



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED 30 SEPTEMBER 2019	30 SEPTEMBER 2018	9 MONTHS PERIOD ENDED 30 SEPTEMBER 2019	30 SEPTEMBER 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	4,156	2,273	6,974	5,142
Cost of sales	(2,005)	(1,205)	(3,204)	(3,055)
Gross Profit	2,151	1,068	3,770	2,087
Other income	97	44	3,256	300
Administrative expenses	(1,882)	(2,439)	(5,450)	(7,106)
Profit / (Loss) from operations	366	(1,327)	1,576	(4,719)
Finance costs	(786)	(623)	(2,265)	(1,836)
Loss before tax	(420)	(1,950)	(689)	(6,555)
Income tax expenses	73	(3)	70	(3)
Loss for the period	(347)	(1,953)	(619)	(6,558)
Loss attributable to:				
Owners of the Company	(218)	(1,950)	(609)	(6,554)
Non-controlling interests	(129)	(3)	(10)	(4)
	(347)	(1,953)	(619)	(6,558)
Loss per share attributable to Owners of the Company				
- Basic (sen)	B10	(0.09)	(0.80)	(2.68)
- Diluted (sen) (Note 2)	B10	(0.09)	(0.80)	(2.68)

Notes:

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes to the interim financial report.

(2) Diluted EPS / LPS is not applicable for individual quarter and period ended 30 June 2019 as it has an anti-dilution effect.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED 30 SEPTEMBER 2019 RM'000	30 SEPTEMBER 2018 RM'000	9 MONTHS PERIOD ENDED 30 SEPTEMBER 2019 RM'000	30 SEPTEMBER 2018 RM'000
Loss for the period	(347)	(1,953)	(619)	(6,558)
OTHER COMPREHENSIVE PROFIT / (LOSS)				
Exchange difference arising on translation of foreign operations	5	(22)	112	(140)
Other comprehensive profit/(loss), net of tax	5	(22)	112	(140)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(342)	(1,975)	(507)	(6,698)
Total comprehensive loss attributable to:				
Owners of the Company	(213)	(1,972)	(497)	(6,694)
Non-controlling interests	(129)	(3)	(10)	(4)
	<u>(342)</u>	<u>(1,975)</u>	<u>(507)</u>	<u>(6,698)</u>
	-	-	-	-

Notes:

The Unaudited Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes to the interim financial report.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 SEPTEMBER 2019 RM'000 (Unaudited)	AS AT 31 DECEMBER 2018 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	23,846	24,413
Work in progress for property, plant and equipment	35,541	29,600
Investment property	183	185
Development costs	17,605	17,605
Goodwill on consolidation	295	295
	77,470	72,098
CURRENT ASSETS		
Inventories	473	1,747
Trade receivables	8,519	8,194
Other receivables, deposit and prepayment	1,029	798
Current tax asset	-	402
Contract asset	1,014	892
Control Cost	82	-
Fixed deposits with licensed banks	918	5,597
Cash and bank balances	1,580	1,188
	13,615	18,818
Assets classified as held for sale	4,172	6,037
	95,257	96,953
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	81,560	81,560
Foreign currency translation reserve	760	648
Revaluation Reserve	1,801	1,801
Reserve arising from reverse acquisition	(23,145)	(23,145)
Retained loss	(37,525)	(36,916)
	23,451	23,948
Shareholders' Fund		
Non-controlling interests	(59)	(49)
	23,392	23,899
NON-CURRENT LIABILITIES		
Hire purchase payables	23	93
Bank borrowings	28,307	29,245
Provision for Retirement Benefits	30	32
Deferred tax liabilities	582	582
Preference Shares	7,816	5,612
Other payable	163	163
Amount due to Directors	4,090	3,940
	41,011	39,667
CURRENT LIABILITIES		
Contract Liabilities	1,903	858
Trade payables	13,514	11,173
Other payables and accruals	11,758	12,456
Hire purchase payables	24	95
Bank borrowings	1,771	4,963
Bank overdrafts	1,884	3,842
	30,854	33,387
	71,865	73,054
TOTAL LIABILITIES		
	95,257	96,953
TOTAL EQUITY AND LIABILITIES		
	95,257	96,953
Number of ordinary shares	244,200	244,200
Net Assets per share attributable to ordinary equity owners of the Company (sen)	9.6	9.8

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes to the interim financial report.



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Owners of the Company							Total Equity RM'000
	Share Capital RM'000	Non-Distributable			Distributable		Non- Controlling Interests RM'000	
		Reserve Arising from Reverse Acquisition RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Loss RM'000	Sub-total RM'000		
Current period-to-date ended 30 SEPTEMBER 2019								
As at 1 January 2019	81,560	(23,145)	648	1,801	(36,916)	23,948	(49)	23,899
Translation with owners								
Loss for the period	-	-	-	-	(609)	(609)	(10)	(619)
Other Comprehensive profit for the period	-	-	112	-	-	112	-	112
Total comprehensive profit / (loss) for the period	-	-	112	-	(609)	(497)	(10)	(507)
Balance as at 30 September 2019	81,560	(23,145)	760	1,801	(37,525)	23,451	(59)	23,392
Corresponding period-to-date ended 30 SEPTEMBER 2018								
As at 1 January 2018	81,560	(23,145)	583	-	(32,685)	26,313	(84)	26,229
Translation with owners								
Loss for the period	-	-	-	-	(6,554)	(6,554)	(4)	(6,558)
Other Comprehensive Loss for the period	-	-	(140)	-	-	(140)	-	(140)
Total comprehensive loss for the period	-	-	(140)	-	(6,554)	(6,694)	(4)	(6,698)
Redeemable Preference share	-	-	-	-	-	-	6,550	6,550
Balance as at 30 September 2018	81,560	(23,145)	443	-	(39,239)	19,619	6,462	26,081

Note:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes to the interim financial report.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 30 SEPTEMBER 2019 RM'000	CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(689)	(6,555)
Adjustments for:		
Depreciation of property, plant & equipment	337	412
Amortisation of investment properties and leasehold land	2	40
(Reversal) / Impairment loss on Trade Receivables	(59)	(216)
Bad debt written off	-	31
Gain on disposal of property, plant and equipment	(3,149)	(197)
Property, plant & equipment written off	169	-
Interest income	(98)	(35)
Interest expenses	948	1,504
Interest expenses - fair value	1,317	-
Unrealised loss/(gain) on foreign exchange	77	(23)
Operating loss before changes in working capital	(1,145)	(5,039)
Changes in Working Capital		
Inventories	46	232
Trade and other receivables	541	9,924
Trade and other payables	1,092	(4,077)
Contract Asset	4,669	11,339
Net cash flows generated from operations	5,203	12,379
Income tax paid	(9)	(9)
Tax refund	486	322
Interests paid	569	(943)
Interests received	98	35
Net cash from operating activities	6,347	11,784
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1)	(12)
Work in progress for property, plant and equipment	(6,530)	(23,871)
Proceeds from disposal of property, plant and equipment	657	383
Additional development costs	-	(420)
Net cash used in investing activities	(5,874)	(23,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged as security values	4,710	(163)
Proceeds from issuance of preference shares	1,313	6,550
Repayment of hire purchase payables	(163)	(419)
Net change in bills payables	(2,989)	(1,212)
Drawdown/(Repayment) of term loans	(1,141)	14,148
Net changes in amount due to directors	1,625	(1,643)
Interests paid	(1,517)	(561)
Net cash from financing activities	1,838	16,700
Net increase/(decrease) in cash and cash equivalents	2,311	4,564
Effects of exchange rate changes on cash and cash equivalents	39	36
Cash and cash equivalents as at the beginning of the financial year	(2,654)	(11,736)
Cash and cash equivalents as at the end of the financial year	(304)	(7,136)
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	918	5,316
Cash and bank balances	1,580	2,126
Bank overdrafts	(1,884)	(9,262)
	614	(1,820)
Less: Fixed deposits held as security values	(918)	(5,316)
	(304)	(7,136)

Notes :

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the notes to the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes to the interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRSs") 134

A1 Basis of Preparation

The interim financial report of Dolphin International Berhad ("DIB" or the "Company") and its subsidiaries (the "Group") are unaudited and has been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group for this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2018 except for the adoption of the following amendments/improvements to MFRSs which are applicable to the Group with effect from 1 January 2019:-

Amendments/Improvements to MFRSs

MFRS 16	Leases
MFRS 112	Income Taxes
MFRS 123	Borrowing Costs

The adoption of the above amendments/improvements to MFRSs did not result in any significant impact on the Group's results and financial position.

A3 Audit report of preceding annual financial statements

Except for the possible effects of the matter described as below Basis for Qualified Opinion on development costs and capital work-in-progress for a palm oil mill enhancement and optimisation project, our auditor opined that the accompanying financial statements of the Group give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

We draw attention to Note 7(a) and Note 5(a) to the financial statements, Intangible Assets (Note 7(a)) and Property, Plant and Equipment (Note 5(a)) of the Group is development costs of RM17,604,551 and capital work-in-progress for a palm oil mill enhancement and optimisation project of RM5,972,131 as at the end of the financial year.

As disclosed in Note 7(a), the development expenditures incurred were in relation to the development of an improved automated sterilisation system for palm oil extraction and yet to be commercialised. In the previous financial year, the Group has secured a palm oil mill enhancement and optimisation project. Due to the unfavourable market and financial condition, the project has yet to be completed todate.

The Board of Directors of the Company wishes to inform that the palm oil mill enhancement and optimisation project will be completed and the recurring revenue will kick in during the financial year ending 31 December 2020.

A4 Seasonal or Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6 Changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

A8 Dividend Paid

No dividend was paid during the current financial quarter under review.



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

A9 Segmental Information

(a) Analysis of revenue and segmental results

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Provision of milling systems and solutions	1,386	500	2,178	1,076
- Supply of parts and maintenance services	2,770	1,773	4,796	4,066
Total Revenue	4,156	2,273	6,974	5,142
	-	-	-	-
Segment Results				
- Provision of milling systems and solutions	157	(1,389)	(929)	(4,418)
- Supply of parts and maintenance services	533	(182)	7	(917)
- Investment holding and management services	(1,037)	(382)	303	(1,223)
Total Loss after Tax	(347)	(1,953)	(619)	(6,558)
	-	-	-	-

(b) Analysis of revenue by geographic markets

Revenue	Current Quarter			Cumulative Quarter		
	3 months ended 30 September 2019			9 months ended 30 September 2019		
	External Sales	Inter-segment	Total	External Sales	Inter-segment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	3,637	-	3,637	5,210	-	5,210
Overseas	519	-	519	1,764	-	1,764
Consolidated	4,156	-	4,156	6,974	-	6,974

A10 Material Events Subsequent to the end of the current financial quarter

There were no material events subsequent to the end of the current financial quarter.

A11 Changes in the Composition of the Group

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

A12 Contingent Liabilities or Contingent Assets

There were no material contingent liabilities as at the end of the current financial quarter and up to the date of this report.

A13 Capital Commitments

Save as disclosed below, there were no other material capital commitments as at the end of the current financial quarter and up to the date of this report.

Capital expenditure approved and contracted for but not provided for in the financial statements

As at 30.09.2019
RM'000
13,166

A14 Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter under review.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR

B1 Review of Performance

Comparison with preceding year's corresponding quarter

The Group recorded an increase in revenue by RM1.88 million to RM4.15 million for the current quarter under review as compared to the preceding year's corresponding quarter revenue of RM2.27 million (Q3, 2018). The Group recorded a loss before taxation ("LBT") of RM0.42 million for the current quarter under review compared to the preceding year's corresponding quarter loss before tax ("LBT") of RM1.95 million. The improved in LBT are due to increase in revenue and decrease in operating expenses in the current quarter under review.

B2 Comparison with Preceding Quarter's Results

The Group's reported LBT of RM 0.42 million for the current quarter under review as compared to the immediate preceding quarter LBT of RM1.59 million. The decrease in losses is mainly due to increase in revenue generation in the current quarter under review.

B3 Prospects

The Group is implementing its new business strategy and direction to secure new projects under a build-own-operate or build-own-operate-transfer model which will be able to provide a more sustainable and consistent income stream. In addition, the Group is also planning to diversify and improve its income source by moving into the palm oil milling market. Notwithstanding the aforesaid, the Board of Directors expects the Group's performance for the financial year ending 31 December 2019 to remain challenging.

B4 Variance of actual profit from Profit forecast and Profit Guarantee

The Group did not provide any profit forecast or profit guarantee in any form of public documentation or announcement.

B5 Taxation

	Current Quarter 30.09.2019 RM'000	Cumulative Quarter 30.09.2019 RM'000
Tax payable		
Current period	(70)	(70)
Deferred Taxation	-	-
	<u>(70)</u>	<u>(70)</u>

Income tax is calculated at the Malaysian statutory rate of 24% of the estimated assessable profit for the fiscal year.

B6 Status of corporate proposals

There were no corporate proposals announced but not yet completed as at the date of this quarterly announcement.

B7 Group's Borrowings and Debt Securities

The Group's borrowings as at 30 September 2019 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured :-			
Bank overdrafts	1,884	-	1,884
Bank borrowings	1,771	28,307	30,078
Hire purchase liabilities	24	23	47
Total	<u>3,679</u>	<u>28,330</u>	<u>32,009</u>

All borrowings are denominated in Ringgit Malaysia.

B8 Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments as at the date of this quarterly report.

B9 Material Litigation

PT Dolphin Indonesia ("the subsidiary") Vs PT Arka Jaya Mandiri ("PTAJM")

On 8 December 2017, the Subsidiary's solicitors' filed a Writ of Summons ("Suit") at the High Court of Indonesia for Rp12,542,812,878 (together with interest deemed appropriate by the Court), being the total amount claimed from PTAJM.

Status: The hearing is ongoing at Pengadilan Negeri Jakarta Timur.

PT Dolphin Indonesia ("the subsidiary") Vs PT Himalaya Transmeka ("PTHT")

On 1 February 2018, the Subsidiary's solicitors' filed a Writ of Summons ("Suit") at the District Court of Indonesia for Rp14,499,597,854 (together with interest deemed appropriate by the Court), being the total amount claimed from PTHT.

Status: The hearing is ongoing at Pengadilan Negeri Tangerang



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

B10 Loss Per Share ("LPS")

The basic LPS for the current quarter and financial year to date are computed as follows

(a) Basic LPS

	3 months ended		Year-to-date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary equity owners of the Company	(218)	(1,950)	(609)	(6,554)
Weighted average number of ordinary shares ('000)				
- number of ordinary shares in issue since 1st January ('000)	244,200	244,200	244,200	244,200
	244,200	244,200	244,200	244,200
Basic LPS (sen)	(0.09)	(0.80)	(0.25)	(2.68)

The diluted LPS for the current quarter and financial year to date are computed as follows

(b) Diluted LPS

	3 months ended		Year-to-date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary equity owners of the Company	(218)	(1,950)	(609)	(6,554)
Weighted average number of ordinary shares ('000)				
- number of ordinary shares in issue since 1st January ('000)	244,200	244,200	244,200	244,200
- Assume full conversion of warrants ('000)	*	*	*	*
	244,200	244,200	244,200	244,200
Diluted LPS (sen)	(0.09)	(0.80)	(0.25)	(2.68)

* Not taken into account in the computation of diluted LPS because the effect is anti-dilutive.

The computation for diluted LPS is not applicable for individual quarter and period ended 30 September 2019 as it has an anti-dilution effect.

B11 Dividends

No dividends has been declared or proposed for the current financial quarter under review.

B12 Notes to the Condensed Consolidated Statement of Profit or Loss

	3 months ended		Year-to-date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging:-				
Interest expenses	237	474	948	1,504
Rental expenses	227	183	602	530
(Reversal) / Impairment loss on Trade Receivables	(31)	(216)	(59)	(216)
Amortisation and depreciation of property, plant and equipment and Investment property	107	149	339	452
After crediting:-				
Interest Income	79	-	98	35
Gain on disposal of property, plant and equipment	14	-	3,149	197
(Loss) / gain on foreign exchange				
- Realised	(74)	(30)	(37)	(115)
- Unrealised	6	16	(77)	23

Other disclosure items pursuant to Appendix 9B Note 16 of the MMLR of Bursa Securities are not applicable.

B13 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 November 2019.