



DWL RESOURCES BERHAD
(FORMERLY KNOWN AS SPRING GALLERY BERHAD) (COMPANY NO: 504718-U)
QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER ENDED 30.6.2019	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.6.2018	CHANGES	CURRENT YEAR-TO-DATE ENDED 30.6.2019	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.6.2018	CHANGES
	UNAUDITED RM'000	UNAUDITED RM'000	%	UNAUDITED RM'000	AUDITED RM'000	%
Revenue	1,572	503	212.5	9,374	9,483	(1.1)
Cost of sales	(1,477)	(1,443)	(2.4)	(7,658)	(7,604)	(0.7)
Gross profit/(loss)	95	(940)	110.1	1,716	1,879	(8.7)
Other income	1,087	1,890	(42.5)	2,167	2,258	(4.0)
Operating expenses	(2,569)	(2,130)	(20.6)	(9,696)	(8,757)	(10.7)
Other operating expenses	(618)	(892)	30.7	(721)	(1,212)	40.5
Finance costs	(233)	(4)	(5,725.0)	(244)	(19)	(1,184.2)
Loss before taxation	(2,238)	(2,076)	(7.8)	(6,778)	(5,851)	(15.8)
Taxation	3	156	(98.1)	(19)	161	(111.8)
Loss after taxation	(2,235)	(1,920)	(16.4)	(6,797)	(5,690)	(19.5)
Other comprehensive income/ (expenses) net of tax:						
- Foreign currency translation	7	6	16.7	9	25	(64.0)
Total comprehensive expenses	(2,228)	(1,914)	(16.4)	(6,788)	(5,665)	(19.8)
Loss after taxation attributable to:-						
Owners of the Company	(2,235)	(1,920)	(16.4)	(6,797)	(5,690)	(19.5)
Total comprehensive expenses attributable to:-						
Owners of the Company	(2,228)	(1,914)	(16.4)	(6,788)	(5,665)	(19.8)
Loss per share attributable to Owners of the Company (sen):						
Basic	(1.09)	(0.97)		(3.39)	(3.01)	
Diluted	(1.09)	(0.97)		(3.39)	(3.01)	

(The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.6.2019 UNAUDITED RM'000	AS AT 30.6.2018 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,803	33,044
Investment properties	800	800
Goodwill	3,520	3,776
Other receivables	8,263	-
	35,386	37,620
Current assets		
Inventories	27,127	23,963
Trade and other receivables	31,716	29,586
Property Development costs	-	5,158
Current tax assets	397	337
Deposits with licensed banks	13,166	5,734
Cash and bank balances	12,326	5,693
	84,732	70,471
TOTAL ASSETS	120,118	108,091
EQUITY AND LIABILITIES		
Equity		
Share capital	108,581	77,247
Share premium	-	22,577
Warrants reserve	1,004	1,145
Foreign exchange translation reserve	231	222
Accumulated (losses)/Retained profits	(5,676)	1,121
Total equity	104,140	102,312
Non-current liabilities		
Finance lease payables	65	163
Deferred tax liabilities	2,230	2,294
	2,295	2,457
Current liabilities		
Trade and other payables	13,293	2,922
Current tax liabilities	15	12
Amount owing to directors	277	253
Finance lease payables	98	135
	13,683	3,322
Total liabilities	15,978	5,779
TOTAL EQUITY AND LIABILITIES	120,118	108,091
Net assets per ordinary share (sen)	48.70	51.51

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Share capital →		Share Premium	Warrants Reserve	Foreign Exchange Translation Reserve	Retained Profits	Total Equity/ Attributable to Owners of the Company
	Ordinary Shares	Irredeemable Convertible Preference Shares					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2018	66,752	10,495	22,577	1,145	222	1,121	102,312
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	4,973	(220)	-	-	-	-	4,753
Issuance of shares pursuant to exercise of warrants	4,004	-	-	(141)	-	-	3,863
Total transactions with Owners of the Company	8,977	(220)	-	(141)	-	-	8,616
Loss after taxation for the financial period	-	-	-	-	-	(6,797)	(6,797)
Other comprehensive income for the financial period, net of tax	-	-	-	-	9	-	9
Total comprehensive income/(expenses) for the financial period	-	-	-	-	9	(6,797)	(6,788)
Transfer in accordance with Section 618(2) of the Companies Act 2016	19,913	2,664	(22,577)	-	-	-	-
Balance at 30.6.2019	95,642	12,939	-	1,004	231	(5,676)	104,140



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	← Share capital →		Share Premium RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Total Equity/ Attributable to Owners of the Company RM'000
	Ordinary Shares RM'000	Irredeemable Convertible Preference Shares RM'000					
Balance at 1.7.2017	45,722	11,425	22,577	1,146	197	6,811	87,878
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	21,002	(930)	-	-	-	-	20,072
Issuance of shares pursuant to exercise of warrants	28	-	-	(1)	-	-	27
Total transactions with Owners of the Company	21,030	(930)	-	(1)	-	-	20,099
Loss after taxation for the financial period	-	-	-	-	-	(5,690)	(5,690)
Other comprehensive income for the financial period, net of tax	-	-	-	-	25	-	25
Total comprehensive income/(expenses) for the financial period	-	-	-	-	25	(5,690)	(5,665)
Balance at 30.6.2018	66,752	10,495	22,577	1,145	222	1,121	102,312

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CURRENT PERIOD-TO-DATE ENDED 30.6.2019 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.6.2018 AUDITED RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(6,778)	(5,851)
Adjustments for:-		
Bad debts written off	-	742
Deposit/Cash written off	2	21
Depreciation of property, plant and equipment	1,302	1,183
Impairment losses on goodwill	160	-
Impairment losses on property, plant and equipment	-	190
Interest expense	244	19
Inventories written down	-	14
Property, plant and equipment written off	1	-
Unrealised loss on foreign exchange	23	110
Loss/(gain) on disposal of plant and equipment	403	(33)
Gain on disposal of subsidiary	(221)	-
Interest income	(171)	(275)
Waiver of debts owing to payables	(290)	(724)
Operating loss before working capital changes	(5,325)	(4,604)
Net change in inventories	(13,205)	(23,005)
Net change in trade and other receivables	(10,418)	10,899
Net change in development costs	5,158	(5,158)
Net change in trade and other payables	14,664	(2,905)
Net change in amount owing to contract customers	-	(798)
Cash flows for operations	(9,126)	(25,571)
Interest paid	(244)	(19)
Income tax refunded/(paid)	(139)	339
Net cash for operating activities	(9,509)	(25,251)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	171	275
Disposal of subsidiaries, net of cash acquired	750	(6,226)
Net cash outflow from disposal of subsidiary	-	(1)
Purchase of property, plant and equipment	(55)	(8,849)
Proceeds from disposal of plant and equipment	7,690	33
Withdrawal/(Placement) of fixed deposits	(2)	1,167
Net cash for investing activities	8,554	(13,601)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	CURRENT PERIOD-TO-DATE ENDED 30.6.2019	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.6.2018
	UNAUDITED RM'000	AUDITED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease payables	(135)	(162)
Repayment of term loan	-	(1,220)
Proceeds from issuance of shares pursuant to conversion of ICPS	4,753	20,072
Proceeds from issuance of shares pursuant to exercise of warrants	3,863	27
Advances from directors	28	253
Advances from shareholders	6,500	-
Net cash from financing activities	15,009	18,970
Net changes in cash and cash equivalents	14,054	(19,882)
Cash and cash equivalents at beginning of period	10,763	30,594
Effect of foreign exchange translation	9	51
Cash and cash equivalents at end of period	24,826	10,763
Cash and cash equivalents at end of financial period comprised:-		
Cash and bank balances	12,326	5,693
Deposits with licensed banks	13,166	5,734
	25,492	11,427
Less: Deposits pledged with licensed banks	(596)	(596)
Less: Deposits not for short-term funding requirement	(70)	(68)
	24,826	10,763

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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PART B - DISCLOSURE NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134: *Interim Financial Reporting* (“MFRS 134”), International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 30 June 2018. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of 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 2018.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and new IC Interpretation with effect from 1 July 2018. The initial application of these new MFRSs, Amendments to MFRSs and IC Interpretation has no material impact on this interim financial reporting.

MFRS 9, Financial Instruments (IFRS issued in July 2014)

MFRS 15, Revenue from Contracts with Customers

Clarification to MFRS 15, Revenue from Contracts with Customers

Amendments to MFRS 2 – Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4 – Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts

Amendments to MFRS 140 – Transfer of investment property

Amendments to MFRSs Classified as “Annual Improvements to MFRS Standards 2014 – 2016 Cycle”:-

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128, Investments in Associates and Joint Ventures

IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The Group has not applied in advance the following new MFRSs, Amendments to MFRSs and new IC Interpretation (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-



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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

MFRSs and/or IC Interpretations (Including Consequential Amendments)	The	Effective Date
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or contribution of Assets between an Investor and its Associates or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRS which applicable to the Group’s and the Company’s operations when they become effective.

The initial application of the abovementioned new MFRSs, Amendments to MFRSs and new IC Interpretation are not expected to have any significant impacts on the financial statements of the Group and of the Company.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 30 June 2018 was not qualified.



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4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The ceramic segment of the Group is cyclical in nature as it is affected by the seasonal pattern of the importing countries.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review that were unusual because of their nature, size or incidence.

6. CHANGE IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL PERIOD OR IN PRIOR FINANCIAL YEARS

There were no significant changes in estimates of amounts reported in prior interim periods or prior financial period that have a material effect in the current financial period under review.

7. DEBT AND EQUITY SECURITIES

Total of 8,801,000 ordinary shares (“DWL Shares”) have been issued and listed on the following dates pursuant to the conversion of 8,801,000 ICPS to 8,801,000 DWL Shares by conversion of 1 ICPS and payment of RM0.54 in cash for 1 new DWL Share.

Listing Date	No. of ICPS	No. of DWL Shares
4.4.2019	20,000	20,000
17.4.2019	20,000	20,000
23.4.2019	40,000	40,000
6.5.2019	550,000	550,000
16.5.2019	100,000	100,000
21.5.2019	40,000	40,000
23.5.2019	40,000	40,000
24.5.2019	660,000	660,000
27.5.2019	170,000	170,000
28.5.2019	888,000	888,000
30.5.2019	70,000	70,000
31.5.2019	350,000	350,000
3.6.2019	5,853,000	5,853,000
Total	8,801,000	8,801,000



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REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

7. DEBT AND EQUITY SECURITIES (CONT'D)

Total of 6,436,800 DWL Shares have been issued and listed on the following dates pursuant to the exercise of 6,436,800 warrants into 6,436,800 DWL Shares at the exercise price of RM0.60 per share.

Listing Date	No. of Warrants	No. of DWL Shares
30.4.2019	30,000	30,000
6.5.2019	700,000	700,000
7.5.2019	33,000	33,000
8.5.2019	693,000	693,000
9.5.2019	402,000	402,000
10.5.2019	309,500	309,500
13.5.2019	1,277,500	1,277,500
14.5.2019	1,900,000	1,900,000
15.5.2019	65,000	65,000
16.5.2019	372,000	372,000
17.5.2019	50,000	50,000
21.5.2019	121,000	121,000
23.5.2019	58,800	58,800
24.5.2019	114,000	114,000
28.5.2019	300,000	300,000
31.5.2019	11,000	11,000
Total	6,436,800	6,436,800

Save for the above, there were no other issuances, cancellations, repurchase, resale and repayment of debt and equity securities since the last annual reporting date.

8. DIVIDENDS

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



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9. SEGMENTAL INFORMATION

The Group has four main business segments as follows:-

Ceramic segment - involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.

Construction segment - involved in property construction and other related businesses.

Property investment segment - involved in property investment.

Property development segment - involved in property development and other related services.

The Group operates principally in Malaysia.



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9. SEGMENTAL INFORMATION (CONT'D)

Segmental information is provided based on business segments, as follows:

	<u>Investment Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property Investment</u> RM'000	<u>Property Development</u> RM'000	<u>The Group</u> RM'000
Current year quarter ended 30.6.2019						
External revenue	-	1,572	-	-	-	1,572
Results						
Results before following adjustments	(1,076)	(276)	(132)	(4)	(217)	(1,705)
Interest income	78	1	3	11	-	93
Waiver of debts owing to payables	290	-	-	-	-	290
Gain/(Loss) on disposal of plant and equipment	(406)	3	-	-	-	(403)
Gain on disposal of subsidiary	-	221	-	-	-	221
Realised gain on foreign exchange	-	6	-	-	-	6
Unrealised loss on foreign exchange	-	(1)	-	-	-	(1)
Deposit/Cash written off	-	(2)	-	-	-	(2)
Depreciation of property, plant and equipment	84	(260)	(167)	-	-	(343)
Impairment losses on goodwill	(160)	-	-	-	-	(160)
Property, plant and equipment written off	-	(1)	-	-	-	(1)
Segment results	(1,190)	(309)	(296)	7	(217)	(2,005)
Finance costs						(233)
Taxation						3
Loss after taxation						(2,235)

Note:-

* - Amount less than RM1,000



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 REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Current year-to-date ended 30.6.2019						
External revenue	-	7,539	1,835	-	-	9,374
Results						
Results before following adjustments	(3,483)	(213)	(363)	(12)	(1,221)	(5,292)
Interest income	78	3	79	11	-	171
Gain/(loss) on disposal of plant and equipment	(406)	3	-	-	-	(403)
Gain on disposal of subsidiary	-	221	-	-	-	221
Realised loss on foreign exchange	-	(33)	-	-	-	(33)
Unrealised loss on foreign exchange	-	(23)	-	-	-	(23)
Waiver of debts owing to payables	290	-	-	-	-	290
Deposit/Cash written off	-	(2)	-	-	-	(2)
Depreciation of property, plant and equipment	(54)	(1,056)	(191)	-	(1)	(1,302)
Impairment losses on goodwill	(160)	-	-	-	-	(160)
Property, plant and equipment written off	-	(1)	-	-	-	(1)
Segment results	(3,735)	(1,101)	(475)	(1)	(1,222)	(6,534)
Finance costs						(244)
Taxation						(19)
Loss after taxation						(6,797)

Note:-

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REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment Holding</u>	<u>Ceramic</u>	<u>Construction</u>	<u>Property Investment</u>	<u>Property Development</u>	<u>The Group</u>
30.6.2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Segment assets	23,456	24,249	14,946	13,965	43,105	119,721
Unallocated assets						397
Consolidated total assets						<u>120,118</u>
Liabilities						
Segment liabilities	2,196	1,395	381	5	9,756	13,733
Unallocated liabilities						2,245
Consolidated total liabilities						<u>15,978</u>



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Preceding year quarter ended 30.6.2018						
External revenue	-	427	76	-	-	503
Results						
Results before following adjustments	(618)	(495)	(123)	(3)	(416)	(1,655)
Interest income	-	48	27	-	-	75
Waiver of debts owing to payables	-	719	-	-	-	719
Gain on disposal of plant and equipment	-	22	-	-	-	22
Gain on disposal of subsidiary	-	*	-	-	-	-
Realised gain on foreign exchange	-	15	-	-	-	15
Unrealised gain on foreign exchange	-	29	-	-	-	29
Bad debts written off	-	(740)	-	-	-	(740)
Deposit written off	(3)	-	(18)	-	-	(21)
Depreciation of property, plant and equipment	(46)	(266)	(14)	-	-	(326)
Impairment losses on property, plant and equipment	-	(190)	-	-	-	(190)
Property, plant and equipment written off	-	-	*	-	-	-
Segment results	(667)	(858)	(128)	(3)	(416)	(2,072)
Finance costs						(4)
Taxation						156
Loss after taxation						(1,920)

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Preceding year-to-date ended 30.6.2018						
External revenue	-	8,609	874	-	-	9,483
Results						
Results before following adjustments	(2,552)	(822)	(60)	(21)	(1,037)	(4,492)
Interest income	105	93	77	-	-	275
Gain on disposal of plant and equipment	-	33	-	-	-	33
Gain on disposal of subsidiary	- *	-	-	-	-	- *
Realised loss on foreign exchange	-	(126)	-	-	-	(126)
Unrealised loss on foreign exchange	-	(110)	-	-	-	(110)
Waiver of debts owing to payables	-	719	5	-	-	724
Bad debts written off	-	(742)	-	-	-	(742)
Deposit written off	(3)	-	(18)	-	-	(21)
Depreciation of property, plant and equipment	(140)	(1,012)	(31)	-	-	(1,183)
Impairment losses on property, plant and equipment	-	(190)	-	-	-	(190)
Property, plant and equipment written off	-	- *	-	-	-	- *
Segment results	(2,590)	(2,157)	(27)	(21)	(1,037)	(5,832)
Finance costs						(19)
Taxation						161
Loss after taxation						<u>(5,690)</u>

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment Holding</u>	<u>Ceramic</u>	<u>Construction</u>	<u>Property Investment</u>	<u>Property Development</u>	<u>The Group</u>
30.6.2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Segment assets	15,865	35,615	21,808	920	33,546	107,754
Unallocated assets						337
Consolidated total assets						<u>108,091</u>
Liabilities						
Segment liabilities	457	1,156	258	4	1,598	3,473
Unallocated liabilities						2,306
Consolidated total liabilities						<u>5,779</u>

Geographical Information for Revenue

	Current year quarter ended 30.6.2019	Current year-to- date ended 30.6.2019
	RM'000	RM'000
United States	-	329
Australia	-	457
Europe	1	1,557
Malaysia	1,570	6,926
Others	1	105
	<u>1,572</u>	<u>9,374</u>



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10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Save for the following and those disclosed in Note 25, there were no other material events subsequent to the end of the current quarter up to 20 August 2019, being the last practicable date from the date of the issue of this report (“LPD”) that are expected to have an operational or financial impact on the Group.

- (a) On 10 April 2019, the Company had entered into a Shares Sale Agreement (“SSA”) with Avermax Capital (M) Sdn. Bhd. (“the Purchaser”) for the disposal of the entire equity interest in Profit Sunland Sdn. Bhd., comprising 2,000,000 ordinary shares of RM1.00 each for a total cash consideration of RM2,000,000 (“Disposal Consideration”). In addition to the Disposal Consideration, the Purchaser is also required to settle the principal indebtedness for a total sum of RM10,318,427.46 in accordance with the terms and conditions as stated in the SSA. Subsequently, the Disposal Consideration has been fully settled by the Purchaser and on 18 July 2019, the Company had granted an extension of time to the Purchaser to revise the manner of payment of the principal indebtedness for a total sum of RM10,318,427.46.
- (b) On 29 July 2019, Milion Rich Development Sdn. Bhd. (“MRDSB”), a wholly-owned subsidiary of the Company, had entered into a Letter of Termination with Titanium Hallmark Sdn. Bhd. (“THSB”) and both parties had mutually agreed to terminate the Concept Masterplan Agreement between MRDSB and THSB dated 4 July 2017 (as supplemented by the Supplemental Agreement dated 15 December 2017 and the Letters of Extension dated 14 September 2018 and 14 March 2019)(“Termination”). Pursuant to the Termination, THSB shall refund to MRDSB the Deposit in the sum of RM20,966,407.53 within three (3) months in accordance with the terms and conditions as stated in the Letter of Termination.
- (c) On 6 August 2019, the Company had incorporated a new wholly-owned subsidiary, namely DWL Technologies Sdn. Bhd. (“DTSB”) with an issued and paid-up share capital of RM100 divided into 100 ordinary shares. DTSB is incorporated for the purpose to engage in the business of providing ICT solutions including technology-based security, cross-border technology and management system solutions.

11. CHANGES IN COMPOSITION OF THE GROUP

On 4 April 2019, Asian Pottery Penang (M) Sdn. Bhd. (“APPSB”), a wholly-owned subsidiary of the Company had entered into a Shares Sale Agreement with Yap Chee Wai and Fan Shue Shin (“the Purchasers”) for the disposal of the entire equity interest held by APPSB in Sama Restu Sdn. Bhd. (“SRSB”), comprising 500,000 ordinary shares of RM1.00 each for a total cash consideration of RM750,000 (“Disposal”). The Disposal has been completed on 28 June 2019 and in consequence thereof, SRSB has ceased to be a wholly-owned subsidiary of APPSB and the Company on even date.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities since the last annual reporting date and there were no contingent assets since the last annual reporting date.



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13. CAPITAL COMMITMENTS

There were no capital commitments as at LPD.

14. RELATED PARTY TRANSACTIONS

	Current year quarter ended 30.6.2019 RM'000	Current year- to-date ended 30.6.2019 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	15
Subscription fee for accounting software charged by a company in which a director is a common director	3	14
Rental income charged to a related party in which a director is a common director	6	6
	<hr/>	<hr/>

15. CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, TRANSFERS AND CLASSIFICATIONS

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities in the current financial period under review.



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16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are determined by discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
	30.6.2019							
<u>Financial Liability</u>								
Finance Lease payables (Non-current)	-	-	-	-	65	-	65	65

The fair values above are for disclosure purposes and have been determined by the relevant cash flows using interest rates for similar instruments ranging from 4.61% to 6.76% (30.6.2018 - 4.61% to 6.76%) per annum at the end of the reporting period.



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17. REVIEW OF GROUP PERFORMANCE

	Individual Quarter			Cumulative Period		
	30.6.2019 RM'000	30.6.2018 RM'000	Changes %	30.6.2019 RM'000	30.6.2018 RM'000	Changes %
Revenue						
- Investment holding	-	-	-	-	-	-
- Ceramic	1,572	427	268.1	7,539	8,609	(12.4)
- Construction	-	76	-	1,835	874	110.0
- Property investment	-	-	-	-	-	-
- Property development	-	-	-	-	-	-
	1,572	503	212.5	9,374	9,483	(1.1)
(Loss)/Profit before taxation						
- Investment holding	(1,420)	(667)	(112.9)	(3,964)	(2,590)	(53.1)
- Ceramic	(312)	(862)	63.8	(1,116)	(2,172)	48.6
- Construction	(296)	(128)	(131.3)	(475)	(31)	(1,446.4)
- Property investment	7	(3)	333.3	(1)	(21)	95.2
- Property development	(217)	(416)	47.8	(1,222)	(1,037)	(17.8)
	(2,238)	(2,076)	(7.8)	(6,778)	(5,851)	(15.9)

The Group's revenue in the current quarter increased by RM1.07 million, representing an increase of 212% as compared to the corresponding quarter ended 30.6.2018. The increase was mainly contributed by an increase of revenue from ceramic segment in the current quarter due to increase in orders from existing customers in the current quarter.

For the cumulative period under review, the revenue decreased slightly by RM0.11 million as compared to the corresponding period ended 30.6.2018. The decrease was mainly due to the decrease in revenue derived from ceramic segment partially offset by an increase in revenue from construction segment. The revenue from construction segment increased by RM0.96 million, representing an increase of 110% as compared to the corresponding period ended 30.6.2018, as a result of sales of inventory of completed properties in the current cumulative period. Meanwhile the revenue from ceramic segment decreased by RM1.07 million as compared to the corresponding period ended 30.6.2018, as a result of a decrease in cumulative orders from major customers in the current cumulative period.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the current quarter under review, the Group's loss before taxation increased by RM0.16 million, representing an increase of 8% as compared to the corresponding quarter ended 30.6.2018. The higher loss was mainly due to higher loss recorded in investment holding segment and construction segment, which partially offset by lower loss from ceramic segment and property development segment. The loss before taxation of ceramic segment was lower than the corresponding quarter ended 30.6.2018 mainly due to the increased of profit margin as a result of price revisions and increased orders for the current quarter. Meanwhile, the loss before taxation of investment holding segment was higher than the corresponding quarter ended 30.6.2018 mainly due to higher operating costs in the current quarter and also the recognition of loss attributable to the disposal of the five properties in Mukim Ceras via lease-to-own agreement as well as interest expenses on long term receivables. The loss before taxation of the property development segment was lower than the corresponding quarter ended 30.6.2018 mainly due to professional fee incurred in relation to the concept masterplanning development in the corresponding quarter ended 30.6.2018 while there was none in the current quarter.

For the current cumulative period under review, the loss before taxation had increased by RM0.93 million, representing an increase of 16% as compared to the corresponding period ended 30.6.2018. The higher loss was mainly due to higher loss recorded in investment holding segment, construction segment and property development segment, which partially offset by lower losses in ceramic segment and property investment segment. For the ceramic segment, the lower loss was mainly due to increased profit margin resulting from price revisions. The higher loss in the investment holding segment was mainly due to higher operating costs in the current cumulative period and also the recognition of loss attributable to the disposal of the five properties in Mukim Ceras via lease-to-own agreement as well as interest expenses on long term receivables. Meanwhile, the higher loss in construction segment mainly due to revenue generated from the sales of inventory of completed properties after deducting the cost of sales was not sufficient to cover all its operating costs, which resulted in the loss before taxation of RM0.47 million as compared to a loss before taxation of RM0.03 million in the corresponding period ended 30.6.2018. The higher loss in the property development segment was due to no revenue generated from the project, i.e. no progress billing to cover its operating costs as the project has yet to commence.



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18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEDING QUARTER

	Current quarter ended 30.6.2019 RM'000	Immediate preceding quarter ended 31.3.2019 RM'000	Changes %
Revenue			
- Investment holding	-	-	-
- Ceramic	1,572	1,882	(16.5)
- Construction	-	835	(100.0)
- Property investment	-	-	-
- Property development	-	-	-
	1,572	2,717	(42.1)
(Loss)/Profit before taxation			
- Investment holding	(1,420)	(827)	(71.7)
- Ceramic	(312)	(371)	15.9
- Construction	(296)	(31)	(854.8)
- Property investment	7	(3)	333.3
- Property development	(217)	(236)	8.1
	(2,238)	(1,468)	(52.5)

Revenue in the current quarter decreased by RM1.15 million, representing a decrease of 42% as compared to the preceding quarter, mainly due to a decrease of revenue from ceramic segment and no revenue from construction segment. The revenue in ceramic segment was lower than the preceding quarter, mainly due to lower orders and early commencement of low season. Meanwhile, there is no sales of inventory of completed properties from construction segment in the current quarter as compared to the preceding quarter.

The Group's loss before taxation increased by RM0.77 million as compared to the preceding quarter. The increase in loss before taxation was mainly due to higher losses in investment holding segment and construction segment, which partially offset by lower losses in ceramic segment and property development segment. The lower loss in ceramic segment was mainly contributed by an increase in profit margin and lower cost.



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19. COMMENTARY ON PROSPECTS

The ceramic division continues to face challenges and risks in continuing to meet customers and market demands, as well as competition from other regions and rising costs in determining its pricing policy.

As for the construction division, the challenges and risks remain due to current prevailing economic situation and the review of national policies.

After successfully gaining the Development Order, the Group continues to progress forward to detail further updates between PPAM Unit Federal Lands Commissioner and Klasik Ikhtiar Sdn Bhd, a wholly-owned subsidiary of DWL.

Moving forward, management will increase resources and focus on the property development projects to ensure that these are successfully executed, whilst safeguarding the continuous development of the ceramic business to new markets and increase its range of products. This should ensure an increase in revenue stream for the coming financial years.

As there are opportunities in some segments of the industry, the Company through its subsidiary, MRDSB on 18 April 2019 had entered into a Pre-Bid Consortium Agreement with Gadang Engineering (M) Sdn. Bhd. Both companies are desirous to jointly work together to submit tender for the infrastructure projects that are available in the market. The Group also foresees considerable opportunities in the transportation infrastructure industry which lead to its subsidiary, MRDSB on 28 June 2019 entered into a Pre-Bid Consortium Agreement with Pestech Technology Sdn. Bhd., a wholly-owned subsidiary of Pestech International Berhad to jointly work together and establish an unincorporated consortium to bid for transportation infrastructure projects.

20. PROFIT FORECAST OR PROFIT GUARANTEE

There was no profit forecast or guarantee made public for the current financial period under review.



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21. TAXATION

The tax expense is as follows:

	Current year quarter ended 30.6.2019 RM'000	Current year-to- date ended 30.6.2019 RM'000
Current tax expense	12	82
Deferred tax expense	(15)	(63)
	<u>(3)</u>	<u>19</u>

22. CORPORATE PROPOSALS

There were no corporate proposal pending for completion as at LPD.



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23. UTILISATION OF PROCEEDS

Rights issue of ICPS with warrants

Rights issue of ICPS with warrants was completed with the listing of 522,500,000 ICPS together with 52,250,000 warrants on the Main Market of Bursa Securities on 19 April 2016 and the details of the utilisation of proceeds raised from the rights issue as at 30 June 2019 are disclosed in the table below:-

Description	Proposed /Revised Utilisation RM'000	Actual Utilisation as at 30 June 2019 RM'000	Timeframe for Utilisation (from 9 October 2017)	Deviation RM'000	%	Explanation
Southern City Project - Phase 1B	4,000	4,000	-	-	-	
Construction Project in Johor	8,000	8,000	-	-	-	
PPAM Project	10,000	6,465	Within 24 months	3,535	35.3	^
Future projects and/or acquisitions	4,500	4,500	-	-	-	
Working capital	4,178 [#]	4,178	-	-	-	
Expenses in relation to the rights issue	672 [#]	672	-	-	-	
	31,350	27,815				

Notes:-

The variation of the actual amount of expenses for the rights issue was adjusted against the working capital of the Company.

^ Pending utilisation.



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24. BORROWINGS AND DEBT SECURITIES

The Group’s borrowings are as follows:

	As at 30.6.2019	As at 30.6.2018
	RM'000	RM'000
Current - unsecured		
Hire purchase payables	98	135
Non-current - unsecured		
Hire purchase payables	65	163
	163	298

25. CHANGES IN MATERIAL LITIGATION

Save for the following, the Directors were not aware of any other material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

On 1 July 2019, Instant Initiative Sdn. Bhd. (“IISB”), a wholly-owned subsidiary of the Company via IISB’s solicitors, Messrs. Pearly Ng, Soh & Associates (“Solicitor”), had filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Kuala Lumpur against Sunthara Orthopaedic Physio Centre Sdn. Bhd. (“Sunthara”) to exercise its right to claim for specific performance by directing Sunthara to continue with the sale of a commercial complex known as “Lanai Complex” erected on a piece of freehold land held under H.S. (D) No. 6776, PT No. 2303, Presint 10, Bandar Putrajaya, Daerah Putrajaya, Wilayah Persekutuan Putrajaya measuring an area of approximately 3,478 square metres, (“the Property”) for a total consideration of RM10,300,000. Pursuant to the Letter of Intent to Purchase dated 27 November 2018 (“LOI”), IISB had paid an earnest deposit of RM206,000 to Sunthara and there was a term requiring Sunthara to continue with the sale of the Property to IISB by entering into a Sale and Purchase Agreement (“SPA”) with IISB based on the terms and conditions stipulated in the LOI. Subsequent to the execution of the LOI and the payment of the earnest deposit, Sunthara refused to enter into a SPA for the sale of the Property with IISB. Further to 1 July 2019, the Solicitor has submitted all the necessary documents on behalf of IISB and the case is now pending pre-trial directions from the Court.

26. PROPOSED DIVIDEND

There were no dividends proposed or declared by the Company for the current financial period under review.



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27. LOSS PER SHARE

(i) Basic loss per share

The basic loss per share of the Group is calculated by dividing the loss attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Individual Quarter	Preceding year	Cumulative Period	Preceding year
	Current year	corresponding	Current year-to-	corresponding
	quarter ended	quarter ended	date ended	period ended
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
Loss attributable to Owners of the Company (RM'000)	(2,235)	(1,920)	(6,797)	(5,690)
Weighted average number of ordinary shares ('000)	205,799	198,557	200,400	188,996
Basic loss per share (sen)	(1.09)	(0.97)	(3.39)	(3.01)



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27. LOSS PER SHARE (CONT'D)

(ii) Diluted loss per share

The diluted loss per share of the Group is calculated by dividing the loss attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period which the weighted average number of ordinary shares has been adjusted to assume full conversion of all dilutive potential ordinary shares.

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30.6.2019	Preceding year corresponding quarter ended 30.6.2018	Current year-to- date ended 30.6.2019	Preceding year corresponding period ended 30.6.2018
Loss attributable to Owners of the Company (RM'000)	(2,235)	(1,920)	(6,797)	(5,690)
Weighted average number of ordinary shares ('000)	205,799	198,557	200,400	188,996
Adjustment for assumed conversion of ICPS ('000)	-	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
	205,799	198,557	200,400	188,996
Diluted loss per share (sen)	(1.09)	(0.97)	(3.39)	(3.01)

Note:-

The diluted loss per share is equal to the basic loss per share as there is anti-dilutive effect arising from the assumed conversion of the ICPS and exercise of warrant.



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**28. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
 INCOME**

	Current year quarter ended 30.6.2019	Current year-to-date ended 30.6.2019
	RM'000	RM'000
Interest income	93	171
Other income	426	1,385
Interest expense	233	244
Amortisation	NA	NA
Depreciation of investment properties	NA	NA
Depreciation of property, plant and equipment	343	1,302
Impairment losses on goodwill	160	160
Inventories written down	NA	NA
Reversal of inventories written down	NA	NA
Bad debts written off	NA	NA
Deposit/Cash written off	2	2
Property, plant and equipment written off	1	1
Gain or loss on disposal of quoted or unquoted investment	NA	NA
Waiver of debts owing by payables	NA	NA
Loss on disposal of plant and equipment	403	403
Gain on disposal of subsidiary	221	221
Impairment losses on property, plant & equipment	NA	NA
Realised (gain)/loss on forex	(6)	33
Unrealised loss on foreign exchange	1	23
Waiver of debts owing to payables	290	290
Gain or loss on derivatives	NA	NA
Exceptional items	NA	NA

Dated: 27 August 2019