

**DOMINANT ENTERPRISE BERHAD**  
**(Company No.221206-D)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended 30.06.2006</b>	<b>Preceding Year Corresponding Quarter Ended 30.06.2005 ( Restated)</b>	<b>Current Year To Date Ended 30.06.2006</b>	<b>Preceding Year Corresponding Quarter Ended 30.06.2005 ( Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	<u>78,322</u>	<u>49,249</u>	<u>78,322</u>	<u>49,249</u>
Profit from Operations	4,907	3,438	4,907	3,438
Finance Costs	(734)	(344)	(734)	(344)
Other Income	292	274	292	274
Investment Income	40	29	40	29
Profit Before Tax	<u>4,505</u>	<u>3,397</u>	<u>4,505</u>	<u>3,397</u>
Income Tax Expense	(573)	(509)	(573)	(509)
Profit After Tax	<u>3,932</u>	<u>2,888</u>	<u>3,932</u>	<u>2,888</u>
Attributable to :				
Equity holders of the parent	3,917	2,852	3,917	2,852
Minority Interest	15	36	15	36
	<u>3,932</u>	<u>2,888</u>	<u>3,932</u>	<u>2,888</u>
Earning Per Share				
- Basic (sen)	3.25	3.31	3.25	3.31
- Diluted (sen)	-	3.24	-	3.24

**The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2006 and the accompanying explanatory notes to the interim financial reports.**

**DOMINANT ENTERPRISE BERHAD**  
**(Company No.221206-D)**  
**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**AS AT 30 JUNE 2006**

	As at 30 June 2006 RM'000	As at 31 Mar 2006 RM'000
<b>ASSETS</b>		
<b><u>Non-Current Assets</u></b>		
Property, plant and equipment	37,052	35,619
Goodwill	836	837
	<u>37,888</u>	<u>36,456</u>
<b><u>Current Assets</u></b>		
Inventories	39,864	34,232
Trade receivables	62,920	50,100
Other receivables and prepaid expenses	3,702	1,719
Cash and bank balances	8,966	9,430
	<u>115,452</u>	<u>95,481</u>
<b>TOTAL ASSETS</b>	<b><u>153,340</u></b>	<b><u>131,937</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity Attributable To Equitable Holders Of The Parent</u></b>		
Share capital	60,331	60,331
Share premium	195	195
Other reserves	4,920	4,576
Retained Earning	11,247	7,461
	<u>76,693</u>	<u>72,563</u>
Minority Interest	461	446
<b>Total Equity</b>	<b><u>77,154</u></b>	<b><u>73,009</u></b>
<b><u>Non-Current Liabilities</u></b>		
Hire purchase payables	333	222
Finance lease payable	46	129
Term loan payables	1,661	615
Deferred tax liabilities	2,029	2,020
	<u>4,069</u>	<u>2,986</u>
<b><u>Current Liabilities</u></b>		
Trade payables	15,910	15,029
Other payables and accrued expenses	4,230	3,289
Hire purchase payables	216	177
Finance lease payable	108	32
Bank borrowings	51,143	36,953
Tax liabilities	510	462
	<u>72,117</u>	<u>55,942</u>
<b>Total Liabilities</b>	<b><u>76,186</u></b>	<b><u>58,928</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>153,340</u></b>	<b><u>131,937</u></b>
Net assets per share (RM)	0.6356	0.6014

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2006 and the accompanying explanatory notes to the interim financial reports.

**DOMINANT ENTERPRISE BERHAD**  
**(Company No.221206-D)**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**

	<b>Current Quarter Ended 30.06.2006</b>	<b>Preceding Year Corresponding Quarter Ended 30.06.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	4,505	3,397
<b>Adjustments for : -</b>		
Non-cash items	956	510
Non-operating items	704	13
<i>Operating profit before changes in working capital</i>	<u>6,165</u>	<u>3,920</u>
<b>Changes in working capital</b>		
Net change in current assets	(29,258)	(11,214)
Net change in current liabilities	11,924	(1,322)
<i>Cash used in operations</i>	<u>(11,169)</u>	<u>(8,616)</u>
Interest paid	(734)	(344)
Income tax paid	(366)	(618)
<b>Net cash used in operating activities</b>	<u>(12,269)</u>	<u>(9,578)</u>
<b>Net cash used in investing activities</b>	(1,831)	(670)
<b>Net cash from financing activities</b>	<u>13,680</u>	<u>10,951</u>
<b>Net Changes in Cash &amp; Cash Equivalents</b>	(420)	703
Adjustment for foreign exchange differentials	34	(1)
Cash & Cash Equivalents at beginning of year	<u>6,944</u>	<u>5,070</u>
Cash & Cash Equivalents at end of quarter	<u><u>6,558</u></u>	<u><u>5,772</u></u>
* Cash and cash equivalents at end of the quarter comprise the following :		
Cash and bank balances	8,966	7,281
Less: Bank overdrafts (included within short term borrowings in Note B8)	(2,408)	(1,509)
	<u><u>6,558</u></u>	<u><u>5,772</u></u>

**The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2006 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>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Earning</u> RM'000	<u>Total</u> RM'000	<u>Minority Interest</u> RM'000	<u>Total Equity</u> RM'000
<b>Balance as at 1 April 2005</b>	43,056	187	4,762	22,072	70,077	315	70,392
Issuance of shares - pursuant to ESOS	5	2	-	-	7	-	7
Profit for the period	-	-	-	2,852	2,852	36	2,888
Dividend	-	-	-	-	-	-	-
Translation Deficit	-	-	(247)	-	(247)	-	(247)
<b>Balance as at 30 June 2005</b>	<u>43,061</u>	<u>189</u>	<u>4,515</u>	<u>24,924</u>	<u>72,689</u>	<u>351</u>	<u>73,040</u>
<b>Balance as at 1 April 2006</b>	60,331	195	4,576	7,330	72,432	446	72,878
Issuance of shares	-	-	-	-	-	-	-
Profit for the period	-	-	-	3,917	3,917	15	3,932
Dividend	-	-	-	-	-	-	-
Translation Surplus	-	-	344	-	344	-	344
<b>Balance as at 30 June 2006</b>	<u>60,331</u>	<u>195</u>	<u>4,920</u>	<u>11,247</u>	<u>76,693</u>	<u>461</u>	<u>77,154</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 2006 and the accompanying explanatory notes to the interim financial reports.**

**DOMINANT ENTERPRISE BERHAD (221206-D)**  
**UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE 1ST**  
**QUARTER ENDED 30 JUNE 2006**

---

***Notes to the Interim Financial Report***

**A1. Accounting Policies**

The interim financial reports are unaudited and have been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006.

**A2. Change in Accounting Policies**

The significant accounting policies adopted are consistent with those in the audited financial statements for the financial year ended 31 March 2006 except for the adoption of the following new/revised Financial Reporting Standard (“FRS”) mandatory for financial period beginning 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 5,102, 108, 110, 116, 121, 128, 132, 133 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are as follows:

**FRS 3: Business Combinations,**  
**FRS 136: Impairment of Assets and**  
**FRS 138: Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill which was previously carried at cost less accumulated amortisation, is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in income statement and subsequent reversal is not allowed. Prior to 31 March, 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years.

The transitional provisions of FRS 3, however, have required the Group to eliminate at 31 March, 2006 the carrying amount of the accumulated amortisation of RM 222,750 against the cost of goodwill. The carrying amount of goodwill as at 31 March 2006 of RM 836,556 ceased to be amortised. This has the effect of reducing the amortisation charges by RM 10,593 in the current quarter.

**FRS 101: Presentation of Financial Statements**

**FRS 127: Consolidated and Separate Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest.

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interest in the result of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 April 2006, in order to comply with FRS 101 and FRS 127, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interest in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

**A3. Audit Qualification on Annual Financial Statements**

The audit report of the Group's annual Financial Statements for the financial year ended 31 March 2006 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 period.

**A6. Material Changes in Accounting Estimates**

There were no changes in accounting estimates for financial period under review.

**A7. Debts and Equity Securities**

There were no issuances, cancellations, share buy-backs, shares held as treasury shares, resale of treasury shares and repayment of debt and equity security during the financial quarter ended 30 June 2006.

## A8. Dividend Paid

The board of directors has declared a final dividend of 1.5sen, tax exempt, amounting to RM 1,809,934 net in respect of the financial year 2006 has obtained approval from shareholders at Annual General Meeting of the Company held on 24 July, 2006 and the dividend was paid on 3 August, 2006.

## A9. Segmental Reporting

	Revenue RM'000	Profit before Taxation RM'000	Assets Employed RM'000
Manufacturing Division	19,049	2,236	51,263
Distributing Division	59,273	2,163	100,330
	<u>78,322</u>	<u>4,399</u>	<u>151,593</u>
Unallocated expenses / assets		106	1,747
		<u>4,505</u>	<u>153,340</u>

## A10. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

## A11. Subsequent Material Events

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

## A12. Changes in the Composition of the Group

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

## A13. Contingent Liabilities

As of 30 June 2006, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM129.8 million (RM105.5 million in June 2005) 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 RM54.6 million (RM30.1million in June 2005).

## A14. Capital Commitments

As of 30 June 2006, the Group has the following capital commitments:

	RM'000
Contracted but not provided for :	
Purchase of land	3,000
	=====

## Additional Information Required by the Bursa Malaysia Listing Requirements

### **B1. Review of the Performance**

The Group's revenue for the three months ended 30 June 2006 has increased significantly by 59.0% to RM 78.32 million as compared to RM 49.25 million achieved in the previous year corresponding period.

For the current financial period ended 30 June 2006, the Group recorded a profit before tax ("PBT") of RM 4.51 million as compared to RM 3.40 million in corresponding period last year.

### **B2. Variation of Results Against Preceding Quarter**

For current quarter under review, the Group recorded a revenue of RM78.32 million. This represented a growth of 32.2% in revenues as compare to the results in the preceding quarter. As result of this , profit before tax (PBT) increased by 166.9 % to RM 4.51 million from RM 1.69 million compared to the preceding quarter ended 31 March 2006.

The outstanding performance was mainly due to better performances from our subsidiaries, bigger market share and the prices boosts for wood panel products.

### **B3. Prospects**

Barring unforeseen circumstances, the directors are optimistic that the Group is expected to achieve encouraging results for the coming financial quarter.

### **B4. Taxation**

The taxation is calculated based on the profit for the financial period ending 30 June 2006 comprises the following:

	<u>Current Year Quarter</u> RM'000	<u>Current Year To Date</u> RM'000
<u>Income tax Expenses :</u>		
Current Quarter/Year	532	532
Under-provision in Prior Quarter/Year	41	41
	<u>573</u>	<u>573</u>

The effective tax rate of the Group for financial period ended 30 June 2006 is lower than the statutory tax rate and this is principally due to utilisation of tax allowances.

### **B5. Unquoted Investments and/or Properties**

There were no disposals of unquoted investments and/or properties in the quarter under review.

### **B6. Quoted Securities**

There were no purchase or disposal of quoted securities for the quarter under review.

### **B7. Status of Corporate Proposals**

There was no corporate proposal for current quarter under review.

## B8. Borrowings

Group's borrowings as at the end of the reporting period:

	As At 30 June 2006 ( Unaudited) RM'000	As At 31 March 2006 ( Audited ) RM'000
Unsecured:		
Short Term Borrowing	51,143	21,086
Long Term Borrowing	1,661	615
Secured :		
Short Term Borrowing	-	15,867
Long Term Borrowing	-	-
	<u>52,804</u>	<u>37,568</u>
	=====	=====

## B9. Off Balance Sheet Financial Instruments

There was no financial instrument with off balance sheet risk as at the date of this report.

## B10. Material Litigation

There was no change in material litigation since the last audited annual balance sheet date.

## B11. Proposed Dividend

The Board of Directors is not recommending any payment of interim dividend for the current financial period under review.

## B12. Earnings Per Share

The calculation of basic earning per share for the current period under review is based on the net profit for the quarter of RM 3,917,026 and the total number of ordinary shares of 120,662,280 .

	Current Quarter	Current Year To Date
Net profit for the period (RM'000)	3,917	3,917
Number of ordinary shares ('000)	120,662	120,662
Earning Per Share ( sen)	3.25	3.25