

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

The Board of Directors of Dolomite Corporation Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 September 2018 which should be read in conjunction with the audited consolidated financial statements for the financial period ended 30 June 2018 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

	As at 30.09.2018 RM'000 (unaudited)	As at 30.06.2018 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	205,187	210,711
Prepaid lease payments	40,569	2,075
Land use rights	2,268	2,345
Intangible assets	8,389	8,552
Land held for property development	21,418	21,412
	<u>277,831</u>	<u>245,095</u>
Current Assets		
Property development costs	106,196	105,428
Inventories	11,636	16,501
Trade receivables	14,664	17,999
Other receivables, deposits and prepayments	37,541	43,433
Current tax assets	22	18
Cash and bank balances	1,130	1,208
	<u>171,189</u>	<u>184,587</u>
	<u>449,020</u>	<u>429,682</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	18,106	18,106
Accumulated losses	(60,669)	(44,883)
Reserves	73,115	70,313
Total equity	<u>30,552</u>	<u>43,536</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	18,350	21,380
Deferred tax liabilities	312	311
Other payables	13,773	13,456
	<u>32,435</u>	<u>35,147</u>
Current liabilities		
Trade payables	21,229	30,347
Other payables, deposits and accruals	72,598	74,398
Provision	11,738	11,738
Loans and borrowings	268,215	224,187
Tax liabilities	12,253	10,329
	<u>386,033</u>	<u>350,999</u>
	<u>418,468</u>	<u>386,146</u>
Total liabilities	<u>418,468</u>	<u>386,146</u>
Total equity and liabilities	<u>449,020</u>	<u>429,682</u>
Net assets per share (RM)	0.11	0.15

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the quarter ended 30 September 2018

	Current year	Preceding	Changes		Current year	Preceding	Changes	
	quarter 30.09.2018 RM'000 (unaudited)	year quarter 30.09.2017 RM'000 (**)	RM	%	to date 30.09.2018 RM'000 (unaudited)	year to date 30.09.2017 RM'000 (**)	RM	%
Revenue	13,699	N/A	-	-	13,699	N/A	-	-
Cost of sales	(14,392)	N/A	-	-	(14,392)	N/A	-	-
Gross Profit / (Loss)	(693)	N/A	-	-	(693)	N/A	-	-
Other income	1,895	N/A			1,895	N/A		
Marketing and distribution expenses	(411)	N/A			(411)	N/A		
Administrative expenses	(1,579)	N/A			(1,579)	N/A		
Other expenses	(10,044)	N/A			(10,044)	N/A		
Profit / (Loss) from operations	(10,832)	N/A	-	-	(10,832)	N/A	-	-
Finance costs	(4,132)	N/A			(4,132)	N/A		
Profit / (Loss) before taxation	(14,964)	N/A	-	-	(14,964)	N/A	-	-
Tax expense	(822)	N/A			(822)	N/A		
Profit / (Loss) after taxation	(15,786)	N/A	-	-	(15,786)	N/A	-	-
Other comprehensive income/(loss), net of tax								
Foreign currency translation	2,802	N/A			2,802	N/A		
Total comprehensive income/(loss) for the period	(12,984)	N/A			(12,984)	N/A		
Attributable to owners of the Company :								
Profit/(Loss) after taxation	(15,786)	N/A			(15,786)	N/A		
Total comprehensive income/(loss)	(12,984)	N/A			(12,984)	N/A		
Earnings/(loss) per share (sen)								
- basic	(5.54)	N/A			(5.54)	N/A		
- diluted	N/A	N/A			N/A	N/A		

***Following the change in financial year end from 31 December to 30 June, the previous set of audited financial statements are for a period of 18 months from 1 January 2017 to 30 June 2018 and the current year to end on 30 June 2019. Accordingly, there are no comparative figures to be presented in this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the quarter ended 30 September 2018

	Attributable to owners of the Company				
	<----- Non distributable ----->			Distributable	
	Share capital	Capital reserve	Foreign exchange translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2018	18,106	68,694	1,619	(44,883)	43,536
Total comprehensive income/ (loss) for the period	-	-	2,802	(15,786)	(12,984)
As at 30 September 2018	18,106	68,694	4,421	(60,669)	30,552

	Attributable to owners of the Company				
	<----- Non distributable ----->			Distributable	
	Share capital	Capital reserve	Foreign exchange translation reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2017**	N/A	N/A	N/A	N/A	N/A
Total comprehensive income/ (loss) for the year	N/A	N/A	N/A	N/A	N/A
As at 30 September 2017**	N/A	N/A	N/A	N/A	N/A

**There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.

DOLOMITE CORPORATION BERHAD (290455-W)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the quarter ended 30 September 2018

	Current year to date 30.09.2018 RM'000 (unaudited)	Preceding year to date 30.06.2018 RM'000 (**)
Operating activities		
Loss before tax	(14,964)	N/A
Adjustments for:		
Amortisation of:		
- intangible assets	162	N/A
- land use rights	519	N/A
- prepaid lease payments	44	N/A
Bad debts recovered	733	N/A
Depreciation of property, plant and equipment	2,866	N/A
Gain/Loss on disposal of property plant and equipment	(6)	
Interest expense	4,132	N/A
Unrealised loss on foreign exchange	10,044	N/A
Operating profit before changes in working capital	3,530	N/A
Changes in working capital:		
Property development costs	(774)	N/A
Inventories	4,865	N/A
Trade and other receivables	7,463	N/A
Trade and other payables	(6,859)	N/A
Cash flow generated from/(for) operating activities	8,225	N/A
Tax paid	(715)	N/A
Interest paid	(4,132)	N/A
Net cash flow from/(for) operating activities	3,378	N/A
Investing activities		
Proceeds from disposal of property, plant and equipment	6	N/A
Purchase of property, plant and equipment	(171)	N/A
Payment for prepaid lease premium	(39,013)	N/A
Net cash flow from/(for) investing activities	(39,178)	N/A
Financing activities		
Proceeds from/(repayment of) loans and borrowings, net	33,811	N/A
Repayment of finance lease liabilities	(38)	N/A
Net cash flow from/(for) financing activities	33,773	N/A
Changes in cash and cash equivalents	(2,027)	N/A
Currency translation differences	2	N/A
Cash and cash equivalents at start of the period	(33,556)	N/A
Cash and cash equivalents at end of the period	(35,581)	N/A

**There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134
For the quarter ended 30 September 2018

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the period ended 30 June 2018. The explanatory notes attached to the interim financial statements provide explanations of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2018.

2. Changes in Accounting Policies

The significant accounting policies applied are consistent with those of the audited financial statements for the period ended 30 June 2018 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2018, as disclosed below:

Effective for annual periods commencing on or after 1 January 2018

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

MFRS, Amendments to MFRSs and Interpretation effective 1 January 2019

MFRS 16	<i>Leases</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures#</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to MFRS Standards 2015-2017 Cycle	

MFRS effective 1 January 2021

MFRS 17	<i>Insurance Contracts#</i>
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Amendments to MFRSs (deferred effective dates to be announced by MASB)

Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture#</i>
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Not applicable to Group's existing operations

The possible impact on adoption of the above pronouncements in the period of initial application cannot be determined at present.

3 Auditors' Report on Preceding Financial Period Financial Statements

The audit report of the preceding financial period ended 30 June 2018 was qualified and contained a material uncertainty related to going concern.

Basis for Qualified Opinion

Group

Property, plant and equipment

As disclosed in Note 5(e) to the audited financial statements, included in property, plant and equipment of the Group as at 30 June 2018 are property, plant and equipment amounting to RM196.449 million of a subsidiary of the Company, namely Shandong Dolomite Thermal Power Company Limited ("SDTP").

On 3 March 2017, SDTP has been issued with the Power Generation Certificate and commenced its full operation. However, with effect from 30 November 2017, SDTP has ceased its operation due to low demand from the customers. In addition, the assets of SDTP was frozen by the People's Court of Linyi County of Shandong Province during the financial period as a result of the claims made by the suppliers and a customer.

During the financial period, an impairment loss of RM79.821 million was recognised in profit or loss, representing the impairment of buildings and plant, machinery and equipment of SDTP to their recoverable amount.

The recoverable amount of the property, plant and equipment of SDTP of RM196.449 million as at 30 June 2018 was based on the valuation report issued by an external independent valuer in Shandong Province of China using depreciated replacement cost method and not taken into consideration that SDTP has ceased its operation and the condition of these assets are not known as it was frozen.

If SDTP is unable to resume operation in the foreseeable future or generate adequate cash flows for its operating activities, adjustments may have to be made to reflect the situation that property, plant and equipment may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position.

Accordingly, in light that SDTP has ceased its operation and the assets of SDTP was frozen, the financial statements would have been affected by these adjustments.

Company

Investment in a subsidiary and amounts owing by subsidiaries

As at 30 June 2018, the investment in a subsidiary and amount owing by the same subsidiary, namely Dolomite Technology (HK) Limited ("DTHK"), amounting to RM1,798,649 and RM7,306,890 respectively. The amount owing by another subsidiary, Dolomite Power-Shandong (HK) Limited ("DPSHK") was RM1,397,071 as at 30 June 2018.

DTHK is the holding company of DPSHK and in turn DPSHK is the holding company of SDTP. SDTP has ceased its operation due to low demand from the customers. In addition, the assets of SDTP was frozen by the People's Court of Linyi County of Shandong Province during the financial period as a result of the claims made by the suppliers and a customer.

Accordingly, in light of the circumstances of the matters, the investment in a subsidiary and amounts owing by subsidiaries would have been affected.

Material Uncertainty Related to Going Concern

During the financial period ended 30 June 2018, the Group and the Company incurred a net loss of RM128.430 million and RM127.605 million respectively and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM166.412 million and RM106.278 million respectively. In addition, the Group had defaulted in instalment repayments of principal sums and interests in respect of credit facilities granted by a financial institution as disclosed in Note 21(b) to the audited financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. The Auditors' qualified opinion is not further modified in respect of this matter.

3. Auditors' Report on Preceding Financial Period Financial Statements (cont'd)

The Directors of the Company are of the opinion that the preparation of the financial statements of the Group and the Company on a going concern basis remains appropriate given the following measures being taken or will be taken by the Group and the Company to mitigate the existence of material uncertainty on going concerns and to meet their obligations falling due within the next 12 months which, include amongst others:

- i) The Group has continued to engage in discussion with the FI during the period. The discussion between the Group and the FI includes the request for additional loan. Subsequent to the financial period, on 5 September 2018, the Group received an offer letter from the FI for a sum of RM38.860 million for the lease renewal premium of a leasehold land of the Group. On 27 September 2018, the Group has received the additional loan and the Group had made the payment for premium for the lease renewal; and
- ii) The Group is exploring with potential purchasers who indicated their interest to acquire the Shandong thermal power plant; and
- iii) The Group is also looking at monetising certain property assets of the Group.

The above measures are still being pursued by the Group to address the matter during the current financial period.

4. Seasonal or Cyclical Factors

The Group's operations are not materially affected by any seasonal or cyclical factors.

5. Unusual Items

There were no unusual items for the current financial period under review.

6. Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter results.

7. Debt and Equity Securities

In the current financial period, there were no issuances and repayments of debt securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares.

8. Dividend Paid

There were no ordinary share dividends paid in the financial period under review.

The unpaid 3.5 sen per RCPS dividend amounting to RM396,944.10 in respect of financial period ended 30 June 2018 would be carried forward and paid to the holders of the RCPS when the Company has the available profit to make the payment.

9. Operating Segments

	Manufacturing	Construction	Property Development	Thermal Power Generation	Investment Holding	Current year to date 30.09.2018 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	7,244	-	6,455	-	-	13,699
Inter-segment revenue	634	3,978	-	-	-	4,612
	<u>7,878</u>	<u>3,978</u>	<u>6,455</u>	<u>-</u>	<u>-</u>	<u>18,311</u>
Adjustments and eliminations						(4,612)
Consolidated revenue						<u>13,699</u>
Segment Results						
Interest income	305	608	1,224	(12,949)	(20)	(10,832)
Finance costs						(4,132)
Loss before taxation						<u>(14,964)</u>
Tax expense						(822)
Loss after taxation						<u>(15,786)</u>

10. Material Events Subsequent to the End of the Financial Period Under Review

There were no material events subsequent to the end of the quarter under review.

11. Changes in the Composition of the Group

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

12. Changes in the Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities and contingent assets of the Group since the last Statement of Financial Position as at 30 June 2018.

13. Significant Related Party Transaction

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

14. Capital Commitments

There were no capital commitments for the quarter under review.

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF
THE BURSA SECURITIES LISTING REQUIREMENTS
For the quarter ended 30 September 2018**

1. Financial Review

In the current financial period ended 30 September 2018, the Group registered a total revenue of RM13.699 million contributed by the manufacturing segment of RM7.244 million and property development segment of RM6.455 million.

The Group posted loss before tax and interest ("LBIT") of RM10.832 million for the period under review. The results before interest and tax of the various operating segments for the period under review are as follows:

<u>Operating Segments</u>	<u>RM '000</u>
Manufacturing	305
Construction	608
Property development	1,224
Thermal power generation	(12,949)
Investment holding	(20)
LBIT	<u>(10,832)</u>

In the current financial period, the thermal power generation segment recorded a LBIT of RM12,949 million mainly due to foreign exchange loss of RM10.044 million which is reflected under Other Expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2. Financial Review for Current Quarter compared with immediate Preceding Quarter

	Current Quarter 30.09.2018	Immediate Preceding Quarter 30.06.2018	Changes	
			RM '000	%
Revenue	13,699	13,352	347	2.6%
Profit / (Loss) before interest and tax	(10,832)	(104,119)	93,287	-89.6%
Profit / (Loss) before tax	(14,964)	(108,786)	93,822	-86.2%
Profit / (Loss) after tax	(15,786)	(110,178)	94,392	-85.7%
Profit / (Loss) attributable to owners of the Company	(15,786)	(110,178)	94,392	-85.7%

The Group registered a revenue of RM 13.699 million for the quarter under review which is consistent as compared to RM 13,352 million in the preceding quarter.

The Group posted a loss before tax ("LBT") of RM 14.964 million compared with the Preceding Quarter LBT of RM 108.786 million. The higher LBT for the Preceding Quarter is mainly due to impairment loss of RM 79.821 million on the thermal power plant located in Shandong, China, loss on foreign exchange of RM 14.955 million and provision for legal claims of RM5.113 million.

3. Commentary on Prospects

The Group's domestic performance for next year is expected to be stable depending on the overall economic condition in the country.

The Group's thermal power plant in Shandong, the People's Republic of China has temporarily ceased operation on 30 November 2017. In the meantime, the Group is looking for investors to take over the operation.

4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group has not announced or disclosed any profit forecast or profit guarantee in a public document that relates to the current financial period under review.

5. Items included in the Statement of Profit Or Loss And Other Comprehensive Income

The following items are included in the Statement of Profit Or Loss And Other Comprehensive Income in the financial period under review :

	Current year quarter 30.09.2018 RM'000 (unaudited)	Current year to date 30.09.2018 RM'000 (unaudited)
Depreciation and amortisation	3,591	3,591
Gain on disposal of property, plant and equipment	6	6
Gain/(loss) on foreign exchange	10,044	10,044
Write-back of impairment loss on receivables	733	733

The following items are not applicable in the financial period under review :

Impairment loss on property, plant and equipment
Inventories written off
Impairment loss on intangible assets
Impairment loss on and write off of receivables
Gain or loss on derivatives
Gain/(loss) on disposal of quoted or unquoted investments or properties
Exceptional items

6. Tax Expense

	Current year quarter 30.09.2018 RM'000 (unaudited)	Current year to date 30.09.2018 RM'000 (unaudited)
Tax expense comprises:		
Income tax		
-current year	(820)	(820)
-prior years	-	-
Real property gains tax	-	-
	<hr/>	<hr/>
	(820)	(820)
Deferred taxation	(2)	(2)
	<hr/>	<hr/>
	<u>(822)</u>	<u>(822)</u>

The Group's effective tax rate is higher than the prima facie tax rate mainly due to tax charge on profits of certain subsidiaries which cannot set-off against the tax losses of other subsidiaries and certain expenses being disallowable for tax purposes.

7. Status of Corporate Proposals

There were no corporate proposals which were announced but pending completion as at 27 November 2018

8. Group Borrowings

There were no debt securities as at 30 September 2018.

The Group borrowings as at 30 September 2018 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	36,711	36,711	-
Term loans	217,354	14,978	202,376
Revolving credit	14,080	2,000	12,080
Finance lease liabilities	70	70	-
	<u>268,215</u>	<u>53,759</u>	<u>214,456</u>
<u>Non-current</u>			
- Secured			
Term loans	18,221	18,221	-
Finance lease liabilities	129	129	-
	<u>18,350</u>	<u>18,350</u>	<u>-</u>
Total	<u>286,565</u>	<u>72,109</u>	<u>214,456</u>

The Group borrowings as at 30 June 2018 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	34,764	34,764	-
Term loans	175,533	16,135	159,398
Revolving credit	13,782	2,000	11,782
Finance lease liabilities	108	108	-
	<u>224,187</u>	<u>53,007</u>	<u>171,180</u>
<u>Non-current</u>			
- Secured			
Term loans	21,251	21,251	-
Finance lease liabilities	129	129	-
	<u>21,380</u>	<u>21,380</u>	<u>-</u>
Total	<u>245,567</u>	<u>74,387</u>	<u>171,180</u>

9. Changes in Material Litigation

There were no changes in the status of the material litigation of the Group since the last annual Statement of Financial Position as at 30 June 2018.

10. Proposed Dividend

The Directors do not recommend any ordinary share dividend for the current quarter ended 30 September 2018 (30 June 2016: Nil).

11. Earnings/(loss) per share

	Current year quarter 30.09.2018 RM'000	Current year to date 30.09.2018 RM'000
Earnings/(loss) for the period attributable to owners of the	<u>(15,786)</u>	<u>(15,786)</u>
Weighted average number of ordinary shares at end of the quarter ('000)	<u>284,953</u>	<u>284,953</u>
Basic earnings/(loss) per share (sen)	<u>(5.54)</u>	<u>(5.54)</u>

12. Foreign Currency Risk Management

The Group did not enter into any foreign currency contracts during the current financial quarter under review.

13. 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 27 November 2018.