

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

	<u>FYE2021</u>	<u>FYE2020</u>	<u>FYE2021</u>	<u>FYE2020</u>
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.03.2021	Preceding Year Corresponding Quarter Ended 31.03.2020	Current Year To Date Ended 31.03.2021	Preceding Year Ended 31.03.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	168,475	155,840	601,048	675,530
Profit from Operations	6,615	7,894	29,589	33,594
Interest Income	375	341	1,552	1,462
Interest Expense	(718)	(1,355)	(5,215)	(8,780)
Depreciation	(1,292)	(1,456)	(5,166)	(6,036)
Profit Before Tax	4,980	5,424	20,760	20,240
Income Tax Expense	(1,240)	(3,710)	(5,771)	(7,150)
Profit After Tax	3,740	1,714	14,989	13,090
Other Comprehensive Income				
Exchange differences on translating foreign operations	694	(726)	1,046	(243)
(Loss)/ Gain on revaluation of properties	(907)	9,317	(907)	9,317
Total Comprehensive Income	3,527	10,305	15,128	22,164
Profit attributable to :				
Equity holders of the Company	3,740	1,714	14,989	13,090
Total comprehensive income attributable to :				
Equity holders of the Company	3,527	10,305	15,128	22,164
Earning Per Share				
- Basic (sen)	2.26	1.04	9.07	7.92
- Diluted (sen)	2.26	1.04	9.07	7.92

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 31 March 2021 RM'000	(Audited) As At 31 March 2020 RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	160,336	158,223
Investment properties	16,466	722
Inventories	6,013	6,013
Right-of-use assets	17,689	27,336
Goodwill	837	837
Deferred tax assets	254	-
	<u>201,595</u>	<u>193,131</u>
<u>Current Assets</u>		
Inventories	104,552	125,576
Trade receivables	144,243	159,203
Other receivables and prepaid expenses	7,852	5,166
Current tax assets	1,339	1,651
Short term investments	70,198	46,768
Cash and bank balances	17,299	9,026
	<u>345,483</u>	<u>347,390</u>
TOTAL ASSETS	547,078	540,521
EQUITY AND LIABILITIES		
<u>Equity Attributable To Owners Of The Company</u>		
Share capital	83,097	83,097
Other reserves	55,069	54,930
Retained earnings	173,652	162,794
Total Equity	311,818	300,821
<u>Non-Current Liabilities</u>		
Borrowings	15,330	10,531
Lease liabilities	4,006	5,574
Deferred tax liabilities	10,133	10,467
	<u>29,469</u>	<u>26,572</u>
<u>Current Liabilities</u>		
Trade payables	39,225	31,925
Other payables and accrued expenses	8,476	7,636
Borrowings	154,282	169,543
Lease liabilities	2,107	2,042
Current tax liabilities	1,701	1,982
	<u>205,791</u>	<u>213,128</u>
Total Liabilities	235,260	239,700
TOTAL EQUITY AND LIABILITIES	547,078	540,521
Net assets per share (RM)	1.88	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 year	-	9,074	13,090	22,164
Dividend	-	-	(8,262)	(8,262)
Balance as at 31 March 2020	<u>83,097</u>	<u>54,930</u>	<u>162,794</u>	<u>300,821</u>
Balance as at 1 April 2020	83,097	54,930	162,794	300,821
Total comprehensive income for the year	-	139	14,989	15,128
Dividend	-	-	(4,131)	(4,131)
Balance as at 31 March 2021	<u>83,097</u>	<u>55,069</u>	<u>173,652</u>	<u>311,818</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 Year Ended 31.03.2021 RM'000	Financial Year Ended 31.03.2020 RM'000
Profit for the year	14,989	13,090
Adjustments for : -		
Non-cash items	10,886	6,103
Non-operating items	3,663	7,318
Taxation	5,771	7,150
<i>Operating profit before changes in working capital</i>	35,309	33,661
Changes in working capital		
Net change in current assets	30,297	33,628
Net change in current liabilities	8,075	872
<i>Cash from operations</i>	73,681	68,161
Income tax refunded	111	170
Interest paid	(97)	(224)
Income tax paid	(6,304)	(8,873)
Net cash from operating activities	67,391	59,234
<i>Cash flows from / (used in) investing activities</i>		
Interest received	1,552	1,462
Proceeds from disposal of property, plant and equipment	257	167
Purchase of property, plant and equipment	(6,694)	(7,853)
Additions to prepaid land lease payments	(146)	-
Additions to land held for property development	-	(97)
Placement of short term investments	(23,499)	(1,429)
Net cash used in investing activities	(28,530)	(7,750)
<i>Cash flows from / (used in) financing activities</i>		
Net repayments of borrowings	(10,086)	(32,292)
Dividends paid	(4,131)	(8,262)
Interest paid	(4,820)	(8,163)
Cash payments on right-of-use assets	(375)	(58)
Repayments of lease liabilities	(2,435)	(3,027)
Repayments of term loans	(3,854)	(2,919)
Net cash used in financing activities	(25,701)	(54,721)
Net Changes in Cash & Cash Equivalents	13,160	(3,237)
Adjustment for foreign exchange differentials	(350)	(71)
Cash & Cash Equivalents at beginning of financial year	3,629	6,937
Cash & Cash Equivalents at end of financial year	16,439	3,629
* Cash and cash equivalents at end of financial year comprise the following :		
Cash and bank balances	17,299	9,026
Less: Bank overdrafts		
(included within short term borrowings in Note B6)	(860)	(5,397)
	16,439	3,629

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 YEAR ENDED 31 MARCH 2021

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

In previous quarter, the issued and paid-up ordinary share capital was increased from 165,240,066 to 165,240,206 by way of issuance of 140 new ordinary shares pursuant to the exercise of Warrants 2015/2020 at an exercise price of RM 1.30 each for cash.

There were no issuance or repayment of debentures and equity securities during the current quarter.

A8. Dividend Paid

A second interim dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2021, amounting to RM 1,652,402, was paid by the Company on 26 March 2021.

A9. Valuations of Property, Plant and Equipment

The properties were revalued during the year based on open market valuations carried out by an independent firm of professional valuers to reflect the market value. The total revaluation surplus recognized in current quarter amounted to RM 1.03 million.

Reversal of revaluation surplus as a result of fire incident was amounted to RM 1.77 million.

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	201,165	173,432	17,547	17,109
Distributing of wood products	416,057	526,430	17,983	19,647
Other operating segments	<u>16,732</u>	<u>26,593</u>	<u>(5,941)</u>	<u>(3,162)</u>
	633,954	726,455	29,589	33,594
Elimination of inter-segment revenue:				
- Manufacturing of wood products	(2,668)	(4,382)		
- Distributing of wood products	(13,870)	(20,041)		
- Other operating segments	<u>(16,368)</u>	<u>(26,502)</u>		
	<u>601,048</u>	<u>675,530</u>	29,589	33,594
Interest income			1,552	1,462
Interest expense			(5,215)	(8,780)
Depreciation			<u>(5,166)</u>	<u>(6,036)</u>
Profit before tax			20,760	20,240
Income tax expense			<u>(5,771)</u>	<u>(7,150)</u>
Profit after tax			<u>14,989</u>	<u>13,090</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	132,824	116,946	81,847	63,851
Distributing of wood products	277,853	316,047	133,228	159,550
Other operating segments	<u>134,808</u>	<u>105,877</u>	<u>8,351</u>	<u>3,850</u>
	<u>545,485</u>	<u>538,870</u>	<u>223,426</u>	<u>227,251</u>

A11. Contingent Liabilities

As of 31 March 2021, the Group has credit facilities from licensed banks, financial institutions and suppliers totalling RM 489.30 million (RM 504.35 million in December 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 182.75 million as at 31 March 2021 (RM 183.18 million in December 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 31 March 2021, the Group has the following capital commitments:

	RM'000
Approved and contracted for :	
Acquisition of land	2,559
Construction of building	2,159
Acquisition of forklift, machineries and equipment	1,610
	<u>6,328</u>

Additional Information Required by the Bursa Malaysia Listing Requirements

B1. Review of the Performance

	INDIVIDUAL QUARTER		Changes	CUMULATIVE QUARTER		Changes
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended		Current Year To Date Ended	Preceding Year Ended	
	31.03.2021 RM'000	31.03.2020 RM'000		31.03.2021 RM'000	31.03.2020 RM'000	
Revenue	168,475	155,840	8.11	601,048	675,530	-11.03
Operating Profit	6,615	7,894	-16.20	29,589	33,594	-11.92
Profit Before Interest and Tax	5,323	6,438	-17.32	24,423	27,558	-11.38
Profit Before Tax	4,980	5,424	-8.19	20,760	20,240	2.57
Profit After Tax	3,740	1,714	118.20	14,989	13,090	14.51
Profit Attributable to Ordinary Equity Holders of the Parent	3,740	1,714	118.20	14,989	13,090	14.51

The Group's revenue for the current year to date ended 31 March 2021 was 11.03% lower than the same period last year. The 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 pandemic-related restrictions imposed by the respective local governments. The Group's operating profit decreased 11.92%, from RM 33.59 million to RM 29.59 million, as a result of lower revenue recorded.

For current quarter ended 31 March 2021, the Group recorded revenue of RM 168.48 million. This represents an increase of 8.11% as compared to RM 155.84 million in the preceding year corresponding quarter ended 31 March 2020. Operating profit decreased 16.20%, from RM 7.89 million to RM 6.62 million.

On 23 January 2021, there was a fire outbreak at the Group's factory and warehouse in Muar located at PTD 2805, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor, Malaysia. The book value of the property, plant and equipment and inventories damaged by fire of RM 1.24 million and RM 8.99 million respectively had been recognised in the Group's profit and loss statement in the current quarter ended 31 March 2021.

B1. Review of the Performance (continued)

Manufacturing Division

Revenue was recorded at RM 50.57 million for current quarter, representing an increase of 31.80% as compared to RM 38.37 million in the preceding year corresponding quarter ended 31 March 2020. The increase in revenue was mainly due to the furniture industry boom, as well as market share expansion. Despite the increase in revenue, operating profit has decreased 67.77%, from RM 3.94 million to RM 1.27 million, due mainly to the property, plant and equipment and inventories written off as a result of fire incident occurred in January 2021.

Revenue was recorded at RM 198.50 million for the twelve months ended 31 March 2021. This represents an increase of 17.42% as compared to RM 169.05 million in the preceding year ended 31 March 2020. Operating profit increased 2.57%, from RM 17.11 million to RM 17.55 million.

As a result of the fire incident, the loss to inventories and property, plant and equipment amounted to RM 5.50 million and RM 1.24 million respectively.

Distribution Division

Revenue was recorded at RM 117.82 million for the current quarter. This represents a slight increase of 0.37% as compared to RM 117.38 million in the preceding year corresponding quarter ended 31 March 2020. Operating profit has increased 43.39%, from RM 4.31 million to RM 6.18 million. The increase in profit was due mainly to better margin achieved as well as effective costs management.

Revenue was recorded at RM 402.19 million for the twelve months ended 31 March 2021. This represents a decrease of 20.58% as compared to RM 506.39 million in the preceding year ended 31 March 2020. Operating profit decreased 8.50%, from RM 19.65 million to RM 17.98 million.

As a result of the fire incident, the loss to inventories amounted to RM 3.49 million.

B2. Variation of Results Against Preceding Quarter

	Current Quarter Ended	Preceding Quarter Ended	Changes
	31.03.2021	31.12.2020	
	RM'000	RM'000	
Revenue	168,475	183,263	-8.07
Operating Profit	6,615	13,526	-51.09
Profit Before Interest and Tax	5,323	12,314	-56.77
Profit Before Tax	4,980	11,571	-56.96
Profit After Tax	3,740	8,994	-58.42
Profit Attributable to Ordinary Equity Holders of the Parent	3,740	8,994	-58.42

For the current quarter under review, the Group's revenue decreased 8.07% as compared to RM 183.26 million in the preceding quarter ended 31 December 2020. Profit before tax decreased 56.96%, from RM 11.57 million to RM 4.98 million, due mainly to the property, plant and equipment and inventories written off as a result of the fire incident that occurred in January 2021.

B3. Prospects

The Board is of the view that the uncertainty in the global economy resulting from the current COVID-19 pandemic, together with factors like raw material costs, labour supply and foreign exchange rates may continue to influence the Group's profit performance.

The Group will continue to leverage on its competitive strength to meet these challenges.

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 year ended 31 March 2021 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	1,701	6,010
(Over)/under provision in prior year	(5)	217
Deferred Tax Expense :		
Current Quarter/Year	(385)	(385)
Over provision in prior year	(71)	(71)
	<u>1,240</u>	<u>5,771</u>

B6. Borrowings

The Group's borrowings are as follows :-.

	As At 31 March 2021		As At 31 March 2020	
	Foreign Denomination	RM Denomination RM'000	Foreign Denomination	RM Denomination RM'000
SHORT TERM				
Unsecured				
Bankers' Acceptances		132,085		140,423
Bank Overdrafts		637		5,322
	SGD 71,702	221	SGD 23,774	72
	THB 0	-	THB 21,107	3
	AUD 498	2	AUD 0	-
Term Loans		3,018		4,136
Revolving Credit		2,506		2,508
Trust Receipts	SGD 1,884,205	5,817	SGD 2,278,577	6,880
	VND 16,763,952,170	3,018	VND 8,200,698,529	1,493
	THB 52,670,591	6,978	THB 66,111,948	8,706
		<u>154,282</u>		<u>169,543</u>
LONG TERM				
Unsecured				
Term Loans		15,330		10,531
		<u>15,330</u>		<u>10,531</u>
TOTAL BORROWINGS				
Bankers' Acceptances		132,085		140,423
Bank Overdrafts		860		5,397
Term Loans		18,348		14,667
Revolving Credit		2,506		2,508
Trust Receipts		15,813		17,079
		<u>169,612</u>		<u>180,074</u>

B7. Derivatives Financial Instruments

As at 31 March 2021, 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	1,996	2,062

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 2021

The Board proposed a final dividend of 1.0 sen per share, single tier, for the financial year ended 31 March 2021 (0.5 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 a later stage.

Total dividend per share for current financial year-to-date is 3.0 sen.

B10. Earning Per Share

The earning per share is derived as follow :-

	Current Quarter	Current Year To Date
Net profit for the period/year (RM'000)	3,740	14,989
Weighted average number of ordinary shares ('000)	165,240	165,240
Earning per share (sen)	2.26	9.07

B11. Notes to the Condensed Consolidated Statement of Profit or Loss and Other 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	375	1,552
Other income including investment income	684	5,002
Interest expense	(718)	(5,215)
Depreciation	(1,292)	(5,166)
Provision for and write off of receivables	540	(1,676)
Provision for and write off of inventories	-	(2,635)
Gain/(Loss) on disposal of quoted or unquoted investments	-	-
Gain/(Loss) on disposal of property, plant and equipment	7	256
Impairment of assets	-	-
Gain/(Loss) on foreign exchange	(73)	1,149
Gain/(Loss) on derivatives	N/A	N/A
Fire loss of inventories	(8,994)	(8,994)
Property, plant and equipment written off:		
- due to fire incident	(1,244)	(1,244)
- others	(1)	(1)