	9,114	8,631
Non-Controlling Interest	152	163	267	328
	<u>4,249</u>	<u>4,716</u>	<u>9,381</u>	<u>8,959</u>
Total comprehensive income attributable to :				
Equity holders of the Company	4,021	5,484	8,427	10,106
Non-Controlling Interest	150	149	264	314
	<u>4,171</u>	<u>5,633</u>	<u>8,691</u>	<u>10,420</u>
Earning Per Share				
- Basic (sen)	2.48	2.76	5.52	5.23
- Diluted (sen)	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2017 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 September 2017 RM'000	(Audited) As At 31 March 2017 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	106,418	106,993
Investment properties	14,754	14,032
Land held for property development	13,447	13,447
Prepaid lease payments for land	5,547	5,903
Intangible assets	837	837
	<u>141,003</u>	<u>141,212</u>
<u>Current Assets</u>		
Inventories	121,591	100,238
Trade receivables	153,869	134,779
Other receivables and prepaid expenses	2,804	9,696
Current tax assets	525	412
Short term investment	37,567	36,953
Cash and cash equivalents	9,324	12,696
	<u>325,680</u>	<u>294,774</u>
TOTAL ASSETS	<u>466,683</u>	<u>435,986</u>
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	82,967	82,837
Other reserves	37,986	38,673
Retained Earnings	131,150	123,686
	<u>252,103</u>	<u>245,196</u>
Non - Controlling Interest	393	129
Total Equity	<u>252,496</u>	<u>245,325</u>
<u>Non-Current Liabilities</u>		
Bank borrowings	6,607	8,458
Deferred tax liabilities	5,711	5,711
	<u>12,318</u>	<u>14,169</u>
<u>Current Liabilities</u>		
Trade payables	27,345	24,808
Other payables and accrued expenses	6,852	7,018
Bank borrowings	166,274	143,555
Current tax liabilities	1,398	1,111
	<u>201,869</u>	<u>176,492</u>
Total Liabilities	<u>214,187</u>	<u>190,661</u>
TOTAL EQUITY AND LIABILITIES	<u>466,683</u>	<u>435,986</u>
Net assets per share (RM)	1.52	1.48

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2017 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</u> <u>Capital</u> RM'000	<u>Share</u> <u>Premium</u> RM'000	<u>Other</u> <u>Reserves</u> RM'000	<u>Retained</u> <u>Earnings</u> RM'000	<u>Total</u> RM'000	<u>Non-</u> <u>Controlling</u> <u>Interest</u> RM'000	<u>Total</u> <u>Equity</u> RM'000
Balance as at 1 April 2016	82,520	317	35,301	108,994	227,132	(359)	226,773
Total comprehensive income for the year	-	-	1,475	8,631	10,106	314	10,420
Dividend	-	-	-	(3,301)	(3,301)	-	(3,301)
Balance as at 30 September 2016	<u>82,520</u>	<u>317</u>	<u>36,776</u>	<u>114,324</u>	<u>233,937</u>	<u>(45)</u>	<u>233,892</u>
Balance as at 1 April 2017	82,837	-	38,673	123,686	245,196	129	245,325
Issuance of shares							
- pursuant to exercise of warrants	130	-	-	-	130	-	130
Total comprehensive income for the year	-	-	(687)	9,114	8,427	264	8,691
Dividend	-	-	-	(1,650)	(1,650)	-	(1,650)
Balance as at 30 September 2017	<u>82,967</u>	<u>-</u>	<u>37,986</u>	<u>131,150</u>	<u>252,103</u>	<u>393</u>	<u>252,496</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 2017 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 30.09.2017 RM'000	Financial Period Ended 30.09.2016 RM'000
Profit for the period	9,381	8,959
Adjustments for : -		
Non-cash items	1,856	1,018
Non-operating items	3,325	2,454
Taxation	2,971	2,794
<i>Operating profit before changes in working capital</i>	<u>17,533</u>	<u>15,225</u>
Changes in working capital		
Net change in current assets	(34,422)	(31,096)
Net change in current liabilities	2,454	5,804
<i>Cash used in operations</i>	(14,435)	(10,067)
Interest paid	(9)	(85)
Income tax paid	(2,794)	(2,808)
Net cash used in operating activities	<u>(17,238)</u>	<u>(12,960)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	590	679
Proceeds from disposal of property, plant and equipment	14	150
Purchase of property, plant and equipment	(1,065)	(5,785)
Purchase of investment properties	(722)	(640)
Placement of short term investment	(574)	(662)
Net cash used in investing activities	<u>(1,757)</u>	<u>(6,258)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from/ repayment of short-term borrowings	23,392	17,588
Dividends paid	(1,650)	(3,301)
Issue of shares	130	-
Interest paid on bank borrowings	(3,906)	(3,048)
Net proceeds from/ repayment of hire-purchase payables	(108)	68
Net proceeds from/ repayments of term loans	(3,185)	1,421
Net cash from financing activities	<u>14,673</u>	<u>12,728</u>
Net Changes in Cash & Cash Equivalents	<u>(4,322)</u>	<u>(6,490)</u>
Adjustment for foreign exchange differentials	(279)	51
Cash & Cash Equivalents at beginning of financial period	<u>10,258</u>	<u>11,771</u>
Cash & Cash Equivalents at end of financial period	<u><u>5,657</u></u>	<u><u>5,332</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	9,324	6,660
Less: Bank overdrafts (included within short term borrowings in Note B6)	(3,667)	(1,328)
	<u><u>5,657</u></u>	<u><u>5,332</u></u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2017 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 2017. 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 2017.

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 2017. 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 2017. 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 2017 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

In the 2nd Quarter ending 31 March 2018, the Company increased its issued and paid-up capital from RM 82,837,247 to RM 82,967,247 by way of issuance of 100,000 ordinary shares pursuant to the exercise of 100,000 warrants at the exercise price of RM 1.30 each.

A8. Dividend Paid

For financial year ended 31 March 2017

A final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2017, amounting to RM1,650,401, was paid by the Company on 20 September 2017.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	71,646	59,186	8,056	5,414
Distributing of wood products	248,911	227,851	10,332	10,921
Other operating segments	<u>2,963</u>	<u>1,278</u>	<u>(1,176)</u>	<u>(688)</u>
	<u>323,520</u>	<u>288,315</u>	<u>17,212</u>	<u>15,647</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,361)	(4,112)		
- Distributing of wood products	(10,090)	(9,459)		
- Other operating segments	<u>(2,886)</u>	<u>(1,046)</u>		
	<u>308,183</u>	<u>273,698</u>	<u>17,212</u>	<u>15,647</u>
Interest income			590	679
Interest expense			(3,915)	(3,133)
Depreciation and amortisation			<u>(1,535)</u>	<u>(1,440)</u>
Profit before tax			12,352	11,753
Income tax expense			<u>(2,971)</u>	<u>(2,794)</u>
Profit after tax			<u>9,381</u>	<u>8,959</u>

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	91,641	72,183	53,972	36,794
Distributing of wood products	280,118	252,708	145,657	129,865
Other operating segments	<u>91,399</u>	<u>90,493</u>	<u>7,449</u>	<u>8,894</u>
	<u>463,158</u>	<u>415,384</u>	<u>207,078</u>	<u>175,553</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 September 2017, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 417.98 million (RM 412.32 million in June 2017) 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 181.18 million (RM 167.49 million in June 2017).

A14. Capital Commitment

As of 30 September 2017, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	2,386
Implementation of ERP system	172
	<u>2,558</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
	30.09.2017	30.09.2016		30.09.2017	30.09.2016	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	158,478	135,870	16.64	308,183	273,698	12.60
Operating Profit	7,855	7,881	-0.33	17,212	15,647	10.00
Profit Before Interest and Tax	7,056	7,159	-1.44	15,677	14,207	10.35
Profit Before Tax	5,592	6,122	-8.66	12,352	11,753	5.10
Profit After Tax	4,249	4,716	-9.90	9,381	8,959	4.71
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,097	4,553	-10.02	9,114	8,631	5.60

The Group's revenue for the current year to date ended 30 September 2017 was 12.60% higher than the same period last year due to market share expansion as well as penetration into new markets. Operating profit increased by 10.00%, from RM 15.65 million to RM 17.21 million, mainly due to higher revenue.

For the quarter ended 30 September 2017, the Group recorded a revenue of RM 158.48 million. This represents an increase of 16.64% as compared to RM 135.87 million in the preceding year corresponding quarter ended 30 September 2016. Operating profit has slightly decreased by 0.33%, from RM 7.88 million to RM 7.86 million.

Manufacturing Division

The revenue was recorded at RM 34.19 million for current quarter, representing an increase of 30.35% as compared to RM 26.23 million in the preceding year corresponding quarter ended 30 September 2016. The increase in revenue was mainly due to market share expansion, which enables the Group to grow continuously.

The operating profit has increased by 40.52%, from RM 2.69 million to RM 3.78 million. The increase in operating profit was mainly due to higher revenue and the advantages gained from economies of scale. In addition, development of new products as well as better margin achieved through high margin products has also contributed to the increase.

The revenue was recorded at RM 69.29 million for the six months ended 30 September 2017. This represented an increase of 25.82% as compared to RM 55.07 million in the preceding year ended 30 September 2016. Operating profit increased by 48.98%, from RM 5.41 million to RM 8.06 million.

Distribution Division

The revenue was recorded at RM 124.29 million for current quarter. This represented an increase of 13.55% as compared to RM 109.46 million in the preceding year corresponding quarter ended 30 September 2016. The increase in revenue was mainly contributed by additional market share captured as well as penetration into new markets.

B1. Review of the Performance (continued)*Distribution Division (continued)*

Operating profit has decreased by 13.48%, from RM 5.34 million to RM 4.62 million. The decrease was mainly due to increase in costs of distributed products as well as depreciation of Ringgit Malaysia.

The revenue was recorded at RM 238.82 million for the six months ended 30 September 2017. This represented an increase of 9.35% as compared to RM 218.39 million in the preceding year ended 30 September 2016. Operating profit decreased by 5.40%, from RM 10.92 million to RM 10.33 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	30.09.2017	30.06.2017	
	RM'000	RM'000	
Revenue	158,478	149,705	5.86
Operating Profit	7,855	9,357	-16.05
Profit Before Interest and Tax	7,056	8,621	-18.15
Profit Before Tax	5,592	6,760	-17.28
Profit After Tax	4,249	5,132	-17.21
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,097	5,017	-18.34

For current quarter under review, the Group's revenue increased by 5.86% as compared to RM 149.71 million in the preceding quarter ended 30 June 2017. The profit before tax ("PBT") decreased from RM 6.76 million to RM 5.59 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 affect 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 year ended 30 September 2017 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	1,343	2,971
	<u>1,343</u>	<u>2,971</u>

B5. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B6. Borrowings

The Group's borrowings are as follows :-

	As At 30 September 2017		As At 31 March 2017	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		126,466		110,380
	AUD 126,595	420	AUD 183,830	622
	USD 3,612,587	16,381	USD 2,845,718	12,945
	VND 13,070,576,600	2,431	VND 1,402,500,000	273
Bank Overdrafts		2,943		964
	SGD 119,149	371	SGD 15,265	48
	AUD 2,375	8	AUD 66,613	225
	THB 2,726,911	345	THB 9,349,642	1,201
Term Loans		4,439		5,197
Revolving Credit		3,013		3,612
Trust Receipts	SGD 2,984,129	9,288	SGD 2,473,990	7,834
Secured				
Hire Purchase Creditors		169		254
		<u>166,274</u>		<u>143,555</u>
LONG TERM				
Unsecured				
Term Loans		6,500		8,328
Secured				
Hire Purchase Creditors		107		130
		<u>6,607</u>		<u>8,458</u>
TOTAL BORROWINGS				
Bankers' Acceptances		145,698		124,220
Bank Overdrafts		3,667		2,438
Term Loans		10,939		13,525
Revolving Credit		3,013		3,612
Trust Receipts		9,288		7,834
Hire Purchase Creditors		276		384
		<u>172,881</u>		<u>152,013</u>

B7. Derivatives Financial Instruments

As at 30 September 2017, the Group's outstanding derivatives are as follows :-

<u>Type of Derivatives</u>	<u>Contract Value</u> <u>RM'000</u>	<u>Fair Value</u> <u>RM'000</u>
Foreign Currency Forward Contracts		
- Less than 1 year	23,292	23,397

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

The Board proposed a second interim dividend of 1.5 sen per share, single tier, for the financial year ending 31 March 2018 to be paid on 21 December 2017 to shareholders whose names appear in the Record of Depositors on 12 December 2017.

Total dividend per share for current financial year to-date is 3.5 sen.

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)	4,097	9,114
Weighted average number of ordinary shares ('000)	165,043	165,041
EPS (sen)	2.48	5.52

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 30.09.2017 RM'000	As At Financial Year Ended 31.03.2017 RM'000
Retained Earning		
- Realised	128,770	120,085
- Unrealised	1,098	2,035
	129,868	122,120
Consolidation Adjustment	1,282	1,566
Total Group Retained Earning as per Consolidated Accounts	131,150	123,686

B12. Notes to the Condensed Consolidated Statement of 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	300	590
Other income including investment income	688	1,507
Interest expense	(1,764)	(3,915)
Depreciation and amortisation	(799)	(1,535)
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	(5)	(5)
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	76	(8)
Gain/(Loss) on derivatives	N/A	N/A