

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

	<u>FYE2017</u>	<u>FYE2016</u>	<u>FYE2017</u>	<u>FYE2016</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.12.2016	Preceding Year Corresponding Quarter Ended 31.12.2015	Current Year To Date Ended 31.12.2016	Preceding Year Ended 31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	153,385	145,089	427,083	414,915
Profit from Operations	11,112	7,237	26,759	22,845
Interest Income	254	334	933	1,010
Interest Expense	(1,799)	(1,793)	(4,932)	(5,407)
Depreciation and Amortisation	(722)	(739)	(2,162)	(2,195)
Profit Before Tax	8,845	5,039	20,598	16,253
Income Tax Expense	(2,057)	(1,337)	(4,852)	(4,076)
Profit After Tax	6,788	3,702	15,746	12,177
Other Comprehensive Income				
Exchange differences on translating foreign operations	802	(753)	2,312	3,478
Fair value changes on available-for-sale financial assets	45	18	(4)	(23)
Total Comprehensive Income	7,635	2,967	18,054	15,632
Profit attributable to :				
Equity holders of the Company	6,733	3,696	15,363	12,229
Non-Controlling Interest	55	6	383	(52)
	6,788	3,702	15,746	12,177
Total comprehensive income attributable to :				
Equity holders of the Company	7,594	2,977	17,685	15,700
Non-Controlling Interest	41	(10)	369	(68)
	7,635	2,967	18,054	15,632
Earning Per Share				
- Basic (sen)	4.08	2.24	9.31	7.41
- 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 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 31 December 2016 RM'000	(Audited) As At 31 March 2016 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	104,705	97,818
Investment properties	13,992	13,992
Land held for property development	13,447	13,447
Prepaid lease payments for land	5,791	5,288
Intangible assets	837	837
	138,772	131,382
<u>Current Assets</u>		
Inventories	108,294	79,626
Trade receivables	147,378	117,320
Other receivables and prepaid expenses	3,713	6,015
Short term investment	36,655	35,748
Cash and cash equivalents	5,719	13,663
	301,759	252,372
TOTAL ASSETS	440,531	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	37,623	35,301
Retained Earnings	118,581	108,994
	239,041	227,132
Non - Controlling Interest	10	(359)
Total Equity	239,051	226,773
<u>Non-Current Liabilities</u>		
Hire purchase creditors	166	200
Bank borrowings	8,929	9,175
Deferred tax liabilities	5,785	5,785
	14,880	15,160
<u>Current Liabilities</u>		
Trade payables	24,059	17,753
Other payables and accrued expenses	6,407	6,450
Hire purchase creditors	316	312
Bank borrowings	154,571	117,162
Current tax liabilities	1,247	144
	186,600	141,821
Total Liabilities	201,480	156,981
TOTAL EQUITY AND LIABILITIES	440,531	383,754
Net assets per share (RM)	1.45	1.37

The Condensed Consolidated Statement of Financial Position 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
Issuance of shares - pursuant to bonus issue	13,753	-	-	(13,753)	-	-	-
Total comprehensive income for the year	-	-	3,471	12,229	15,700	(68)	15,632
Dividend	-	-	-	(4,401)	(4,401)	-	(4,401)
Balance as at 31 December 2015	<u>82,520</u>	<u>317</u>	<u>36,669</u>	<u>110,537</u>	<u>230,043</u>	<u>(409)</u>	<u>229,634</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	-	-	2,322	15,363	17,685	369	18,054
Dividend	-	-	-	(5,776)	(5,776)	-	(5,776)
Balance as at 31 December 2016	<u>82,520</u>	<u>317</u>	<u>37,623</u>	<u>118,581</u>	<u>239,041</u>	<u>10</u>	<u>239,051</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 31.12.2016 RM'000	Financial Period Ended 31.12.2015 RM'000
Profit for the period	15,746	12,177
Adjustments for : -		
Non-cash items	1,441	1,497
Non-operating items	3,999	4,397
Taxation	4,852	4,076
<i>Operating profit before changes in working capital</i>	<u>26,038</u>	<u>22,147</u>
Changes in working capital		
Net change in current assets	(54,200)	(28,343)
Net change in current liabilities	7,062	(9,184)
<i>Cash used in operations</i>	<u>(21,100)</u>	<u>(15,380)</u>
Interest received	-	8
Interest paid	(146)	(128)
Income tax paid	(3,782)	(5,458)
Net cash used in operating activities	<u>(25,028)</u>	<u>(20,958)</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	933	1,010
Proceeds from disposal of property, plant and equipment	874	4
Purchase of property, plant and equipment	(8,741)	(1,206)
Purchase of land held for property development	-	(74)
Placement of short term investment	(911)	(35,452)
Net cash used in investing activities	<u>(7,845)</u>	<u>(35,718)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from/ repayment of short-term borrowings	33,152	29,230
Dividends paid	(5,776)	(4,401)
Interest paid on bank borrowings	(4,786)	(5,279)
Net proceeds from/ repayment of hire-purchase payables	(30)	(84)
Net proceeds from/ repayments of term loans	1,253	(2,110)
Net cash from financing activities	<u>23,813</u>	<u>17,356</u>
Net Changes in Cash & Cash Equivalents	<u>(9,060)</u>	<u>(39,320)</u>
Adjustment for foreign exchange differentials	114	(14)
Cash & Cash Equivalents at beginning of financial period	<u>11,771</u>	<u>49,074</u>
Cash & Cash Equivalents at end of financial period	<u><u>2,825</u></u>	<u><u>9,740</u></u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	5,719	10,724
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(2,894)	(984)
	<u><u>2,825</u></u>	<u><u>9,740</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 2016 and the accompanying explanatory notes to the interim financial reports.

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

For financial year ending 31 March 2017

A second interim dividend of 1.5 sen per share, single tier, in respect of financial year ending 31 March 2017, amounting to RM 2,475,601, was paid by the company on 21 December 2016.

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	90,823	89,684	8,873	8,244
Distributing of wood products	357,330	344,170	18,648	15,487
Other operating segments	<u>2,882</u>	<u>17,121</u>	<u>(762)</u>	<u>(886)</u>
	<u>451,035</u>	<u>450,975</u>	<u>26,759</u>	<u>22,845</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(5,430)	(6,888)		
- Distributing of wood products	(16,046)	(12,455)		
- Other operating segments	<u>(2,476)</u>	<u>(16,717)</u>		
	<u>427,083</u>	<u>414,915</u>	<u>26,759</u>	<u>22,845</u>
Interest income			933	1,010
Interest expense			(4,932)	(5,407)
Depreciation and amortisation			<u>(2,162)</u>	<u>(2,195)</u>
Profit before tax			20,598	16,253
Income tax expense			<u>(4,852)</u>	<u>(4,076)</u>
Profit after tax			<u>15,746</u>	<u>12,177</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	74,055	75,787	39,497	44,063
Distributing of wood products	274,625	254,490	145,690	125,491
Other operating segments	<u>91,851</u>	<u>82,334</u>	<u>9,261</u>	<u>6,686</u>
	<u>440,531</u>	<u>412,611</u>	<u>194,448</u>	<u>176,240</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 31 December 2016, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 418.95 million (RM 406.79 million in September 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 169.27 million (RM 150.08 million in September 2016).

A14. Capital Commitment

As of 31 December 2016, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	876
Implementation of ERP system	172
	<u>1,048</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

For the quarter ended 31 December 2016, the Group recorded a revenue of RM 153.39 million. This represents an increase of 5.72% as compared to RM 145.09 million in the preceding year corresponding quarter ended 31 December 2015. Operating profit has increased by 53.45%, from RM 7.24 million to RM 11.11 million.

Manufacturing Division

The revenue was recorded at RM 30.32 million for current quarter, representing an increase of 0.83% as compared to RM 30.07 million in the preceding year corresponding quarter ended 31 December 2015. The increase in revenue was mainly due to market share expansion, which enables the Group to grow continuously.

The operating profit has increased by 15.33%, from RM 3.00 million to RM 3.46 million. The increase in operating profit was attributable to better margin achieved through concentrating on high margin products and costs management.

Distribution Division

The revenue was recorded at RM 122.89 million for current quarter. This represented an increase of 6.87% as compared to RM 114.99 million in the preceding year corresponding quarter ended 31 December 2015. The increase in revenue was mainly contributed by additional market share captured as well as penetration into new markets.

Operating profit has increased by 61.72% from RM 4.78 million to RM 7.73 million. The increase was mainly attributable to higher revenue as well as the decline in cost of goods sold and costs management.

B2. Variation of Results Against Preceding Quarter

For current quarter under review, the Group's revenue increased by 12.89% as compared to RM 135.87 million in the preceding quarter ended 30 September 2016. The profit before tax ("PBT") increased from RM 6.12 million to RM 8.85 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 period ended 31 December 2016 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	2,057	4,852
	<u>2,057</u>	<u>4,852</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 31 December 2016 RM'000	As At 31 March 2016 RM'000
Short Term Borrowings	154,571	117,162
Long Term Borrowings	8,929	9,175
	<u>163,500</u>	<u>126,337</u>

B7. Material Litigation

Not applicable.

B8. Derivatives Financial Instruments

As at 31 December 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	8,358	8,808

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

The Board proposed a third interim dividend of 1.5 sen per share, single tier, for the financial year ending 31 March 2017 to be paid on 22 March 2017 to shareholders whose names appear in the Record of Depositors at the close of business on 10 March 2017.

Total dividend per share for current financial year-to-date is 4.0 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)	6,733	15,363
Weighted average number of ordinary shares ('000)	165,040	165,040
EPS (sen)	4.08	9.31

B11. Realised and Unrealised Profit/Losses Disclosure

	Current Year To Date 31.12.2016 RM'000	As At Financial Year Ended 31.03.2016 RM'000
Retained Earning		
- Realised	115,371	106,341
- Unrealised	1,518	578
	116,889	106,919
Consolidation Adjustment	1,692	2,075
Total Group Retained Earning as per Consolidated Accounts	118,581	108,994

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	254	933
Other income including investment income	1,603	3,075
Interest expense	(1,799)	(4,932)
Depreciation and amortisation	(722)	(2,162)
Provision for and write off of receivables	(116)	(116)
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	83	185
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	1,242	816
Gain/(Loss) on derivatives	N/A	N/A