

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

The Board of Directors of Dolomite Corporation Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 2019 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

	As at 31.12.2019 RM'000 (unaudited)	As at 30.06.2019 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	207,869	219,160
Intangible assets	6,530	6,536
	<u>214,399</u>	<u>225,696</u>
Current Assets		
Inventories	118,868	121,134
Trade receivables	4,417	16,155
Contract assets	2,351	3,190
Other receivables, deposits and prepayments	46,119	45,097
Current tax assets	138	494
Cash and bank balances	222	533
	<u>172,115</u>	<u>186,603</u>
Assets classified as held for sale	60,681	75,038
TOTAL ASSETS	<u><u>447,195</u></u>	<u><u>487,337</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	18,106	18,106
Accumulated losses	(94,463)	(89,087)
Reserves	86,637	84,642
Total equity	<u>10,280</u>	<u>13,661</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	633	13,202
Deferred tax liabilities	5,054	5,184
Other payables	19,858	19,425
	<u>25,545</u>	<u>37,811</u>
Current liabilities		
Trade payables	19,234	18,053
Contract liabilities	-	12,579
Other payables, deposits and accruals	66,714	82,174
Provision	10,425	10,489
Loans and borrowings	270,855	276,125
Tax liabilities	10,829	11,269
	<u>378,057</u>	<u>410,689</u>
Liabilities directly associated with assets classified as held for sale	33,313	25,176
Total liabilities	<u>436,915</u>	<u>473,676</u>
Total equity and liabilities	<u><u>447,195</u></u>	<u><u>487,337</u></u>
Net assets per share (RM)	0.04	0.05

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the quarter ended 31 December 2019

	Current year	Preceding	Changes		Current year	Preceding	Changes	
	quarter 31.12.2019 RM'000 (unaudited)	year quarter 31.12.2018 RM'000 (unaudited)	RM '000	%	to date 31.12.2019 RM'000 (unaudited)	year to date 31.12.2018 RM'000 (unaudited)	RM '000	%
Continuing Operations								
Revenue	7,599	19,511	(11,912)	-61.1%	17,351	33,210	(15,859)	-47.8%
Cost of sales	(10,642)	(20,227)	9,585	-47.4%	(20,877)	(34,619)	13,742	-39.7%
Gross Profit / (Loss)	(3,043)	(716)	(2,327)	325.0%	(3,526)	(1,409)	(2,117)	150.2%
Other income	8,866	6,683			9,524	8,578		
Marketing and distribution expenses	(129)	(514)			(358)	(925)		
Administrative expenses	(1,448)	(894)			(2,841)	(2,473)		
Other expenses	281	20			-	(10,024)		
Profit / (Loss) from operations	4,527	4,579	(52)	-1.1%	2,799	(6,253)	9,052	-144.8%
Interest income	-	22			-	22		
Finance costs	(5,368)	(3,843)			(9,051)	(7,975)		
Profit / (Loss) before taxation	(841)	758	(1,599)	-210.9%	(6,252)	(14,206)	7,954	-56.0%
Tax expense	948	(931)			146	(1,753)		
Profit / (Loss) from continuing operations	107	(173)	280	-161.8%	(6,106)	(15,959)	9,853	-61.7%
Discontinued Operations								
Profit from discontinued operations, net of tax	155	-			730	-		
Profit / (Loss) for the period	262	(173)	435	-251.4%	(5,376)	(15,959)	10,583	-66.3%
Other comprehensive income/(loss), net of tax								
Foreign currency translation	(969)	(118)			1,995	2,684		
Total comprehensive income/(loss) for the period	<u>(707)</u>	<u>(291)</u>			<u>(3,381)</u>	<u>(13,275)</u>		
Attributable to owners of the Company :								
Profit/(Loss) for the period	262	(173)			(5,376)	(15,959)		
Total comprehensive income/(loss)	<u>(707)</u>	<u>(291)</u>			<u>(3,381)</u>	<u>(13,275)</u>		
Earnings/(loss) per share (sen)								
- basic	0.09	(0.06)			(1.89)	(5.60)		
- diluted	N/A	N/A			N/A	N/A		

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the quarter ended 31 December 2019

	Attributable to owners of the Company					Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Non distributable		Distributable	
			Foreign exchange translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	
As at 1 July 2018	18,106	68,694	963	12,241	(43,572)	56,432
Loss of the year	-	-	-	-	(45,515)	(45,515)
Other comprehensive income for the year	-	-	2,815	-	-	2,815
Revaluation of property, plant and equipment	-	-	-	(71)	-	(71)
As at 30 June 2019	18,106	68,694	3,778	12,170	(89,087)	13,661
Loss for the period	-	-	-	-	(5,376)	(5,376)
Other comprehensive income for the period	-	-	1,995	-	-	1,995
As at 31 December 2019	18,106	68,694	5,773	12,170	(94,463)	10,280

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the quarter ended 31 December 2019

	Current year to date 31.12.2019 RM'000 (unaudited)	Preceding year to date 31.12.2018 RM'000 (unaudited)
Operating activities		
Loss/(profit) before tax		
- Continuing operations	(6,252)	(14,206)
- Discontinued operations	1,070	-
	<u>(5,182)</u>	<u>(14,206)</u>
Adjustments for:		
Amortisation of:		
- intangible assets	6	314
- prepaid lease payments	-	29
- land use rights	234	1,094
Bad debts recovered	235	1,972
Depreciation of property, plant and equipment	5,627	5,756
Gain/Loss on disposal of		
- property, plant and equipment	(601)	(222)
- intangible assets	-	(3,036)
Interest expense	9,051	7,975
Interest income	-	(22)
Unrealised loss on foreign exchange	(8,395)	10,024
Operating profit before changes in working capital	<u>975</u>	<u>9,678</u>
Changes in working capital:		
Property development costs	826	4,190
Inventories	1,440	4,849
Trade and other receivables	11,186	1,645
Contract assets	839	-
Trade and other payables	134	1,671
Contract liabilities	(12,579)	-
Cash flow generated from/(for) operating activities	<u>2,821</u>	<u>22,033</u>
Tax paid	65	(718)
Interest received	-	22
Interest paid	(9,051)	(7,975)
Net cash flow from/(for) operating activities	<u>(6,165)</u>	<u>13,362</u>

Investing activities

Proceeds from disposal of property, plant and equipment	597	438
Proceeds from disposal of intangible assets	-	3,108
Purchase of property, plant and equipment	(21)	(175)
Payment for prepaid lease premium	-	(37,876)
Disposal of assets held for sale	13,519	-

Net cash flow from/(for) investing activities	<u>14,095</u>	<u>(34,505)</u>
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Financing activities

Proceeds from/(repayment of) loans and borrowings, net	(6,719)	19,768
Repayment of finance lease liabilities	(32)	(77)

Net cash flow from/(for) financing activities	<u>(6,751)</u>	<u>19,691</u>
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Changes in cash and cash equivalents	1,179	(1,452)
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Currency translation differences	-	2
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Cash and cash equivalents at start of the period	(36,230)	(33,556)
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Cash and cash equivalents at end of the period	<u>(35,051)</u>	<u>(35,006)</u>
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DOLOMITE CORPORATION BERHAD (290455-W)
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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134
For the quarter ended 31 December 2019

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 year ended 30 June 2019. 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 year ended 30 June 2019.

2. Changes in Accounting Policies

The significant accounting policies applied are consistent with those of the audited financial statements for the year ended 30 June 2019 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective 1 January 2019, as disclosed below:

Effective for annual periods commencing on or after 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	

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

Amendments to MFRS effective 1 January 2020

Amendments to MFRS 3	<i>Definition of a Business</i>
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MFRS and Amendments to MFRS effective 1 January 2021

MFRS 17	<i>Insurance Contracts#</i>
Amendments to MFRS 101 and MFRS 108	<i>Definition of a Material</i>

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 Year Financial Statements

The audit report of the preceding financial year ended 30 June 2019 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(g) to the financial statements, included in property, plant and equipment of the Group as at 30 June 2019 are building, plant, machinery and equipment and land use rights of a subsidiary of the Company, namely Shandong Dolomite Thermal Power Company Limited ("SDTP") amounting to RM208.000 million.

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 as a result of the claims made by the suppliers and a customer. An impairment loss of RM0.288 million and RM79.821 million was recognised in profit or loss during the current and previous financial year/period respectively, representing the impairment of buildings and plant, machinery and equipment of SDTP to their recoverable amount.

During the financial year, the Group reclassified its land use rights to property, plant and equipment. The Group also revalued its land use rights based on the valuation report issued by an external independent valuer in Shandong Province of China at fair value of RM18.127 million as at 30 June 2019. The reclassification and revaluation of the land use rights have not taken into consideration of the accounting policy adopted and accounting standards applicable to the Group, as the directors are of the view that it is a fair reflection of the total recoverable amount from their investment in the assets of SDTP.

In addition, the recoverable amount of the property, plant and equipment of SDTP of RM208.000 million as at 30 June 2019 has 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, the financial statements would have been affected by these adjustments.

Material Uncertainty Related to Going Concern

Note 2.8 to the financial statements disclosed that during the financial year ended 30 June 2019, the Group and the Company incurred a net loss of RM45.515 million and RM71.829 million respectively and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM224.086 million and RM124.861 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 19(b) to the 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. Our qualified opinion is not further modified in respect of this matter.

Step Taken or Proposed to be Taken to Address the Material Uncertainty Related to Going Concern and the Timeline

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 had entered into a share sale agreement with Sunway Holdings Sdn Bhd ("SHSB"), a wholly owned subsidiary of Sunway Berhad for the proposed disposal of Dolomite Granite Quarry Sdn Bhd ("DGQSB") comprising 100 ordinary shares for a total consideration of RM125 million comprising a cash amount of RM100 together with advances by SHSB to DGQSB of RM125,000,000. Currently, both parties are working towards fulfilling the conditions precedent contained in the share sale agreement.

With the disposal of DGQSB, the Group is able to repay borrowings amounting to RM92 million and settle part of the liabilities as announced to Bursa Malaysia Securities Berhad on 3 June 2019.

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

- 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.

Current Status: The above measures are still being pursued by the Group to address the matter.

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 issuance and repayment of debt and equity 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 Redeemable Convertible Preference Shares ("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. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the financial period under review.

10. Operating Segments

	Manufacturing	Construction	Property Development	Thermal Power Generation	Investment Holding	Current year to date 31.12.2019 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	9,913	-	17,079	-	-	26,992
Inter-segment revenue	510	524	-	-	-	1,034
	<u>10,423</u>	<u>524</u>	<u>17,079</u>	<u>-</u>	<u>-</u>	<u>28,026</u>
Adjustments and eliminations						(10,675)
Consolidated revenue						<u>17,351</u>
Segment Results	(809)	(814)	2,023	2,697	(298)	2,799
Interest income						-
Finance costs						(9,051)
Loss before taxation						(6,252)
Tax expense						146
Loss after taxation from continuing operations						(6,106)
Profit from discontinued operations, net of tax						730
						<u>(5,376)</u>

10. Operating Segments (cont'd)

	Manufacturing	Construction	Property Development	Thermal Power Generation	Investment Holding	Preceding year to date 31.12.2018 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	14,230	-	18,980	-	-	33,210
Inter-segment revenue	1,050	5,160	-	-	-	6,210
	<u>15,280</u>	<u>5,160</u>	<u>18,980</u>	<u>-</u>	<u>-</u>	<u>39,420</u>
Adjustments and eliminations						(6,210)
Consolidated revenue						<u>33,210</u>
Segment Results						
Interest income	2,769	1,673	2,424	(12,937)	(182)	(6,253)
Finance costs						22
Loss before taxation						<u>(7,975)</u>
Tax expense						(14,206)
Loss after taxation						<u>(1,753)</u>
						<u>(15,959)</u>

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

The material events subsequent to the end of the quarter under review are as follows:

- the Debt Settlement Agreement dated 16 December 2019 detailed on Page 13 under Item 7(b), Status of Corporate Proposals; and
- the summary judgement by the High Court Judge of Kuala Lumpur on 13 February 2020 detailed on page 14 under Item 9, Changes in Material Litigation.

12. Changes in the Composition of the Group

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

13. 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 2019, save for the summary judgement by the High Court Judge of Kuala Lumpur On 13 February 2020, detailed on Page 14 under Item 9, Changes in Material Litigation.

14. Significant Related Party Transaction

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

15. Capital Commitments

There were no capital commitments for the quarter under review.

16. Assets/(Liabilities) Of A Disposal Group Classified As Held For Sale And Discontinued Operation

On 3 June 2019, the Group had entered into a share sale agreement with Sunway Holdings Sdn Bhd ("SHSB"), a wholly-owned subsidiary of Sunway Berhad for the proposed disposal by Dolomite Industries Company Sdn Bhd ("DICSB") of 100% equity interest in DGQSB. The assets and liabilities related to DGQSB, prepaid lease land, building, plant and machinery of DICSB have been presented as held for sale. The completion date of the transaction is expected by the end of the current financial year.

(a) Assets/(liabilities) of disposal group classified as held for sale

Assets of disposal group classified as held for sales

	As at 31.12.2019 RM'000 (unaudited)	As at 30.06.2019 RM'000 (audited)
<u>DGQSB</u>		
Inventories	6,005	6,005
Trade and other receivables	5,367	6,042
Cash and bank balances	174	340
	<u>11,546</u>	<u>12,387</u>
<u>DICSB</u>		
Property, plant and equipment	2,125	2,125
Prepaid lease payment	37,875	37,875
Intangible assets	9,135	9,135
	<u>49,135</u>	<u>49,135</u>
	<u>60,681</u>	<u>61,522</u>
<u>Liabilities of disposal group classified as held for sales</u>		
Trade and other payables	(30,740)	(22,890)
Tax Liability	(2,573)	(2,286)
	<u>(33,313)</u>	<u>(25,176)</u>

(b) Discontinued Operation

(i) Analysis of the result of discontinued operation and the result recognised on the disposal group are as follows:

	Current year to date 31.12.2019 RM'000 (unaudited)	Preceding year to date 31.12.2018 RM'000 (unaudited)
Revenue	9,641	13,961
Cost of sales	(7,887)	(10,980)
Other income	29	17
Distribution expenses	(461)	(6)
Administration expenses	(252)	(125)
	<u>1,070</u>	<u>2,867</u>
Profit before tax of discontinued operation	1,070	2,867
Tax expense	(340)	-
	<u>730</u>	<u>2,867</u>
Profit for the financial period from discontinued operation, net of tax	<u>730</u>	<u>2,867</u>

(ii) Cash flow generated from / (used in) discontinued operation

	Current year to date 31.12.2019 RM'000 (unaudited)	Preceding year to date 30.09.2018 RM'000 (unaudited)
Net cash from operating activities	9,542	1,721
Net cash from investing activities	(5,009)	(1,834)
Net cash from financing activities	(4,699)	(28)
	<u>(166)</u>	<u>(141)</u>

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 31 December 2019**

1. Financial Review

In the current financial period ended 31 December 2019 (6 months), the Group registered a total revenue of RM17.351 million, a decrease from RM33.210 million recorded in the previous corresponding period. The decrease in revenue for the period under review is mainly due to the revenue of RM9.641 million in manufacturing segment being classified under discontinued operations following the proposed disposal of Dolomite Granite Quarry Sdn Bhd.

The Group posted profit before tax and interest ("PBIT") of RM2.799 million for the period under review compared to loss before interest and tax ("LBIT") of RM6.253 million for the previous corresponding period. The results before interest and tax of the various operating segments for the period under review compared to the previous corresponding period are as follows:

	Current year to date 31.12.2019 RM'000	Preceding year to date 31.12.2018 RM'000	Changes	
			RM '000	%
<u>Operating Segments</u>				
Manufacturing	(809)	2,769	(3,578)	> -100%
Construction	(814)	1,673	(2,487)	> -100%
Property development	2,023	2,424	(401)	-16.5%
Thermal power generation	2,697	(12,937)	15,634	> -100%
Investment holding	(298)	(182)	(116)	63.7%
PBIT / (LBIT)	<u>2,799</u>	<u>(6,253)</u>	9,052	> -100%

In previous corresponding period, the thermal power generation segment recorded a LBIT of RM12.937 million compared to PBIT of RM2.697 for the period under review. The LBIT in the previous corresponding period is mainly due to loss on foreign exchange of RM10.024 million.

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

	Current Quarter 31.12.2019 RM'000	Immediate Preceding Quarter 30.09.2019 RM'000	Changes	
			RM '000	%
Revenue	7,599	9,752	(2,153)	-22.1%
Profit / (Loss) before interest and tax	4,527	(1,728)	6,255	> -100%
Profit / (Loss) before tax	(841)	(5,411)	4,570	-84.5%
Profit / (Loss) after tax	107	(6,213)	6,320	> -100%
Profit / (Loss) attributable to owners of the Company	262	(5,638)	5,900	> -100%

The Group registered a lower revenue of RM 7.599 million for the quarter under review as compared to RM9.752 million in the preceding quarter mainly due to lower contribution from property development segment of RM 7.577 million in the quarter under review compared to RM 9.502 million in the preceding quarter.

The Group posted a loss before tax ("LBT") of RM 0.841 million for the current quarter compared with the preceding quarter LBT of RM 5.411 million. The lower LBT in the quarter under review is mainly due to gain on foreign exchange of RM 8.676 million.

3. Commentary on Prospects

The Group's domestic performance for this financial year continues to be challenging in view of the current 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 period under review :

	Current year quarter 31.12.2019 RM'000 (unaudited)	Current year to date 31.12.2019 RM'000 (unaudited)
Depreciation and amortisation	(4,135)	(5,867)
Gain on disposal of property, plant and equipment	349	601
Gain on foreign exchange	8,676	8,395
Write-back of impairment loss on receivables	11	235

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
Reversal of impairment loss on property, plant and equipment
Gain or loss on derivatives
Gain/(loss) on disposal of quoted or unquoted investments or properties
Gain on disposal of intangible assets
Exceptional items

6. Tax Expense

	Current year quarter 31.12.2019 RM'000 (unaudited)	Current year to date 31.12.2019 RM'000 (unaudited)
Tax expense comprises:		
Income tax		
- current period	(800)	(1,600)
- prior year	1,749	1,749
	<u>949</u>	<u>149</u>
Deferred taxation	(1)	(3)
	<u>948</u>	<u>146</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

- (a) On 3 June 2019, Dolomite Industries Company Sdn Bhd ("DICSB"), a wholly-owned subsidiary of Dolomite Berhad which in turn is a wholly-owned subsidiary of Dolomite Corporation Berhad, had entered into a share sale agreement ("SSA") with Sunway Holdings Sdn Bhd ("SHSB"), a wholly-owned subsidiary of Sunway Berhad for the proposed disposal by DICSB of 100% equity interest in DGQSB comprising 100 ordinary shares for a total disposal consideration of RM125,000,100 comprising a cash amount of RM100 together with advances of RM125,000,000 by SHSB to DGQSB ("Advance") ("Disposal Consideration").

To date, a total amount of RM17.209 million of the advance was received and utilised immediately as intended in accordance with the proposed utilisation stated in the SSA, as follows:

<u>Date Received</u>	<u>Purpose</u>	<u>Proposed Utilisation</u> RM '000	<u>Actual Utilisation</u> RM '000
(i) 3 June 2019	Liabilities	4,077	4,077
	Pre-paid lease payment	8,292	8,292
(ii) 16 December 2019	Liabilities	4,840	4,840
	Total	17,209	17,209

- (b) On 16 December 2019, the Company entered into a Debt Settlement Agreement with Dolomite Technology (HK) Limited ("DTL"), a wholly-owned subsidiary of the Company and Peninsular Concord Sdn Bhd ("PCSB"), a creditor. Pursuant to the Debt Settlement Agreement, the Company intended to undertake a proposed debt settlement of amount owing by DTL to PCSB via the issuance of 28,495,288 new ordinary shares in the Company, representing approximately 10% of the total issued shares of the Company. The issuance of new ordinary shares would be implemented under Section 76 of the Companies Act 2016.

Bursa Malaysia Securities Berhad had vide in its letter dated 7 January 2020, resolved to approve the listing of and quotation for 28,495,288 new ordinary shares to be issued pursuant to the Proposed Debt Settlement. The new 28,495,288 new ordinary shares were allotted and listed on 15 January 2020 and 21 January 2020 respectively.

8. Group Borrowings

There were no debt securities as at 31 December 2019.

The Group borrowings as at 31 December 2019 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	35,273	35,273	-
Term loans	233,526	98,916	134,610
Revolving credit	2,000	2,000	-
Finance lease liabilities	56	56	-
	270,855	136,245	134,610
<u>Non-current</u>			
- Secured			
Term loans	592	592	-
Finance lease liabilities	41	41	-
	633	633	-
Total	271,488	136,878	134,610

8. Group Borrowings (cont'd)

The Group borrowings as at 30 June 2019 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	36,763	36,763	-
Term loans	224,390	5,639	218,751
Revolving credit	14,911	2,000	12,911
Finance lease liabilities	61	61	-
	<u>276,125</u>	<u>44,463</u>	<u>231,662</u>
<u>Non-current</u>			
- Secured			
Term loans	13,134	13,134	-
Finance lease liabilities	68	68	-
	<u>13,202</u>	<u>13,202</u>	<u>-</u>
Total	<u>289,327</u>	<u>57,665</u>	<u>231,662</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 2019 save for the following:

In the hearing on 13 February 2020 of an application by Fadzilah & Fikri Sdn Bhd ("Plaintiff") for summary judgement against Dolomite Industries Company Sdn Bhd ("Defendant"), a wholly-owned subsidiary of Dolomite Berhad, which in turn a wholly-owned subsidiary of the Company, the High Court Judge of Kuala Lumpur allowed the Plaintiff's summary judgement application and ordered the Defendant to pay the Plaintiff the sum of RM35,468,980 together with interest of 5% per annum from 4 June 2018 till the date of final settlement and costs of RM10,000.

The Defendant has instructed its solicitors to commence with an appeal against the High Court's decision to grant summary judgement against the Defendant and to apply for stay of execution pending the appeal.

10. Proposed Dividend

The Directors do not recommend any ordinary share dividend for the current quarter ended 31 December 2019 (30 June 2019: Nil).

11. Earnings/(loss) per share

	Current year quarter 31.12.2019 RM'000	Current year to date 31.12.2019 RM'000
Earnings/(loss) for the period attributable to owners of the Company (RM'000)	262	(5,376)
Weighted average number of ordinary shares at end of the quarter ('000)	284,953	284,953
Basic earnings/(loss) per share (sen)	0.09	(1.89)

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 February 2020.