

DOMINANT ENTERPRISE BERHAD
(Company No.221206-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

	<u>FYE2018</u>	<u>FYE2017</u>	<u>FYE2018</u>	<u>FYE2017</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.03.2018	Preceding Year Corresponding Quarter Ended 31.03.2017	Current Year To Date Ended 31.03.2018	Preceding Year Ended 31.03.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	176,493	145,567	656,740	572,650
Profit from Operations	16,840	10,485	45,684	37,244
Interest Income	321	283	1,217	1,216
Interest Expense	(1,494)	(989)	(7,513)	(5,921)
Depreciation and Amortisation	(733)	(731)	(3,057)	(2,893)
Profit Before Tax	14,934	9,048	36,331	29,646
Income Tax Expense	(2,671)	(1,341)	(7,671)	(6,193)
Profit After Tax	12,263	7,707	28,660	23,453
Other Comprehensive Income				
Exchange differences on translating foreign operations	(1,330)	854	(3,054)	3,166
Fair value changes on available-for-sale financial assets	15	26	71	22
(Loss)/ Gain on revaluation of properties	(167)	163	(167)	163
Total Comprehensive Income	10,781	8,750	25,510	26,804
Profit attributable to :				
Equity holders of the Company	12,105	7,581	27,862	22,944
Non-Controlling Interest	158	126	798	509
	12,263	7,707	28,660	23,453
Total comprehensive income attributable to :				
Equity holders of the Company	10,563	8,631	24,666	26,316
Non-Controlling Interest	218	119	844	488
	10,781	8,750	25,510	26,804
Earning Per Share				
- Basic (sen)	7.17	4.59	16.87	13.90
- Diluted (sen)	7.15	-	-	-

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 31 March 2018 RM'000	(Audited) As At 31 March 2017 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	104,133	106,993
Investment properties	14,754	14,032
Land held for property development	13,447	13,447
Prepaid lease payments for land	4,823	5,903
Intangible assets	837	837
	137,994	141,212
<u>Current Assets</u>		
Inventories	128,612	100,238
Trade receivables	177,137	134,779
Other receivables and prepaid expenses	6,609	9,696
Current tax assets	345	412
Short term investment	43,711	36,953
Cash and cash equivalents	7,801	12,696
	364,215	294,774
TOTAL ASSETS	502,209	435,986
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Issued capital	83,097	82,837
Other reserves	33,339	38,673
Retained Earnings	143,796	123,686
	260,232	245,196
Non - Controlling Interest	-	129
Total Equity	260,232	245,325
<u>Non-Current Liabilities</u>		
Bank borrowings	5,009	8,458
Deferred tax liabilities	5,672	5,711
	10,681	14,169
<u>Current Liabilities</u>		
Trade payables	27,025	24,808
Other payables and accrued expenses	9,140	7,018
Bank borrowings	192,950	143,555
Current tax liabilities	2,181	1,111
	231,296	176,492
Total Liabilities	241,977	190,661
TOTAL EQUITY AND LIABILITIES	502,209	435,986
Net assets per share (RM)	1.57	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	-	-	3,372	22,944	26,316	488	26,804
Reclassification	317	(317)	-	-	-	-	-
Dividend	-	-	-	(8,252)	(8,252)	-	(8,252)
Balance as at 31 March 2017	<u>82,837</u>	<u>-</u>	<u>38,673</u>	<u>123,686</u>	<u>245,196</u>	<u>129</u>	<u>245,325</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	260	-	-	-	260	-	260
Acquisition of shares in an existing subsidiary company	-	-	-	845	845	(973)	(128)
Total comprehensive income for the year	-	-	(3,196)	27,862	24,666	844	25,510
Reclassification	-	-	(2,138)	2,138	-	-	-
Dividend	-	-	-	(10,735)	(10,735)	-	(10,735)
Balance as at 31 March 2018	<u>83,097</u>	<u>-</u>	<u>33,339</u>	<u>143,796</u>	<u>260,232</u>	<u>-</u>	<u>260,232</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 Year Ended 31.03.2018 RM'000	Financial Year Ended 31.03.2017 RM'000
Profit for the year	28,660	23,453
Adjustments for : -		
Non-cash items	2,455	2,586
Non-operating items	6,296	4,705
Taxation	7,671	6,193
<i>Operating profit before changes in working capital</i>	<u>45,082</u>	<u>36,937</u>
Changes in working capital		
Net change in current assets	(72,011)	(39,007)
Net change in current liabilities	4,661	8,366
<i>Cash (used in)/from operations</i>	(22,268)	6,296
Interest paid	(140)	(200)
Income tax paid	(6,503)	(5,774)
Net cash (used in)/ from operating activities	<u>(28,911)</u>	<u>322</u>
<i>Cash flows from / (used in) investing activities</i>		
Interest received	1,217	1,216
Proceeds from disposal of property, plant and equipment	5,918	260
Proceeds from disposal of investment properties	-	620
Purchase of property, plant and equipment	(4,961)	(10,458)
Investment in subsidiary	(128)	-
Purchase of investment properties	(722)	(680)
Placement of short term investment	(6,687)	(1,183)
Net cash used in investing activities	<u>(5,363)</u>	<u>(10,225)</u>
<i>Cash flows from / (used in) financing activities</i>		
Net proceeds from/ repayment of short-term borrowings	52,674	22,444
Dividends paid	(10,735)	(8,252)
Issue of shares	260	-
Interest paid on bank borrowings	(7,371)	(5,721)
Net proceeds from/ repayment of hire-purchase payables	(205)	(369)
Net proceeds from/ repayments of term loans	(5,768)	175
Net cash from financing activities	<u>28,855</u>	<u>8,277</u>
Net Changes in Cash & Cash Equivalents	<u>(5,419)</u>	<u>(1,626)</u>
Adjustment for foreign exchange differentials	(430)	113
Cash & Cash Equivalents at beginning of financial year	<u>10,258</u>	<u>11,771</u>
Cash & Cash Equivalents at end of financial year	<u><u>4,409</u></u>	<u><u>10,258</u></u>
* Cash and cash equivalents at end of financial year comprise the following :		
Cash and bank balances	7,801	12,696
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(3,392)	(2,438)
	<u><u>4,409</u></u>	<u><u>10,258</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 YEAR ENDED 31 MARCH 2018

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

There are no issuance and repayment of debts and equity securities during the current quarter.

In current financial year ended 31 March 2018, the Company increased its issued and paid-up capital from RM 82,837,247 to RM 83,097,247 by way of issuance of 200,000 ordinary shares pursuant to the exercise of 200,000 warrants at the exercise price of RM 1.30 each.

A8. Dividend Paid

A third interim dividend of 2.0 sen per share, single tier, in respect of financial year ended 31 March 2018, amounting to RM 3,304,801, was paid by the company on 22 March 2018.

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	143,117	124,068	14,430	12,546
Distributing of wood products	539,156	477,216	33,327	25,675
Other operating segments	18,862	12,525	(2,073)	(977)
	<u>701,135</u>	<u>613,809</u>	<u>45,684</u>	<u>37,244</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(4,991)	(6,380)		
- Distributing of wood products	(20,818)	(22,834)		
- Other operating segments	(18,586)	(11,945)		
	<u>656,740</u>	<u>572,650</u>	<u>45,684</u>	<u>37,244</u>
Interest income			1,217	1,216
Interest expense			(7,513)	(5,921)
Depreciation and amortisation			(3,057)	(2,893)
Profit before tax			<u>36,331</u>	<u>29,646</u>
Income tax expense			(7,671)	(6,193)
Profit after tax			<u>28,660</u>	<u>23,453</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	95,377	74,069	54,969	40,447
Distributing of wood products	313,242	268,788	173,590	134,439
Other operating segments	93,245	92,717	5,565	8,953
	<u>501,864</u>	<u>435,574</u>	<u>234,124</u>	<u>183,839</u>

A11. Changes in the Composition of the Group

During this quarter, the Company has entered into a Share Sale Agreement with one of the shareholder of Favor Woodpanel (Thailand) Co., Ltd ("FAVOR WOOD"), a 49% owned subsidiary of the Group, for the acquisition of 102,000 preference shares of THB 10 each, at a cash consideration of THB 1,020,000. Besides, the Company has also acquired an additional of 1,000,000 ordinary shares at THB 8 each, at a consideration of THB 8,000,000 in FAVOR WOOD. Following the acquisition, FAVOR WOOD became a wholly-owned subsidiary company of the Group.

A12. Contingent Liabilities

As of 31 March 2018, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 423.24 million (RM 426.38 million in December 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 year-end amounting to about RM 205.13 million (RM 206.80 million in December 2017).

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 March 2018, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Construction of building	1,949
Implementation of ERP system	172
	<u>2,121</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
	31.03.2018	31.03.2017		31.03.2018	31.03.2017	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	176,493	145,567	21.25	656,740	572,650	14.68
Operating Profit	16,840	10,485	60.61	45,684	37,244	22.66
Profit Before Interest and Tax	16,107	9,754	65.13	42,627	34,351	24.09
Profit Before Tax	14,934	9,048	65.05	36,331	29,646	22.55
Profit After Tax	12,263	7,707	59.12	28,660	23,453	22.20
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	12,105	7,581	59.68	27,862	22,944	21.43

The Group's revenue for the current year to date ended 31 March 2018 was 14.68% higher than the same period last year due to market share expansion as well as penetration into new markets. Operating profit increased by 22.66%, from RM 37.24 million to RM 45.68 million, mainly due to higher revenue.

For the quarter ended 31 March 2018, the Group recorded a revenue of RM 176.49 million. This represents an increase of 21.25% as compared to RM 145.57 million in the preceding year corresponding quarter ended 31 March 2017. Operating profit increased by 60.61%, from RM 10.49 million to RM 16.84 million.

Manufacturing Division

The revenue was recorded at RM 32.88 million for current quarter, representing an increase of 1.80% as compared to RM 32.30 million in the preceding year corresponding quarter ended 31 March 2017.

The operating profit has decreased by 24.80%, from RM 3.67 million to RM 2.76 million. The decrease in operating profit was mainly due to reduction in selling price in order to capture more market shares.

The revenue was recorded at RM 138.13 million for the twelve months ended 31 March 2018. This represented an increase of 17.37% as compared to RM 117.69 million in the preceding year ended 31 March 2017. Operating profit increased by 14.98%, from RM 12.55 million to RM 14.43 million. The increase in operating profit is mainly due to the advantages gain from economies of scale.

Distribution Division

The revenue was recorded at RM 143.41 million for current quarter. This represented an increase of 26.80% as compared to RM 113.10 million in the preceding year corresponding quarter ended 31 March 2017. 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 increased by 106.40%, from RM 7.03 million to RM 14.51 million. Excluding the gain arising from disposal of Butterworth warehouse amounted to RM 2.02 million, the operating profit increased by 77.67%. The increase is mainly due to higher revenue as well as better margin achieved through new market penetration.

The revenue was recorded at RM 518.34 million for the twelve months ended 31 March 2018. This represented an increase of 14.08% as compared to RM 454.38 million in the preceding year ended 31 March 2017. Operating profit increased by 29.79%, from RM 25.68 million to RM 33.33 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	31.03.2018	31.12.2017	
	RM'000	RM'000	
Revenue	176,493	172,064	2.57
Operating Profit	16,840	11,632	44.77
Profit Before Interest and Tax	16,107	10,843	48.55
Profit Before Tax	14,934	9,045	65.11
Profit After Tax	12,263	7,016	74.79
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	12,105	6,643	82.22

For current quarter under review, the Group's revenue increased by 2.57% as compared to RM 172.06 million in the preceding quarter ended 31 December 2017. Excluding the gain arising from disposal of warehouse amounted to RM 2.02 million, profit before tax ("PBT") increased by 42.65%, from RM 9.05 million to RM 12.91 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 31 March 2018 comprises the following:

	Current Quarter RM'000	Year To Date RM'000
<u>Income tax Expenses :</u>		
Current Tax Expense :		
Current Quarter/Year	2,671	7,671
	<u>2,671</u>	<u>7,671</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 31 March 2018		As At 31 March 2017	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		152,726		110,380
	AUD 553,461	1,583	AUD 183,830	622
	USD 190,458	737	USD 2,845,718	12,945
	VND 12,696,554,334	2,152	VND 1,402,500,000	273
	THB 118,511,525	14,665		-
Bank Overdrafts		2,412		964
	SGD 19,310	57	SGD 15,265	48
	AUD 7,389	22	AUD 66,613	225
	THB 7,284,837	901	THB 9,349,642	1,201
Term Loans		3,394		5,197
Revolving Credit		3,010		3,612
Trust Receipts	SGD 3,786,187	11,156	SGD 2,473,990	7,834
Secured				
Hire Purchase Creditors		135		254
		<u>192,950</u>		<u>143,555</u>
LONG TERM				
Unsecured				
Term Loans		4,965		8,328
Secured				
Hire Purchase Creditors		44		130
		<u>5,009</u>		<u>8,458</u>
TOTAL BORROWINGS				
Bankers' Acceptances		171,863		124,220
Bank Overdrafts		3,392		2,438
Term Loans		8,359		13,525
Revolving Credit		3,010		3,612
Trust Receipts		11,156		7,834
Hire Purchase Creditors		179		384
		<u>197,959</u>		<u>152,013</u>

B7. Derivatives Financial Instruments

As at 31 March 2018, 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	9,934	10,125

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 final dividend of 1.5 sen per share, single tier, for the financial year ended 31 March 2018 (1.0 sen per share, single tier, in previous corresponding period).

This dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting and has not been included as liability in the financial statements. The dates of entitlement and payment will be determined at later stage.

Total dividend per share for current financial year to-date is 7.0 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)	12,105	27,862
Weighted average number of ordinary shares ('000)	168,843	165,138
Adjusted weighted average number of ordinary shares for calculating diluted EPS ('000)	169,192	164,273
EPS (sen)	7.17	16.87
Diluted EPS (sen)	7.15	-

B11. 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	321	1,217
Other income including investment income	2,976	5,032
Interest expense	(1,494)	(7,513)
Depreciation and amortisation	(733)	(3,057)
Provision for and write off of receivables	(388)	(573)
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	2,051	2,012
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	(396)	(544)
Gain/(Loss) on derivatives	N/A	N/A