

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

The Board of Directors of Dolomite Corporation Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 June 2020 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 30.06.2020 RM'000 (unaudited)	As at 30.06.2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	207,134	219,160
Intangible assets	6,084	6,536
	<u>213,218</u>	<u>225,696</u>
Current Assets		
Inventories	121,614	121,134
Trade receivables	11,897	16,155
Contract assets	2,551	3,190
Other receivables, deposits and prepayments	52,721	45,097
Current tax assets	143	494
Cash and bank balances	719	533
	<u>189,645</u>	<u>186,603</u>
Assets classified as held for sale	56,118	75,038
TOTAL ASSETS	<u><u>458,981</u></u>	<u><u>487,337</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	21,428	18,106
Accumulated losses	(122,994)	(89,087)
Reserves	86,374	84,642
Total equity	<u>(15,192)</u>	<u>13,661</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	7,887	13,202
Deferred tax liabilities	4,560	5,184
Other payables	5,810	19,425
	<u>18,257</u>	<u>37,811</u>
Current liabilities		
Trade payables	20,328	18,053
Contract liabilities	-	12,579
Other payables, deposits and accruals	88,442	82,174
Provision	13,225	10,489
Loans and borrowings	286,393	276,125
Tax liabilities	15,707	11,269
	<u>424,095</u>	<u>410,689</u>
Liabilities directly associated with assets classified as held for sale	31,821	25,176
Total liabilities	<u>474,173</u>	<u>473,676</u>
Total equity and liabilities	<u><u>458,981</u></u>	<u><u>487,337</u></u>
Net assets per share (RM)	(0.05)	0.05

DOLOMITE CORPORATION BERHAD (290455-W)
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the quarter ended 30 June 2020

	Current year	Preceding	Changes		Current year	Preceding	Changes	
	quarter 30.06.2020 RM'000 (unaudited)	year quarter 30.06.2019 RM'000 (unaudited)	RM '000	%	to date 30.06.2020 RM'000 (unaudited)	year to date 30.06.2019 RM'000 (Audited)	RM '000	%
Continuing Operations								
Revenue	4,737	(27,981)	32,718	-116.9%	25,225	11,604	13,621	117.4%
Cost of sales	(2,666)	8,458	(11,124)	-131.5%	(26,325)	(35,783)	9,458	-26.4%
Gross Profit / (Loss)	<u>2,071</u>	<u>(19,523)</u>	<u>21,594</u>	<u>-110.6%</u>	<u>(1,100)</u>	<u>(24,179)</u>	<u>23,079</u>	<u>-95.5%</u>
Other income	9,768	8,085			16,340	16,926		
Marketing and distribution expenses	(1,270)	478			(2,015)	(1,208)		
Administrative expenses	(3,801)	(4,044)			(8,102)	(8,087)		
Other expenses	<u>(18,592)</u>	<u>(12,639)</u>			<u>(18,613)</u>	<u>(16,285)</u>		
Profit / (Loss) from operations	(11,824)	(27,643)	15,819	-57.2%	(13,490)	(32,833)	19,343	-58.9%
Interest income	64	1			64	24		
Finance costs	<u>(2,911)</u>	<u>(5,689)</u>			<u>(15,089)</u>	<u>(18,216)</u>		
Profit / (Loss) before taxation	<u>(14,671)</u>	<u>(33,331)</u>	<u>18,660</u>	<u>-56.0%</u>	<u>(28,515)</u>	<u>(51,025)</u>	<u>22,510</u>	<u>-44.1%</u>
Tax expense	<u>(3,148)</u>	<u>512</u>			<u>(4,431)</u>	<u>(3,142)</u>		
Profit / (Loss) from continuing operations	<u>(17,819)</u>	<u>(32,819)</u>	<u>15,000</u>	<u>-45.7%</u>	<u>(32,946)</u>	<u>(54,167)</u>	<u>21,221</u>	<u>-39.2%</u>
Discontinued Operations								
Profit / (Loss) from discontinued operations, net of tax	<u>(2,138)</u>	<u>8,652</u>			<u>(961)</u>	<u>8,652</u>		
Profit / (Loss) for the year	<u>(19,957)</u>	<u>(24,167)</u>	<u>4,210</u>	<u>-17.4%</u>	<u>(33,907)</u>	<u>(45,515)</u>	<u>11,608</u>	<u>-25.5%</u>
Other comprehensive income/(loss), net of tax								
Foreign currency translation	(589)	1,961			1,732	2,815		
Adjustment on revaluation of land use right	<u>-</u>	<u>(71)</u>			<u>-</u>	<u>(71)</u>		
Total comprehensive income/(loss) for the year	<u>(20,546)</u>	<u>(22,277)</u>			<u>(32,175)</u>	<u>(42,771)</u>		
Attributable to owners of the Company :								
Profit/(Loss) for the year	(19,957)	(24,167)			(33,907)	(45,515)		
Total comprehensive income/(loss)	<u>(20,546)</u>	<u>(22,277)</u>			<u>(32,175)</u>	<u>(42,771)</u>		
Earnings/(loss) per share (sen)								
- basic	(6.37)	(7.85)			(11.38)	(15.97)		
- 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 30 June 2020

	Attributable to owners of the Company					Total equity RM'000
	←----- Non distributable ----->				Distributable	
	Share capital RM'000	Capital reserve RM'000	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
Issuance of ordinary shares pursuant to debt settlement	3,322	-	-	-	-	3,322
Loss for the year	-	-	-	-	(33,907)	(33,907)
Other comprehensive income for the year	-	-	1,732	-	-	1,732
As at 30 June 2020	21,428	68,694	5,510	12,170	(122,994)	(15,192)

DOLOMITE CORPORATION BERHAD (290455-W)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the quarter ended 30 June 2020

	Current year to date 30.06.2020 RM'000 (unaudited)	Preceding year to date 30.06.2019 RM'000 (audited)
Operating activities		
Loss/(profit) before tax		
- Continuing operations	(28,515)	(51,025)
- Discontinued operations	(493)	10,977
	<u>(29,008)</u>	<u>(40,048)</u>
Adjustments for:		
Accretion of interest on retention sum	-	2,402
Amortisation of:		
- intangible assets	12	631
- prepaid lease payments	-	2,075
- land use rights	478	-
Bad debts written off	-	288
Bad debts recovered	(339)	(2,173)
Depreciation of property, plant and equipment	12,430	10,806
Gain/Loss on disposal of		
- property, plant and equipment	(603)	(423)
- intangible assets	-	(3,109)
Gain on measured at amortised cost		
- other payables	-	(1,634)
Impairment loss on:		
- goodwill	440	-
- property, plant and equipment	364	288
- intangible assets	-	453
- trade & other receivables	90	326
Interest expense	14,990	18,216
Interest income	(64)	(24)
Intangible assets written off	-	89
Provision for legal claim	6,584	-
Property, plant and equipment written off	-	216
Reversal of impairment on trade receivables		
- trade & other receivables	-	(1,842)
- property, plant and equipment	-	(5,259)
Reversal of provision of legal claim	-	(2,448)
Unrealised loss on foreign exchange	6,298	6,632
Operating profit before changes in working capital	<u>11,672</u>	<u>(14,538)</u>

Changes in working capital:		
Property development costs	(1,897)	-
Inventories	1,417	4,264
Trade and other receivables	3,370	(5,248)
Contract assets	639	(436)
Trade and other payables	2,004	17,308
Contract liabilities	(12,579)	12,579
Cash flow generated from/(for) operating activities	<u>4,626</u>	<u>13,929</u>
Tax paid	(284)	(3,020)
Interest received	64	24
Interest paid	(14,990)	(3,861)
Net cash flow from/(for) operating activities	<u>(10,584)</u>	<u>7,072</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	597	456
Proceeds from disposal of intangible assets	-	3,109
Purchase of property, plant and equipment	(31)	(416)
Payment for prepaid lease premium	-	(37,875)
Additions intangible asset	-	(8,292)
Disposal of assets held for sale	13,519	-
Net cash flow from/(for) investing activities	<u>14,085</u>	<u>(43,018)</u>
Financing activities		
Advances from a director	-	702
Advance from / (repayments to) other creditors	-	7,190
Proceeds from/(repayment of) loans and borrowings, net	(1,250)	25,828
Repayment of finance lease liabilities	(65)	(108)
Net cash flow from/(for) financing activities	<u>(1,315)</u>	<u>33,612</u>
Changes in cash and cash equivalents	2,186	(2,334)
Currency translation differences	(4)	-
Cash and cash equivalents at start of the year	(35,890)	(33,556)
Cash and cash equivalents at end of the year	<u>(33,708)</u>	<u>(35,890)</u>

For the purpose of the Statement of Cash Flow, cash and cash equivalents comprise the following:

	30.06.2020	30.06.2019
	RM'000	RM'000
	(unaudited)	(audited)
Continuing operations		
Cash and bank balances	719	533
Bank overdrafts	(35,853)	(36,763)
	<u>(35,134)</u>	<u>(36,230)</u>
Discontinued operation		
Cash and bank balances	1,426	340
	<u>(33,708)</u>	<u>(35,890)</u>

DOLOMITE CORPORATION BERHAD (290455-W)
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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134
For the quarter ended 30 June 2020

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.

Steps 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.

In an Extraordinary General Meeting held on 25 June 2020, the shareholders of the Company approved the proposed disposal. Currently, both parties are working towards fulfilling the conditions precedent contained in the share sale agreement. The proposed sale which was expected to be completed in the current financial year was delayed by the COVID-19 pandemic and is now expected to be completed in the first quarter of the next financial year. On completion, the Group expects to realise an estimated net gain of approximately RM61.01 million at the Group level.

In addition, 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 year 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

Save as disclosed below, 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.

The Company has issued 28,495,288 ordinary shares pursuant to debt settlement to Peninsular Concord Sdn Bhd, a creditor of Dolomite Technology (HK) limited, a wholly-owned subsidiary of the Company on 21 January 2020.

8. Dividend Paid

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

10. Operating Segments

	Manufacturing	Construction	Property Development	Thermal Power Generation	Investment Holding	Current year to date 30.06.2020 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	14,735	9,589	15,048	-	-	39,372
Inter-segment revenue	598	583	-	-	-	1,181
	<u>15,333</u>	<u>10,172</u>	<u>15,048</u>	<u>-</u>	<u>-</u>	<u>40,553</u>
Adjustments and eliminations						(15,328)
Consolidated revenue						<u>25,225</u>
Segment Results	(9,310)	8,036	(79)	(25,590)	13,453	(13,490)
Interest income						64
Finance costs						(15,089)
Loss before taxation						(28,515)
Tax expense						(4,431)
Loss after taxation from continuing operations						<u>(32,946)</u>
Loss from discontinued operations, net of tax						(961)
						<u>(33,907)</u>

10. Operating Segments (cont'd)

	Manufacturing	Construction	Property Development	Thermal Power Generation	Investment Holding	Preceding year to date 30.06.2019 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	296	2	11,306	-	-	11,604
Inter-segment revenue	1,953	8,021	-	-	-	9,974
	<u>2,249</u>	<u>8,023</u>	<u>11,306</u>	<u>-</u>	<u>-</u>	<u>21,578</u>
Adjustments and eliminations						(9,974)
Consolidated revenue						<u>11,604</u>
Segment Results	(12,734)	(2,816)	2,752	(18,669)	(1,366)	(32,833)
Interest income						24
Finance costs						(18,216)
Loss before taxation						(51,025)
Tax expense						(3,142)
Loss after taxation from continuing operations						(54,167)
Profit from discontinued operations, net of tax						8,652
						<u>(45,515)</u>

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

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

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 proposed sale which was expected to be completed in the current financial year was delayed by the COVID-19 pandemic and is now expected to be completed in the first quarter of the next financial year. On completion, the Group expects to realise an estimated net gain of approximately RM61.01 million at the Group level.

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

Assets of disposal group classified as held for sales

	As at 30.06.2020 RM'000 (unaudited)	As at 30.06.2019 RM'000 (audited)
<u>DGQSB</u>		
Inventories	-	6,005
Trade and other receivables	5,557	6,042
Cash and bank balances	1,426	340
	<u>6,983</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>56,118</u>	<u>61,522</u>
<u>Liabilities of disposal group classified as held for sales</u>		
Trade and other payables	(29,145)	(22,890)
Tax Liability	(2,677)	(2,286)
	<u>(31,822)</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 30.06.2020 RM'000 (unaudited)	Preceding year to date 30.06.2019 RM'000 (unaudited)
Revenue	14,146	26,577
Cost of sales	(13,114)	(14,937)
Other income	40	51
Distribution expenses	(608)	(223)
Administration expenses	(957)	(491)
	<u>(493)</u>	<u>10,977</u>
Profit before tax of discontinued operation	(493)	10,977
Tax expense	(468)	(2,325)
	<u>(961)</u>	<u>8,652</u>
Profit for the financial year from discontinued operation, net of tax	(961)	8,652

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

	Current year to date 30.06.2020 RM'000 (unaudited)	Preceding year to date 30.06.2019 RM'000 (audited)
Net cash from operating activities	12,174	13,232
Net cash from investing activities	(6,181)	(15,640)
Net cash from financing activities	(4,907)	2,298
	<u>1,086</u>	<u>(110)</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 30 June 2020**

1. Financial Review

In the current financial year ended 30 June 2020, the Group registered a total revenue of RM25.225 million, an increase from RM11.604 million recorded in the previous corresponding financial year. The increase in revenue for the financial year under review is mainly due to higher revenue contribution from property development and construction segments of RM15.048 million and RM9.589 million respectively. In the previous corresponding financial year, the property development and construction segments recorded revenue of RM11.036 million and RM2,000 respectively.

The Group posted loss before tax and interest ("LBIT") of RM13.490 million for the financial year under review compared to LBIT of RM32.833 million for the previous corresponding financial year. The results before interest and tax of the various operating segments for the financial year under review compared to the previous corresponding financial year are as follows:

	Current year to date 30.06.2020 RM'000	Preceding year to date 30.06.2019 RM'000	Changes	
			RM '000	%
<u>Operating Segments</u>				
Manufacturing	(9,310)	(12,734)	3,424	-26.9%
Construction	8,036	(2,816)	10,852	> -100%
Property development	(79)	2,752	(2,831)	> -100%
Thermal power generation	(25,590)	(18,669)	(6,921)	37.1%
Investment holding	13,453	(1,366)	14,819	> -100%
LBIT	<u>(13,490)</u>	<u>(32,833)</u>	19,343	-58.9%

In the financial year under review, the construction and investment holding segments recorded profit before interest and tax ("PBIT") of RM8.036 million and RM13.453 million compared to LBIT of RM2.816 million and RM1.366 million respectively for the previous corresponding financial year. The PBIT of RM8.036 million for the construction segment in the financial year under review is mainly due to contribution by higher margin projects. The PBIT of RM13.453 for the investment holding segment is mainly due to the waiver of debt of RM14.894 million by Peninsular Concord Sdn Bhd in a debt settlement agreement.

In the financial year under review, the thermal power generation segment recorded LBIT of RM25.590 million compared to LBIT of RM18.669 for the previous corresponding financial year. The lower LBIT in the previous financial year is mainly due to reversal of impairment loss on property, plant and equipment of RM5.259 million and reversal of provision for legal claim of RM2.448 million.

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

	Current Quarter 30.6.2020 RM'000	Immediate Preceding Quarter 31.3.2020 RM'000	Changes	
			RM '000	%
Revenue	4,737	3,137	1,600	51.0%
Profit / (Loss) before interest and tax	(11,824)	(4,465)	(7,359)	> 100%
Profit / (Loss) before tax	(14,671)	(7,592)	(7,079)	93.2%
Profit / (Loss) after tax	(17,819)	(9,021)	(8,798)	97.5%
Profit / (Loss) attributable to owners of the Company	(19,957)	(8,574)	(11,383)	> 100%

The Group registered a higher revenue of RM4.737 million for the quarter under review compared to RM3.137 million in the preceding quarter mainly due to contribution of RM6.646 million from construction segment compared to RM2.943 million in the preceding quarter.

The Group posted a loss before tax ("LBT") of RM14.671 million for the current quarter compared with the preceding quarter LBT of RM7.592 million. The higher LBT of RM14.671 million for the current quarter is mainly due to provision for legal claim and legal fee totalling RM7.649 million.

3. Commentary on Prospects

The Group's domestic performance for the next financial year will continue to be challenging in view of the current overall economic condition in the country which is severely impacted by the global COVID-19 pandemic.

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.

As at 30 June 2020, the total equity is negative RM15.192 million. However, with the proposed sale of Dolomite Granite Quarry Sdn Bhd to Sunway Holdings Sdn Bhd which is expected to be completed in the first quarter of next financial year, the Group expects to realise an estimated net gain of approximately RM61.01 million at the Group level. The proposed sale which was expected to be completed in the current financial year was delayed by the COVID-19 pandemic.

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 year 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 year under review :

	Current year quarter 30.06.2020 RM'000 (unaudited)	Current year to date 30.06.2020 RM'000 (unaudited)
Depreciation and amortisation	(4,158)	(12,920)
(Loss) / Gain on disposal of property, plant and equipment	4	603
(Loss) / Gain on foreign exchange	(11,581)	(6,298)
Write-back of impairment loss on receivables	104	339
Impairment loss on and write off of receivables	(90)	(90)

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
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 30.06.2020 RM'000 (unaudited)	Current year to date 30.06.2020 RM'000 (unaudited)
Tax expense comprises:		
Income tax		
- current year	(2,391)	(5,391)
- prior year	(1,405)	317
	(3,796)	(5,074)
Deferred taxation	648	643
	(3,148)	(4,431)

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

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").

In an Extraordinary General Meeting held on 25 June 2020, the shareholders of the Company approved the proposed disposal. Currently, both parties are working towards fulfilling the conditions precedent contained in the SSA.

The proposed sale which was expected to be completed in the current financial year was delayed by the COVID-19 pandemic and is now expected to be completed in the first quarter of the next financial year. On completion, the Group expects to realise an estimated net gain of approximately RM61.01 million at the Group level.

To date, a total amount of RM18.171 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
(iii) 15 May 2020	Liabilities	962	962
	Total	18,171	18,171

8. Group Borrowings

There were no debt securities as at 30 June 2020.

The Group borrowings as at 30 June 2020 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	35,853	35,853	-
Term loans	248,450	94,898	153,552
Revolving credit	2,026	2,026	-
Finance lease liabilities	64	64	-
	286,393	132,841	153,552
<u>Non-current</u>			
- Secured			
Term loans	7,887	7,887	-
Finance lease liabilities	-	-	-
	7,887	7,887	-
Total	294,280	140,728	153,552

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.

Both parties have agreed to a settlement and the terms and conditions are currently in the process of being finalised.

10. Proposed Dividend

The Directors do not recommend any ordinary share dividend for the current quarter ended 30 June 2020 (30 June 2019: Nil).

11. Earnings/(loss) per share

	Current year quarter 30.06.2020 RM'000	Current year to date 30.06.2020 RM'000
Earnings/(loss) for the financial year attributable to owners of the Company (RM'000)	(19,957)	(33,907)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at the start of the financial year ('000)	284,953	284,953
Effect of 28,495,288 new ordinary shares issued during the financial year ('000)	28,495	13,080
Weighted average number of ordinary shares at end of the financial year ('000)	<u>313,448</u>	<u>298,033</u>
Basic earnings/(loss) per share (sen)	<u>(6.37)</u>	<u>(11.38)</u>

12. Foreign Currency Risk Management

The Group did not enter into any foreign currency contracts during the current financial year 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 August 2020.