

DOMINANT ENTERPRISE BERHAD
Company No.: 199101010894 (221206-D)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2020

	<u>FYE2021</u>	<u>FYE2020</u>	<u>FYE2021</u>	<u>FYE2020</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2020	Preceding Year Corresponding Quarter Ended 30.06.2019	Current Year To Date Ended 30.06.2020	Preceding Year Ended 30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	75,166	163,440	75,166	163,440
Profit from Operations	1,223	8,742	1,223	8,742
Interest Income	392	375	392	375
Interest Expense	(1,836)	(2,956)	(1,836)	(2,956)
Depreciation	(1,376)	(1,549)	(1,376)	(1,549)
(Loss)/Profit Before Tax	(1,597)	4,612	(1,597)	4,612
Income Tax Expense	(391)	(1,167)	(391)	(1,167)
(Loss)/Profit After Tax	(1,988)	3,445	(1,988)	3,445
Other Comprehensive Income				
Exchange differences on translating foreign operations	1,227	645	1,227	645
Total Comprehensive (Loss)/Income	(761)	4,090	(761)	4,090
(Loss)/Profit attributable to :				
Equity holders of the Company	(1,988)	3,445	(1,988)	3,445
Total comprehensive (loss)/income attributable to :				
Equity holders of the Company	(761)	4,090	(761)	4,090
(Loss)/Earning Per Share				
- Basic (sen)	(1.20)	2.08	(1.20)	2.08
- Diluted (sen)	(1.20)	2.08	(1.20)	2.08

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31st March 2020 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD
Company No.: 199101010894 (221206-D)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As At 30 June 2020 RM'000	(Audited) As At 31 March 2020 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	159,887	158,223
Investment properties	722	722
Inventories	6,013	6,013
Right-of-use assets	27,039	27,336
Goodwill	837	837
	<u>194,498</u>	<u>193,131</u>
<u>Current Assets</u>		
Inventories	113,955	125,576
Trade receivables	99,752	159,203
Other receivables and prepaid expenses	2,025	5,166
Current tax assets	1,440	1,651
Short term investments	67,116	46,768
Cash and bank balances	8,313	9,026
	<u>292,601</u>	<u>347,390</u>
TOTAL ASSETS	<u>487,099</u>	<u>540,521</u>
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Share capital	83,097	83,097
Other reserves	56,157	54,930
Retained earnings	160,806	162,794
Total Equity	<u>300,060</u>	<u>300,821</u>
<u>Non-Current Liabilities</u>		
Borrowings	11,752	10,531
Lease liabilities	5,188	5,574
Deferred tax liabilities	10,467	10,467
	<u>27,407</u>	<u>26,572</u>
<u>Current Liabilities</u>		
Trade payables	24,994	31,925
Other payables and accrued expenses	7,634	7,636
Borrowings	123,447	169,543
Lease liabilities	2,044	2,042
Current tax liabilities	1,513	1,982
	<u>159,632</u>	<u>213,128</u>
Total Liabilities	<u>187,039</u>	<u>239,700</u>
TOTAL EQUITY AND LIABILITIES	<u>487,099</u>	<u>540,521</u>
Net assets per share (RM)	1.81	1.81

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2020 and the accompanying explanatory notes to the interim financial reports.

DOMINANT ENTERPRISE BERHAD

Company No.: 199101010894 (221206-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 April 2019	83,097	35,043	158,119	276,259
Effect of adoption of MFRS 16	-	10,813	(153)	10,660
Balance as at 1 April 2019, as restated	83,097	45,856	157,966	286,919
Total comprehensive income for the period	-	645	3,445	4,090
Balance as at 30 June 2019	<u>83,097</u>	<u>46,501</u>	<u>161,411</u>	<u>291,009</u>
Balance as at 1 April 2020	83,097	54,930	162,794	300,821
Total comprehensive income/(loss) for the period	-	1,227	(1,988)	(761)
Balance as at 30 June 2020	<u>83,097</u>	<u>56,157</u>	<u>160,806</u>	<u>300,060</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 2020 and the accompanying explanatory notes to the interim financial reports.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial Period Ended 30.06.2020 RM'000	Financial Period Ended 30.06.2019 RM'000
(Loss)/Profit for the period	(1,988)	3,445
Adjustments for : -		
Non-cash items	1,439	1,248
Non-operating items	1,444	2,581
Taxation	391	1,167
	<u>1,286</u>	<u>8,441</u>
<i>Operating profit before changes in working capital</i>		
Changes in working capital		
Net change in current assets	75,912	(3,791)
Net change in current liabilities	(7,074)	9,569
	<u>70,124</u>	<u>14,219</u>
<i>Cash from operations</i>		
Interest paid	(69)	(86)
Income tax paid	(648)	(2,064)
	<u>69,407</u>	<u>12,069</u>
Net cash from operating activities		
<i>Cash flows from / (used in) investing activities</i>		
Interest received	392	375
Proceeds from disposal of property, plant and equipment	-	28
Purchase of property, plant and equipment	(2,170)	(1,055)
Placement of short term investments	(20,376)	(360)
	<u>(22,154)</u>	<u>(1,012)</u>
Net cash used in investing activities		
<i>Cash flows from / (used in) financing activities</i>		
Net repayments of borrowings	(41,817)	(14,570)
Interest paid	(1,684)	(2,869)
Repayments of lease liabilities	(613)	(671)
Proceeds from term loans	1,146	608
	<u>(42,968)</u>	<u>(17,502)</u>
Net cash used in financing activities		
Net Changes in Cash & Cash Equivalents	4,285	(6,445)
Adjustment for foreign exchange differentials	(231)	(14)
Cash & Cash Equivalents at beginning of financial period	3,629	6,937
Cash & Cash Equivalents at end of financial period	<u>7,683</u>	<u>478</u>
* Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	8,313	5,106
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(630)	(4,628)
	<u>7,683</u>	<u>478</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31st March 2020 and the accompanying explanatory notes to the interim financial reports.

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

Notes to the Interim Financial Report

A1. Basis of Preparation

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 2020. The explanatory notes attached to the interim financial statements provide an explanation of 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 2020.

A2. Change in Accounting Policies

The accounting policies adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2020 except for the new and revised Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") which are effective from the annual financial periods beginning on or after 1 January 2020 as follows:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 17 Insurance Contracts

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group has adopted the new and revised MFRSs that are relevant and effective for accounting periods beginning on or after 1 January 2020. The adoption of these new and revised MFRSs have not resulted in any material 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 2020 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 was no dividend payment made in current quarter.

A9. Valuations of Property, Plant and Equipment

There was no significant changes during the financial period.

A10. Segmental Reporting

	<u>Revenue</u>		<u>Segment Results</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	26,343	36,040	1,827	3,863
Distributing of wood products	50,717	133,104	133	5,423
Other operating segments	4,425	924	(737)	(544)
	<u>81,485</u>	<u>170,068</u>	<u>1,223</u>	<u>8,742</u>
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(372)	(1,053)		
- Distributing of wood products	(1,613)	(4,651)		
- Other operating segments	(4,334)	(924)		
	<u>75,166</u>	<u>163,440</u>	<u>1,223</u>	<u>8,742</u>
Interest income			392	375
Interest expense			(1,836)	(2,956)
Depreciation			(1,376)	(1,549)
(Loss)/Profit before tax			(1,597)	4,612
Income tax expense			(391)	(1,167)
(Loss)/Profit after tax			<u>(1,988)</u>	<u>3,445</u>
	<u>Assets</u>		<u>Liabilities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Manufacturing of wood products	105,854	99,337	56,309	62,895
Distributing of wood products	253,084	338,697	114,545	177,886
Other operating segments	126,721	95,401	4,205	3,656
	<u>485,659</u>	<u>533,435</u>	<u>175,059</u>	<u>244,437</u>

A11. Contingent Liabilities

As of 30 June 2020, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 506.68 million (RM 494.70 million in March 2020) which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by its subsidiary companies amounting to approximately RM 142.81 million as at 30 June 2020 (RM 192.62 million in March 2020).

A12. Changes in the Composition of the Group

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

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 30 June 2020, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	3,839
Construction of building	6,986
Acquisition of forklift, machineries and equipments	675
	<u>11,500</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
	30.06.2020	30.06.2019		30.06.2020	30.06.2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	75,166	163,440	-54.01	75,166	163,440	-54.01
Operating Profit	1,223	8,742	-86.01	1,223	8,742	-86.01
(Loss)/Profit Before Interest and Tax	(153)	7,193	-102.13	(153)	7,193	-102.13
(Loss)/Profit Before Tax	(1,597)	4,612	-134.63	(1,597)	4,612	-134.63
(Loss)/Profit After Tax	(1,988)	3,445	-157.71	(1,988)	3,445	-157.71
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,988)	3,445	-157.71	(1,988)	3,445	-157.71

For current quarter ended 30 June 2020, the Group recorded revenue of RM 75.17 million. This represents a decrease of 54.01% as compared to RM 163.44 million in the preceding year corresponding quarter ended 30 June 2019. The significant drop in revenue was due mainly to the imposition of Movement Control Order ("MCO") by the Malaysian Government, to tackle the COVID-19 pandemic. Business operations of all Malaysian companies in non-essential sectors were suspended from 18 March 2020 to early May 2020. At the same time, our overseas operations were also affected by weak market sentiments and restrictive movement controls imposed by the respective local governments. These factors had severely impacted the Group's revenue.

Operating profit decreased 86.01%, from RM 8.74 million to RM 1.22 million, as a result of lower revenue recorded.

B1. Review of the Performance (continued)Manufacturing Division

Revenue was recorded at RM 25.97 million for current quarter, representing a decrease of 25.78% as compared to RM 34.99 million in the preceding year corresponding quarter ended 30 June 2019. This decrease in revenue was due to the suspension of our operations in Malaysia to comply to the MCO imposed.

The operating profit has decreased 52.59%, from RM 3.86 million to RM 1.83 million, mainly due to decline in revenue as elaborated above.

Distribution Division

Revenue was recorded at RM 49.10 million for the current quarter. This represents a decrease of 61.78% as compared to RM 128.45 million in the preceding year corresponding quarter ended 30 June 2019. The decrease in revenue was again, due to the suspension of all non-essential businesses in Malaysia during the MCO period. At the same time, overseas operations were also affected by weak market sentiments and restrictive movement controls imposed by the respective local governments.

Operating profit has declined 97.60%, from RM 5.42 million to RM 0.13 million. The significant reduction in profit was driven mainly by lower revenue. At the same time, the slow down in market demand, as well as increased purchase price of our imports due to the weakening of Ringgit resulted in lower profit margin.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	30.06.2020	31.03.2020	
	RM'000	RM'000	
Revenue	75,166	155,840	-51.77
Operating Profit	1,223	7,894	-84.51
(Loss)/Profit Before Interest and Tax	(153)	6,438	-102.38
(Loss)/Profit Before Tax	(1,597)	5,424	-129.44
(Loss)/Profit After Tax	(1,988)	1,714	-215.99
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,988)	1,714	-215.99

For the current quarter under review, the Group's revenue decreased 51.77% as compared to RM 155.84 million in the preceding quarter ended 31 March 2020. Loss before tax was RM 1.60 million as compared to profit before tax of RM 5.42 million in the preceding quarter ended 31 March 2020.

B3. Prospects

The Board is of the view that wood panel products' prices will continue to fluctuate due to the on-going US-China trade war. At the same time, the current COVID-19 pandemic has also resulted in global demand and supply shock. These factors, together with raw material costs, labour supply and foreign exchange rates will affect the Group's profit performance.

The Group will continue to leverage on its competitive strength to achieve satisfactory performance in coming financial year.

B4. Status of Corporate Proposals

There was no corporate proposal for the quarter under review.

B5. Taxation

The taxation is calculated based on the profit for the financial period ended 30 June 2020 as follows:

<u>Income Tax Expenses :</u>	Current Quarter <u>RM'000</u>	Year To Date <u>RM'000</u>
Current Tax Expense :		
Current Quarter/Year	391	391
	<u>391</u>	<u>391</u>

B6. Borrowings

The Group's borrowings are as follows :-

	As At 30 June 2020		As At 31 March 2020	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		101,577		140,423
Bank Overdrafts		461		5,322
	AUD 50,576	149	AUD 0	-
	SGD 6,149	19	SGD 23,774	72
	THB 6,486	1	THB 21,107	3
Term Loans		4,062		4,136
Revolving Credit		2,508		2,508
Trust Receipts		5,858		6,880
	SGD 1,906,949	1,976	SGD 2,278,577	1,493
	VND 10,712,121,653	6,836	VND 8,200,698,529	8,706
	THB 49,338,516	<u>123,447</u>	THB 66,111,948	<u>169,543</u>
LONG TERM				
Unsecured				
Term Loans		11,752		10,531
		<u>11,752</u>		<u>10,531</u>
TOTAL BORROWINGS				
Bankers' Acceptances		101,577		140,423
Bank Overdrafts		630		5,397
Term Loans		15,814		14,667
Revolving Credit		2,508		2,508
Trust Receipts		14,670		17,079
		<u>135,199</u>		<u>180,074</u>

B7. Derivatives Financial Instruments

As at 30 June 2020, 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	3,190	3,206

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

For financial year ended 31 March 2020

A final dividend of 0.5 sen per share, single tier, for the financial year ended 31 March 2020 had been declared and is subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 28 September 2020. The dividend if approved will be paid on 22 October 2020 to shareholders whose names appear in the Record of Depositors on 12 October 2020.

For financial year ending 31 March 2021

No interim dividend will be declared for current quarter under review.

B10. Loss Per Share

The loss per share is derived as follow :-

	Current Quarter	Current Year To Date
Net loss for the period/year (RM'000)	(1,988)	(1,988)
Weighted average number of ordinary shares ('000)	165,240	165,240
Loss per share (sen)	(1.20)	(1.20)

B11. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Current Quarter RM'000	Current Year To Date RM'000
Interest income	392	392
Other income including investment income	1,293	1,293
Interest expense	(1,836)	(1,836)
Depreciation	(1,376)	(1,376)
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	-	-
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	379	379
Gain/(Loss) on derivatives	N/A	N/A