

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2020

The Board of Directors of Dolomite Corporation Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 September 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 30.09.2020 RM'000 (unaudited)	As at 30.06.2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	190,235	219,160
Intangible assets	6,083	6,536
	<u>196,318</u>	<u>225,696</u>
Current Assets		
Inventories	122,294	121,134
Trade receivables	3,067	16,155
Contract assets	265	3,190
Other receivables, deposits and prepayments	39,930	45,097
Current tax assets	151	494
Cash and bank balances	2,922	533
	<u>168,629</u>	<u>186,603</u>
Assets classified as held for sale	-	75,038
TOTAL ASSETS	<u><u>364,947</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	(54,386)	(89,087)
Reserves	72,485	84,642
Total equity	<u>39,527</u>	<u>13,661</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	7,887	13,202
Deferred tax liabilities	(97)	5,184
Other payables	5,810	19,425
	<u>13,600</u>	<u>37,811</u>
Current liabilities		
Trade payables	14,115	18,053
Contract liabilities	-	12,579
Other payables, deposits and accruals	90,485	82,174
Provision	13,325	10,489
Loans and borrowings	177,320	276,125
Tax liabilities	16,575	11,269
	<u>311,820</u>	<u>410,689</u>
Liabilities directly associated with assets classified as held for sale	-	25,176
Total liabilities	<u>325,420</u>	<u>473,676</u>
Total equity and liabilities	<u><u>364,947</u></u>	<u><u>487,337</u></u>
Net assets per share (RM)	0.13	0.05

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))

Incorporated in Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30 September 2020

	Current year	Preceding	Changes		Current	Preceding	Changes	
	quarter 30.09.2020 RM'000 (unaudited)	year quarter 30.09.2019 RM'000 (**)	RM '000	%	period to date 30.09.2020 RM'000 (unaudited)	period to date 30.09.2019 RM'000 (**)	RM '000	%
<u>Continuing Operations</u>								
Revenue	57	N/A	-	-	25,282	N/A	-	-
Cost of sales	(2,875)	N/A	-	-	(29,200)	N/A	-	-
Gross Profit / (Loss)	(2,818)	N/A	-	-	(3,918)	N/A	-	-
Other income	70,622	N/A			86,962	N/A		
Marketing and distribution expenses	(64)	N/A			(2,079)	N/A		
Administrative expenses	(714)	N/A			(8,816)	N/A		
Other expenses	6,240	N/A			(12,373)	N/A		
Profit / (Loss) from operations	73,266	N/A	-	-	59,776	N/A	-	-
Interest income	-	N/A			64	N/A		
Finance costs	(4,019)	N/A			(19,108)	N/A		
Profit / (Loss) before taxation	69,247	N/A	-	-	40,732	N/A	-	-
Tax expense	(1,365)	N/A			(5,796)	N/A		
Profit / (Loss) from continuing operations	67,882	N/A	-	-	34,936	N/A	-	-
Discontinued Operations								
Profit / (Loss) from discontinued operations, net of tax	190	N/A			(771)	N/A		
Profit / (Loss) for the period	68,072	N/A	-	-	34,165	N/A	-	-
Other comprehensive income/(loss), net of tax								
Foreign currency translation	(589)	N/A			13	N/A		
Total comprehensive income/(loss) for the period	67,483	N/A			34,178	N/A		
Attributable to owners of the Company:								
Profit/(Loss) for the period	68,072	N/A			34,165	N/A		
Total comprehensive income/(loss)	67,483	N/A			34,178	N/A		
Earnings/(loss) per share (sen)								
- basic	21.72	N/A			11.35	N/A		
- diluted	N/A	N/A			N/A	N/A		

***Following the change in financial year end from 30 June to 31 December, the next set of audited financial statements shall be for a period of 18 months from 1 July 2019 to 31 December 2020 and thereafter, to end on 31 December each year. Accordingly, there are no comparative figures to be presented in this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
 Incorporated in Malaysia

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the quarter ended 30 September 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 2019	18,106	68,694	3,778	12,170	(89,087)	13,661
Effect of adoption MFRS 16	-	-	-	(12,170)	536	(11,634)
As at 1 July 2019 (restated)	18,106	68,694	3,778	-	(88,551)	2,027
Issuance of ordinary shares pursuant to debt settlement	3,322	-	-	-	-	3,322
Profit for the period	-	-	-	-	34,165	34,165
Other comprehensive income for the period	-	-	13	-	-	13
As at 30 September 2020	21,428	68,694	3,791	-	(54,386)	39,527

	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**	N/A	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	N/A
As at 30 June 2019**	N/A	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 30 June to 31 December.

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the quarter ended 30 September 2020

	Current period to date 30.09.2020 RM'000 (unaudited)	Preceding period to date 30.09.2019 RM'000 (**)
Operating activities		
Loss/(profit) before tax		
- Continuing operations	40,732	N/A
- Discontinued operations	(274)	N/A
	<u>40,458</u>	<u>N/A</u>
Adjustments for:		
Amortisation of:		
- intangible assets	13	N/A
- land use rights	89	N/A
Bad debts recovered	(132)	N/A
Depreciation of property, plant and equipment	15,118	N/A
Gain/Loss on disposal of		
- a subsidiary	(68,166)	N/A
- property, plant and equipment	(603)	N/A
Impairment loss on:		
- property, plant and equipment	370	N/A
- intangible assets	440	N/A
- trade & other receivables	353	N/A
Interest expense	19,107	N/A
Interest income	(64)	N/A
Provision for legal claims	6,584	N/A
Unrealised gain on foreign exchange	(2,213)	N/A
Waiver of debts	(14,894)	N/A
	<u>(3,540)</u>	<u>N/A</u>
Operating profit before changes in working capital		
Changes in working capital:		
Property development costs	(2,577)	N/A
Inventories	1,417	N/A
Trade and other receivables	7,903	N/A
Contract assets	2,925	N/A
Trade and other payables	1,416	N/A
Contract liabilities	(12,579)	N/A
	<u>(5,035)</u>	<u>N/A</u>
Cash flow generated from/(for) operating activities		
Tax paid	(888)	N/A
Interest received	64	N/A
Interest paid	(19,107)	N/A
	<u>(24,966)</u>	<u>N/A</u>
Net cash flow from/(for) operating activities		

Investing activities

Proceeds from disposal of property, plant and equipment	597	N/A
Purchase of property, plant and equipment	(31)	N/A
Proceed from disposal of subsidiary, net	115,176	N/A
Proceed from disposal of assets held for sale	13,519	N/A
Net cash flow from/(for) investing activities	<u>129,261</u>	<u>N/A</u>

Financing activities

Proceeds from/(repayment of) loans and borrowings, net	(96,900)	N/A
Repayment of finance lease liabilities	(82)	N/A
Net cash flow from/(for) financing activities	<u>(96,982)</u>	<u>N/A</u>

Changes in cash and cash equivalents 7,313 N/A

Currency translation differences 1 N/A

Cash and cash equivalents at start of the financial period (36,230) N/A

Cash and cash equivalents at end of the financial period (28,916) N/A

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

	30.09.2020 RM'000 (unaudited)	30.09.2019 RM'000 (**)
Continuing operations		
Cash and bank balances	2,922	N/A
Bank overdrafts	<u>(31,838)</u>	<u>N/A</u>
	(28,916)	N/A
Discontinued operations		
Cash and bank balances	-	N/A
	<u>(28,916)</u>	<u>N/A</u>

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

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134
For the quarter ended 30 September 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 effective for financial periods beginning on or after 1 June 2020

Amendment to MFRS 16	<i>Leases - Covid-19 - Related Rent Concessions</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 MFRS 9	<i>Financial Instruments</i>
MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>
MFRS 7	<i>Financial Instruments: Disclosures</i>
MFRS 4	<i>Insurance Contracts#</i>
MFRS 16	<i>Leases - Interest Rate Benchmark Reform-Phase 2</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 Involved

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) On 3 June 2019, the Group had entered into a share sale agreement ("SSA") with Sunway Holdings Sdn Bhd ("SHSB"), a wholly owned subsidiary of Sunway Berhad for the disposal of 100% equity interest in Dolomite Granite Quarry Sdn Bhd ("DGQSB") for a total consideration of RM125,000,100 ("Disposal Consideration"). The disposal was completed on 11 September 2020 and the Disposal Consideration was fully received and utilised immediately as intended in accordance with the proposed utilisation stated in the SSA, including RM92.0 million for part repayment of the financial institution credit facilities.

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

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:

On 21 January 2020, the Company 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.

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 period to date 30.09.2020 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	14,730	9,627	15,071	-	-	39,428
Inter-segment revenue	606	545	-	-	-	1,151
	<u>15,336</u>	<u>10,172</u>	<u>15,071</u>	<u>-</u>	<u>-</u>	<u>40,579</u>
Adjustments and eliminations						(15,297)
Consolidated revenue						<u>25,282</u>
Segment Results	58,636	7,898	(496)	(19,714)	13,452	59,776
Interest income						64
Finance costs						(19,108)
Loss before taxation						<u>40,732</u>
Tax expense						(5,796)
Loss after taxation from continuing operations						<u>34,936</u>
Loss from discontinued operations, net of tax						(771)
						<u>34,165</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:

- (i) Proposed settlement of amount owing to a creditor, Fadzilah & Fikri Sdn Bhd via Settlement Agreement dated 5 November 2020 as detailed in Page 14, Item 9(a) Changes in Material Litigation;
- (ii) Proposed settlement of amount owing to the Directors in 2 Settlement Agreements both dated 20 November 2020 as follows:
 - (a) Proposed settlement of amount owing to Mr. Huang Jen Soong ("HJS") of RM14,054,749.72 as at 31 October 2020, via the following:
 - (aa) Issuance of 55,000,000 new ordinary shares at an issue price of RM0.105 each to HJS;
 - (bb) Issuance of 50,000,000 redeemable convertible cumulative preference shares in Dolomite ("RCCPS") at an issue price of RM0.105 each to Bong Sin Rubber Estates Company Sdn Bhd ("BSRE"), a company related to HJS; and
 - (cc) Issuance of 30,759,521 RCCPS at an issue price of RM0.105 each to HJS; and
 - (b) proposed settlement of the amount owing to Mr. Lim Beng Keat ("LBK"), via the issuance of 20,019,047 RCCPS at an issue price of RM0.105 each to LBK.

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.

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 ("SSA") with Sunway Holdings Sdn Bhd ("SHSB"), a wholly owned subsidiary of Sunway Berhad for the disposal of 100% equity interest in Dolomite Granite Quarry Sdn Bhd ("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 disposal was completed on 11 September 2020.

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

Assets of disposal group classified as held for sale

	As at 30.09.2020 RM'000 (unaudited)	As at 30.06.2019 RM'000 (audited)
<u>DGQSB</u>		
Inventories	-	6,005
Trade and other receivables	-	6,042
Cash and bank balances	-	340
	<u>-</u>	<u>12,387</u>
<u>DICSB</u>		
Property, plant and equipment	-	2,125
Prepaid lease payment	-	37,875
Intangible assets	-	9,135
	<u>-</u>	<u>49,135</u>
	<u>-</u>	<u>61,522</u>
<u>Liabilities of disposal group classified as held for sales</u>		
Trade and other payables	-	(22,890)
Tax Liability	-	(2,286)
	<u>-</u>	<u>(25,176)</u>

(b) Discontinued Operation

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

	Current Period to date of disposal 11.09.2020 RM'000 (unaudited)	Preceding period to date 30.09.2019 RM'000 (**)
Revenue	14,146	N/A
Cost of sales	(13,098)	N/A
Other income	1,752	N/A
Distribution expenses	(623)	N/A
Administration expenses	(2,451)	N/A
	<u>(274)</u>	<u>N/A</u>
Profit before tax of discontinued operation	(274)	N/A
Tax expense	(497)	N/A
	<u>(771)</u>	<u>N/A</u>
Profit for the financial year from discontinued operation, net of tax	(771)	N/A

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

	Current period to date 30.09.2020 RM'000 (unaudited)	Preceding period to date 30.06.2019 RM'000 (audited)
Net cash from operating activities	-	N/A
Net cash from investing activities	-	N/A
Net cash from financing activities	-	N/A
	<u>-</u>	<u>-</u>

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

DOLOMITE CORPORATION BERHAD (199401004776 (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 2020**

1. Financial Review

In the current financial period ended 30 September 2020, the Group registered a total revenue of RM25.282 million. The revenue for the financial period under review is mainly due to contribution from property development, manufacturing and construction segments of RM15.071 million, RM14.730 million and RM9.627 million respectively.

The Group posted profit before interest and tax ("PBIT") of RM59.776 million for the financial period under review. The results before interest and tax of the various operating segments for the financial period under review are as follows:

<u>Operating Segments</u>	Current period to date 30.09.2020 RM'000
Manufacturing	58,636
Construction	7,898
Property development	(496)
Thermal power generation	(19,714)
Investment holding	13,452
PBIT	59,776

In the financial period under review, the manufacturing, construction and investment holding segments recorded profit PBIT of RM58.636 million, 7.898 million and RM13.452 million respectively. The PBIT of RM58.636 million for the manufacturing segment in the financial period under review is mainly due to gain on disposal of Dolomite Granite Quarry Sdn Bhd ("DGQSB") amounting to RM68.166 million.

The PBIT of RM7.898 million for the construction segment in the financial period under review is mainly due to contribution by higher margin projects, whereas, the PBIT of RM13.452 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 period under review, the thermal power generation segment recorded LBIT of RM19.714 million which is mainly due to depreciation of property plant and equipment amounting to RM14.367 million

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.9.2020 RM'000	31.6.2020 RM'000	RM '000	%
Revenue	57	4,737	(4,680)	-98.8%
Profit / (Loss) before interest and tax	73,266	(11,824)	85,090	> 100%
Profit / (Loss) before tax	69,247	(14,671)	83,918	> 100%
Profit / (Loss) after tax	67,882	(17,819)	85,701	> 100%
Profit / (Loss) attributable to owners of the Company	68,072	(19,957)	88,029	> 100%

The Group registered a lower revenue of RM0.057 million for the quarter under review compared to RM4.737 million in the preceding quarter mainly due to contribution of RM6.646 million from construction segment in the preceding quarter.

The Group posted a profit before tax ("PBT") of RM69.247 million for the current quarter compared with the preceding quarter LBT of RM19.957 million. The PBT of RM69.247 million for the current quarter is mainly due to gain on disposal of DGQSB amounting to RM68.166 million.

3. Commentary on Prospects

The Group's domestic performance for the next financial period 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.

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 period quarter 30.09.2020 RM'000 (unaudited)	Current period to date 30.09.2020 RM'000 (unaudited)
Depreciation and amortisation	(2,300)	(15,220)
(Loss) / Gain on disposal of property, plant and equipment	-	603
(Loss) / Gain on foreign exchange	8,511	2,213
Write-back of impairment loss on receivables	22	132
Impairment loss on and write off of receivables	(263)	(353)
Gain/(loss) on disposal of quoted or unquoted investments or properties	68,166	68,166
Impairment loss on property, plant and equipment	(370)	(370)

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

Inventories written off
Impairment loss on intangible assets
Reversal of impairment loss on property, plant and equipment
Gain or loss on derivatives
Gain on disposal of intangible assets
Exceptional items

6. Tax Expense

	Current period quarter 30.09.2020 RM'000 (unaudited)	Current period to date 30.09.2020 RM'000 (unaudited)
Tax expense comprises:		
Income tax		
- current financial period	(679)	(6,070)
- prior year	(288)	29
	<u>(967)</u>	<u>(6,041)</u>
Deferred taxation	(398)	245
	<u>(1,365)</u>	<u>(5,796)</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 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 ("Disposal Consideration"). The disposal was completed on 11 September 2020 and the Disposal Consideration was fully received and utilised immediately as intended in accordance with the proposed utilisation stated in the SSA, as follows:

<u>Purpose</u>	<u>Purpose</u>	<u>Proposed Utilisation</u> RM '000	<u>Actual Utilisation</u> RM '000
(i) Liabilities payment		24,708	24,708
(ii) Pre-paid lease payment (drainage contribution)		8,292	8,292
(iii) Loan repayment		92,000	92,000
	Total	125,000	125,000

- (b) Proposed settlement of amount owing to a creditor, Fadzilah & Fikri Sdn Bhd as detailed on Page 14, Item 9(a) Changes in Material Litigation; and
- (c) Proposed settlement of amount owing to the Directors as detailed on Page 9, Item 11(ii) Material Events Subsequent to the End of Financial Period Under Review.

8. Group Borrowings

There were no debt securities as at 30 September 2020.

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

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	31,838	31,838	-
Term loans	143,385	-	143,385
Revolving credit	2,050	2,050	-
Finance lease liabilities	47	47	-
	177,320	33,935	143,385
<u>Non-current</u>			
- Secured			
Term loans	7,887	7,887	-
Finance lease liabilities	-	-	-
	7,887	7,887	-
Total	185,207	41,822	143,385

8. Group Borrowings (cont'd)

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

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	36,647	36,647	-
Term loans	222,625	6,781	215,844
Revolving credit	15,553	2,000	13,553
Finance lease liabilities	58	58	-
	<u>274,883</u>	<u>45,486</u>	<u>229,397</u>
<u>Non-current</u>			
- Secured			
Term loans	5,549	5,549	-
Finance lease liabilities	55	55	-
	<u>5,604</u>	<u>5,604</u>	<u>-</u>
Total	<u>280,487</u>	<u>51,090</u>	<u>229,397</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:

- a) 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.

On 5 November 2020, a Settlement Agreement was entered whereby the Defendant shall:

- (i) cause the Company to issue and allot to the Plaintiff 45,000,000 ordinary shares in the Company; and
- (ii) transfer to the Plaintiff, within 5 years from the date of the Settlement Agreement, the vacant bungalow lot identified as No. 39 Jalan DT 7, Taman Dolomite Templer, 48000 Rawang, Selangor of approximately 920 sq. m. in area valued at approximately RM1,500,000.00, free from encumbrances
- b) The Company, a Corporate Guarantor for Term Loan Facility granted by Maybank International Labuan Branch ("Maybank") to Dolomite Power-Shandong (HK) Ltd ("DPSHK"), a wholly-owned subsidiary of Dolomite Technology (HK) Limited which in turn is a wholly-owned subsidiary of the Company received a Writ and Statement of Claim, both dated 30.09.2020, through its solicitors for an outstanding amount of USD36,599,124.97 (RM152,179,162.00) under the Term Loan Facility.

Currently, the Company is seeking a settlement arrangement with Maybank and is looking at monetising certain property assets of the Group.

10. Proposed Dividend

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

11. Earnings/(loss) per share

	Current period quarter 30.09.2020 RM'000	Current period to date 30.09.2020 RM'000
Earnings/(loss) for the financial period attributable to owners of the Company (RM'000)	68,072	34,165
Weighted average number of ordinary shares in issue		
Issued ordinary shares at the start of the financial period ('000)	284,953	284,953
Effect of 28,495,288 new ordinary shares issued during the financial period ('000)	28,495	16,176
Weighted average number of ordinary shares at end of the financial period ('000)	313,448	301,129
Basic earnings/(loss) per share (sen)	21.72	11.35

12. Foreign Currency Risk Management

The Group did not enter into any foreign currency contracts during the current financial period 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 26 November 2020.