



DWL RESOURCES BERHAD
[REGISTRATION NO. 200001002113 (504718-U)]
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER ENDED 31.3.2020	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.3.2019	CHANGES	CURRENT YEAR-TO-DATE ENDED 31.3.2020	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.3.2019	CHANGES
	UNAUDITED RM'000	UNAUDITED RM'000	%	UNAUDITED RM'000	UNAUDITED RM'000	%
Revenue	2,220	2,717	(18.3)	5,656	7,802	(27.5)
Cost of sales	(2,069)	(2,406)	14.0	(4,909)	(6,181)	20.6
Gross profit	151	311	(51.4)	747	1,621	(53.9)
Other income	1,223	564	116.8	2,186	1,080	102.4
Operating expenses	(2,676)	(2,293)	(16.7)	(8,131)	(7,127)	(14.1)
Other operating expenses	(34)	(47)	27.7	(107)	(103)	(3.9)
Finance costs	(2)	(3)	33.3	(6)	(11)	45.5
Loss before taxation	(1,338)	(1,468)	8.9	(5,311)	(4,540)	(17.0)
Taxation	(13)	(27)	51.9	(11)	(22)	50.0
Loss after taxation	(1,351)	(1,495)	9.6	(5,322)	(4,562)	(16.7)
Other comprehensive income/ (expenses) net of tax:						
- Foreign currency translation	(22)	(8)	(175.0)	(6)	2	(400.0)
Total comprehensive expenses	(1,373)	(1,503)	8.6	(5,328)	(4,560)	(16.8)
Loss after taxation attributable to:-						
Owners of the Company	(1,351)	(1,495)	9.6	(5,322)	(4,562)	(16.7)
Total comprehensive expenses attributable to:-						
Owners of the Company	(1,373)	(1,503)	8.6	(5,328)	(4,560)	(16.8)
Loss per share attributable to Owners of the Company (sen):						
Basic	(0.58)	(0.75)		(2.32)	(2.30)	
Diluted	(0.58)	(0.75)		(2.32)	(2.30)	

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.3.2020 UNAUDITED RM'000	AS AT 30.6.2019 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,068	22,803
Investment properties	23,203	800
Goodwill	3,572	3,520
Other receivables	8,354	8,263
	<u>57,197</u>	<u>35,386</u>
Current assets		
Inventories	27,982	27,127
Trade and other receivables	19,245	31,716
Current tax assets	282	397
Deposits with licensed banks	8,667	13,166
Cash and bank balances	8,921	12,326
	<u>65,097</u>	<u>84,732</u>
TOTAL ASSETS	<u>122,294</u>	<u>120,118</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	118,841	108,581
Warrants reserve	1,004	1,004
Foreign exchange translation reserve	225	231
Accumulated losses	(10,998)	(5,676)
Total equity	<u>109,072</u>	<u>104,140</u>
Non-current liabilities		
Hire purchase payables	65	65
Deferred tax liabilities	2,200	2,230
	<u>2,265</u>	<u>2,295</u>
Current liabilities		
Trade and other payables	10,889	13,307
Current tax liabilities	18	15
Amount owing to directors	30	263
Hire purchase payables	20	98
	<u>10,957</u>	<u>13,683</u>
Total liabilities	<u>13,222</u>	<u>15,978</u>
TOTAL EQUITY AND LIABILITIES	<u>122,294</u>	<u>120,118</u>
Net assets per ordinary share (sen)	46.84	48.70

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.)



DWL RESOURCES BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Share capital →		Share Premium	Warrants Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	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 1.7.2019	95,642	12,939	-	1,004	231	(5,676)	104,140
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	10,735	(475)	-	-	-	-	10,260
Total transactions with Owners of the Company	10,735	(475)	-	-	-	-	10,260
Loss after taxation for the financial period	-	-	-	-	-	(5,322)	(5,322)
Other comprehensive income for the financial period, net of tax	-	-	-	-	(6)	-	(6)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	(6)	(5,322)	(5,328)
Balance at 31.3.2020	106,377	12,464	-	1,004	225	(10,998)	109,072

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)



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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 1.7.2018	66,752					
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	-	-	-	-	-	-	-
Issuance of shares pursuant to exercise of warrants	-	-	-	-	-	-	-
Total transactions with Owners of the Company	-	-	-	-	-	-	-
Loss after taxation for the financial period	-	-	-	-	-	(4,562)	(4,562)
Other comprehensive income for the financial period, net of tax	-	-	-	-	2	-	2
Total comprehensive income/(expenses) for the financial period	-	-	-	-	2	(4,562)	(4,560)
Transfer in accordance with Section 618(2) of the Companies Act 2016	22,577	-	(22,577)	-	-	-	-
Balance at 31.3.2019	89,329	10,495	-	1,145	224	(3,441)	97,752



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CURRENT PERIOD-TO-DATE ENDED 31.3.2020 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.3.2019 UNAUDITED RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(5,311)	(4,540)
Adjustments for:-		
Depreciation of investment properties	58	-
Depreciation of property, plant and equipment	769	960
Unwinding of discount on other receivables carried at amortised cost	(313)	-
Interest expense	6	11
Property, plant and equipment written off	6	-
Unrealised loss/(gain) on foreign exchange	(9)	22
Gain on disposal of plant and equipment	(8)	-
Interest income	(108)	(78)
Waiver of debts owing to payables	(14)	-
Operating loss before working capital changes	(4,924)	(3,625)
Net change in inventories	(855)	1,243
Net change in trade and other receivables	14,699	(1,032)
Net change in development costs	-	(8,428)
Net change in trade and other payables	(20,376)	10,268
Cash flows for operations	(11,456)	(1,574)
Interest paid	(6)	(11)
Income tax refunded/(paid)	60	(15)
Net cash for operating activities	(11,402)	(1,600)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	108	78
Acquisition of subsidiaries, net of cash acquired	(2,313)	-
Purchase of property, plant and equipment	(1,097)	(54)
Proceeds from disposal of plant and equipment	10	-
Withdrawal/(Placement) of fixed deposits	-	(1)
Net cash for investing activities	(3,292)	23



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	CURRENT PERIOD-TO-DATE ENDED 31.3.2020 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.3.2019 UNAUDITED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease payables	(79)	(100)
Proceeds from issuance of shares pursuant to conversion of ICPS	10,260	-
Repayment to directors	(3,385)	-
Net cash from financing activities	6,796	(100)
Net changes in cash and cash equivalents	(7,898)	(1,677)
Cash and cash equivalents at beginning of period	25,492	11,428
Effect of foreign exchange translation	(6)	2
Cash and cash equivalents at end of period	17,588	9,753
Cash and cash equivalents at end of financial period comprised:-		
Cash and bank balances	8,921	4,088
Deposits with licensed banks	8,667	5,665
	17,588	9,753

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.)



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**PART A - DISCLOSURE NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD 134 AND INTERNATIONAL ACCOUNTING STANDARD 34**

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 2019. 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 2019.

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 2019, 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 2019.

MFRSs and/or IC Interpretations (Including The Consequential Amendments)		Effective Date
Annual Improvements to MFRS Standards 2015 – 2017 Cycle:		
• Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements – Previously Held Interest in a Joint Operation		1 January 2019
• Amendments to MFRS 112, Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity		1 January 2019
• Amendments to MFRS 123, Borrowing Costs – Borrowing Costs Eligible for Capitalisation		1 January 2019
IC Interpretation 23, Uncertainty over Income Tax Treatments		1 January 2019
MFRS 16	Leases	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



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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The Group and the Company have not early adopted the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial period:-

MFRSs (Including The Consequential Amendments)		Effective Date
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 7 and MFRS 9	Interest Rate Benchmark Reform	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	Date to be determined by the MASB

The Group and the Company will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. The initial application of the new MFRSs and amendments to MFRSs is not expected to have any significant impact on the Group’s and on the Company’s financial statements.

Amendments to MFRS 3 – Definition of a Business

The Amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The Amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The Amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity shall apply these Amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.



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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Amendments to MFRS 101 and Amendments to MFRS 108 – Definition of Material

The Amendments refine the definition by including ‘obscuring information’ in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of an entity’s financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the Amendments align the definition of material across MFRS Standards and other publications.

Entities are required to apply the Amendments prospectively for annual periods beginning on or after 1 January 2020.

MFRS 17, Insurance Contracts

MFRS 17 will supersede the existing MFRS 4 *Insurance Contracts* and related Interpretations. The new Standard introduces consistent accounting for all insurance contracts based on a current measurement model. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, MFRS 17 changes the financial statements presentations of insurance service results whereby insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 30 June 2019 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 19,000,000 ordinary shares (“DWL Shares”) have been issued and listed on the following dates pursuant to the conversion of 19,000,000 ICPS to 19,000,000 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
14.8.2019	2,798,500	2,798,500
16.8.2019	5,682,000	5,682,000
19.8.2019	10,519,500	10,519,500
Total	19,000,000	19,000,000

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 five 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.

Moneylending segment – involved in moneylending business.

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</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>Moneylending</u> RM'000	<u>The Group</u> RM'000
Current year quarter ended 31.3.2020							
External revenue	-	2,194	-	-	-	26	2,220
Results							
Results before following adjustments	(977)	37	(22)	(5)	(170)	(54)	(1,191)
Interest income	42	-	*	-	-	-	42
Waiver of debts owing to payables	-	-	-	-	14	-	14
Unwinding of discount on other receivables carried at amortised cost	101	-	-	-	-	-	101
Realised loss on foreign exchange	-	(9)	-	-	-	-	(9)
Unrealised gain on foreign exchange	-	30	-	-	-	-	30
Depreciation of investment properties	-	-	-	-	(58)	-	(58)
Depreciation of property, plant and equipment	(5)	(246)	(14)	-	-	*	(265)
Segment results	(839)	(188)	(36)	(5)	(214)	(54)	(1,336)
Finance costs	-	(2)	-	-	-	-	(2)
Taxation	16	-	*	(29)	-	*	(13)
Loss after taxation							<u>(1,351)</u>

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>Moneylending</u> RM'000	<u>The Group</u> RM'000
Current year-to-date ended 31.3.2020							
External revenue	-	5,630	-	-	-	26	5,656
Results							
Results before following adjustments	(3,981)	(212)	(357)	(11)	(258)	(54)	(4,873)
Interest income	91	1	1	15	-	-	108
Gain on disposal of plant and equipment	-	8	-	-	-	-	8
Unwinding of discount on other receivables carried at amortised cost	313	-	-	-	-	-	313
Realised loss on foreign exchange	-	(51)	-	-	-	-	(51)
Unrealised gain on foreign exchange	-	9	-	-	-	-	9
Waiver of debts owing to payables	-	-	-	-	14	-	14
Depreciation of investment properties	-	-	-	-	(58)	-	(58)
Depreciation of property, plant and equipment	(14)	(757)	3	-	(1)	-	(769)
Property, plant and equipment written off	(6)	-	-	-	-	-	(6)
Segment results	(3,597)	(1,002)	(353)	4	(303)	(54)	(5,305)
Finance costs	-	(6)	-	-	-	-	(6)
Taxation	47	-	*	(55)	(3)	-	*
Loss after taxation							<u>(5,322)</u>

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u>	<u>Ceramic</u>	<u>Construction</u>	<u>Property</u> <u>Investment</u>	<u>Property</u> <u>Development</u>	<u>Moneylending</u>	<u>The Group</u>
31.3.2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Segment assets	26,729	23,014	14,970	921	45,351	11,027	122,012
Unallocated assets							282
Consolidated total assets							<u>122,294</u>
Liabilities							
Segment liabilities	256	1,409	148	4	9,184	3	11,004
Unallocated liabilities							2,218
Consolidated total liabilities							<u>13,222</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 31.3.2019						
External revenue	-	1,882	835	-	-	2,717
Results						
Results before following adjustments	(781)	(63)	(45)	(3)	(235)	(1,127)
Interest income	-	1	24	-	-	25
Realised loss on foreign exchange	-	(39)	-	-	-	(39)
Unrealised loss on foreign exchange	-	(6)	-	-	-	(6)
Depreciation of property, plant and equipment	(46)	(261)	(10)	-	(1)	(318)
Segment results	(827)	(368)	(31)	(3)	(236)	(1,465)
Finance costs						(3)
Taxation						(27)
Loss after taxation						<u>(1,495)</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-to-date ended 31.3.2019						
External revenue	-	5,967	1,835	-	-	7,802
Results						
Results before following adjustments	(2,407)	59	(227)	(8)	(1,003)	(3,586)
Interest income	-	2	76	-	-	78
Realised loss on foreign exchange	-	(39)	-	-	-	(39)
Unrealised loss on foreign exchange	-	(22)	-	-	-	(22)
Depreciation of property, plant and equipment	(138)	(792)	(29)	-	(1)	(960)
Segment results	(2,545)	(792)	(180)	(8)	(1,004)	(4,529)
Finance costs						(11)
Taxation						(22)
Loss after taxation						<u>(4,562)</u>



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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>
31.3.2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Segment assets	14,853	35,495	20,126	911	41,984	113,369
Unallocated assets						283
Consolidated total assets						<u>113,652</u>
Liabilities						
Segment liabilities	1,556	2,566	368	3	9,148	13,641
Unallocated liabilities						2,259
Consolidated total liabilities						<u>15,900</u>

Geographical Information for Revenue

	Current year quarter ended 31.3.2020	Current year-to- date ended 31.3.2020
	RM'000	RM'000
United States	-	231
Europe	512	724
Malaysia	1,708	4,701
	<u>2,220</u>	<u>5,656</u>



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

Save for the following, there were no other material events subsequent to the end of the current quarter up to 5 June 2020, 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.

On 10 April 2020, the Company had entered into a deed of mutual termination with Smart Goldyear Sdn. Bhd. (“SGSB”) and both parties have mutually agreed to terminate the Lease-To-Own Agreement (“Mutual Termination”) on the ground that SGSB is unable to continue the lease of the properties. Pursuant to the Mutual Termination, SGSB shall return the possession of the properties to the Company. Neither of the parties have any further rights or obligation and each party hereby releases the other party from the due performance and observance of all its obligations and covenants under the Lease-To-Own Agreement.

11. CHANGES IN COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current financial period under review except for the following:-

- (a) On 8 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 will be principally involved in the business of providing the Information, Communication and Technologies (“ICT”) solutions including technology-based security systems, cross-border communications technology and management system solutions.
- (b) On 10 January 2020, the Company, Million Rich Development Sdn Bhd (“MRDSB”), a wholly-owned subsidiary of DWL and Titanium Hallmark Sdn Bhd (“THSB”) and all shareholders of THSB (i.e. Leong Seng Hoong, Yap Yee Siew Audrey and Lim Bee Wan) entered into a settlement agreement to settle the balance deposit owing by THSB to MRDSB pursuant to the termination of CMPA by way of DWL acquiring all the ordinary shares of THSB from the shareholders of THSB. The debt settlement has been completed on 13 January 2020 and THSB has become a wholly-owned subsidiary of DWL. THSB is principally engaged in the business of property development and other related services.
- (c) On 13 March 2020, the Company had entered into a shares sale agreement with MMAG Holdings Berhad to acquire the entire equity interest in MMAG Capital Sdn Bhd (“MCSB”) for a cash consideration of RM2,050,000.00. The acquisition has been completed on 17 March 2020 and MCSB has become a wholly-owned subsidiary of DWL. MCSB is principally engaged in the business of moneylending and has commenced its business on 18 March 2020.



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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.

13. CAPITAL COMMITMENTS

There were no capital commitments as at LPD.

14. RELATED PARTY TRANSACTIONS

	Current year quarter ended 31.03.2020 RM'000	Current year-to- date ended 31.03.2020 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	14
Subscription fees for accounting software charged by a company in which a director is a common director	4	11
Rental received for office premises from a related party in which a director is a common director	5	14

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.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of hire purchase payables approximate their carrying amounts. The carrying amounts of the Group's and of the Company's financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates. There were no transfer in between fair value levels during the current financial period under review.



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17. REVIEW OF GROUP PERFORMANCE

	Individual Quarter			Cumulative Period		
	31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	Changes %
Revenue						
- Investment holding	-	-	-	-	-	-
- Ceramic	2,194	1,882	16.6	5,630	5,967	(5.6)
- Construction	-	835	(100.0)	-	1,835	(100.0)
- Property investment	-	-	-	-	-	-
- Property development	-	-	-	-	-	-
- Moneylending	26	-	-	26	-	-
	2,220	2,717	(18.3)	5,656	7,802	(27.5)
(Loss)/Profit before taxation						
- Investment holding	(839)	(827)	(1.5)	(3,597)	(2,545)	(41.3)
- Ceramic	(190)	(371)	48.8	(1,008)	(803)	(25.5)
- Construction	(36)	(31)	(16.1)	(353)	(180)	(96.1)
- Property investment	(5)	(3)	(66.7)	4	(8)	150.0
- Property development	(214)	(236)	9.3	(303)	(1,004)	69.8
- Moneylending	(54)	-	-	(54)	-	-
	(1,338)	(1,468)	8.9	(5,311)	(4,540)	(17.0)

The Group's revenue in the current quarter decreased by RM0.50 million, representing a decrease of 18% as compared to the corresponding quarter ended 31.3.2019 mainly due to no revenue from its construction segment in the current quarter, while there was sales of inventory of completed properties in the corresponding quarter ended 31.3.2019. However, the decrease in revenue from its construction segment was partially offset by an increase in revenue from its ceramic segment and moneylending segment. The revenue from its ceramic segment increased slightly by RM0.31 million, representing an increase of 17% due to timing of sales orders, which sales orders in the preceding quarter were received late in the current quarter as a result of poor summer in the US and Europe. There was revenue from its moneylending segment in the current quarter contributed by interest income on the loan given to its borrowers, while there was none in the corresponding quarter ended 31.3.2019 due to business commenced since 18 March 2020.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the cumulative period under review, the revenue decreased by RM2.15 million, representing a decrease of 28% as compared to the corresponding period ended 31.3.2019 due to the following:

- (i) lower revenue from its ceramic segment by RM0.34 million, representing a decrease of 6% caused by less orders from its major customers in the current cumulative period; and
- (ii) no revenue was generated from its construction segment due to the absence of sales of inventory of completed properties in the current cumulative period; which were both partially offset by revenue derived from its moneylending segment in the current cumulative period, while there was none in the corresponding cumulative period due to business commenced since 18 March 2020.

For the current quarter under review, the Group's loss before taxation slightly decreased by RM0.13 million, representing a decrease of 9% as compared to the corresponding quarter ended 31.3.2019. The lower Group's loss before taxation was mainly due to increase in other income by RM0.66 million mainly caused by gain of RM0.50 million arising from the forfeiture of deposit paid resulting from the termination of shares sale agreement in relation to the disposal of Profit Sunland Sdn Bhd (“PSSB”), a wholly-owned subsidiary of DWL, the effect was partially offset by higher total operating expenses of RM0.37 million mainly arose from higher staff costs and consultancy fee incurred for tendering of construction projects, infrastructure construction projects and information, communication and technology projects as well as lower profit margin in its ceramic segment.

For the current cumulative period under review, the Group's loss before taxation had increased by RM0.77 million, representing an increase of 17% as compared to the corresponding period ended 31.3.2019. The higher Group's loss before taxation was mainly due to:

- (i) lower revenue and lower profit margin in its ceramic segment caused by the increased in labour and other production costs and no revenue from its construction segment, as explained above; and
- (ii) higher total operating expenses by RM1.01 million mainly due to higher staff costs and consultancy fee incurred for tendering of construction projects, infrastructure construction projects and information, communication and technology projects, which were both partially offset by higher other income of RM1.11 million, which comprised of gain of RM0.50 million arising from the forfeiture of deposit paid resulting from the termination of shares sale agreement in relation to the disposal of PSSB and higher rental income by RM0.15 million as well as unwinding of discount on other receivables carried at amortised cost of RM0.31 million.



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18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEDING QUARTER

	Current quarter ended 31.03.2020 RM'000	Immediate preceding quarter ended 31.12.2019 RM'000	Changes %
Revenue			
- Investment holding	-	-	-
- Ceramic	2,194	2,773	(20.9)
- Construction	-	-	-
- Property investment	-	-	-
- Property development	-	-	-
- Moneylending	26	-	-
	2,220	2,773	(19.9)
(Loss)/Profit before taxation			
- Investment holding	(839)	(1,409)	40.5
- Ceramic	(190)	320	(159.4)
- Construction	(36)	(49)	26.5
- Property investment	(5)	(3)	(66.7)
- Property development	(214)	(12)	(1,683.3)
- Moneylending	(54)	-	-
	(1,338)	(1,153)	(16.0)



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18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEDING QUARTER (CONT'D)

The Group's revenue in the current quarter decreased by RM0.55 million, representing a decrease of 20% as compared to the preceding quarter, mainly due to decrease in revenue from its ceramic segment resulting from onset and disruption of Movement Control Order issued by the Malaysian Government since 18 March 2020, which was partially offset by a revenue from its moneylending segment contributed by interest income on the loan given to its borrowers, while there was none in the preceding quarter due to its business commenced since 18 March 2020.

The Group's loss before taxation increased by RM0.19 million, representing an increase of 16% as compared to the preceding quarter. The increase in the Group's loss before taxation was mainly due to:

- (i) lower revenue and lower profit margin in its ceramic segment caused by the increased in labour and other production costs in the current quarter; and
- (ii) higher total operating expenses by RM0.14 million in the current quarter mainly due to quit rent and assessment incurred on the development lands, while there was none in the preceding quarter.



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19. COMMENTARY ON PROSPECTS

With the recent COVID-19 pandemic which has affected almost all businesses worldwide, 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. The Group is striving to rectify the situation by reviewing, revisiting and realigning our next steps and strategies to ensure the continuity of the business.

As for the construction division, through our subsidiary Million Rich Development Sdn Bhd, the Board believes that DWL will be able to enhance the Group's portfolios and acquire more future projects once the COVID-19 situation settles down.

Moving on to property development division, the Group continues to pursue final stages of the development agreement with Kementerian Perumahan dan Kerajaan Tempatan, has completed the piling works for project Unit Perumahan Penjawat Awam Malaysia under Klasik Ikhtiar Sdn. Bhd. The Group believes with perseverance towards this development during the market's downturn, will help ease the ever increasing affordable housing needs, as well as establishing a secured development returns. On the other hand, the Group is still working to complete the assessment and feasibility studies for our concept master planning project at Klebang, Melaka.

Meanwhile, the Group is pursuing ICT-related business leads through our recently established wholly-owned subsidiary, DWL Technologies Sdn Bhd and hopefully, we will be able to secure some partnerships both locally and regionally in the near future.

The Group has commenced its moneylending business through its wholly-owned subsidiary MMAG Capital Sdn Bhd. The Board is of the view that it is expected to contribute positively to DWL Group after considering the economic growth and outlook of the loan market in Malaysia, the relatively longer processing periods and stricter lending requirements imposed by banks and financial institutions as well as demand for financing from individuals and businesses. Premised on the above, the Board believes that despite our other business segments have been affected by the current inevitable economic constraints, the favourable outlook for the loan market in Malaysia will provide opportunities for DWL Group.

Moving forward, DWL will increase its resources and focus on the property development, construction, ICT-related projects and moneylending businesses 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. However, the Group will also work to seek more opportunities beyond these businesses in order to mitigate the risks and find a way to overcome this hurdle together. The Board is of the view that the current issues affecting our country, i.e. the Covid-19 pandemic outbreak, the performance of our Group will be impacted.



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20. PROFIT FORECAST OR PROFIT GUARANTEE

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

21. TAXATION

The tax expense is as follows:

	Current year quarter ended 31.03.2020 RM'000	Current year-to- date ended 31.03.2020 RM'000
Current tax expense	28	58
Deferred tax expense	(15)	(47)
	<u>13</u>	<u>11</u>

22. CORPORATE PROPOSALS

As disclosed in Note 11 (c), DWL Group has commenced its moneylending business through its wholly-owned subsidiary MCSB since 18 March 2020. On 5 June 2020, the Company announced that the Company proposed to diversify the existing business of DWL Group to include moneylending (“Proposed Diversification”). The Proposed Diversification is subject to approval from the Company’s shareholders at a forthcoming extraordinary general meeting to be convened. Save for the Proposed Diversification, there were no other 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 31 March 2020 are disclosed in the table below:-

Description	Proposed /Revised Utilisation RM'000	Actual Utilisation as at 31 March 2020 RM'000	Revised Timeframe for Utilisation with extension of time (from 9 October 2019)	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	7,786	Within 18 months^	2,214	22.1	Pending Utilisation
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	29,136				



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23. UTILISATION OF PROCEEDS (CONT'D)

Notes:-

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

^ *On 8 October 2019, the Company announced that the Board had resolved to extend the timeframe for a period of eighteen (18) months from 9 October 2019 to 8 April 2021 to provide additional time for the Group to utilise the proceeds allocated for PPAM Project. The delay in the utilisation of proceeds allocated for PPAM Project was mainly due to the development agreement which is pending approval from Kementerian Perumahan dan Kerajaan Tempatan despite the PPAM Project is progressing with the earthworks, piling and pilecap works which has been completed in April 2019.*

24. BORROWINGS AND DEBT SECURITIES

The Group's borrowings are as follows:

	As at 31.03.2020 RM'000	As at 30.6.2019 RM'000
Current - unsecured		
Hire purchase payables	20	98
Non-current - unsecured		
Hire purchase payables	65	65
	<u>85</u>	<u>163</u>



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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 due to the Movement Control Order, the Court has vacated the trial dates from 8 June 2020 to 11 June 2020 and has fixed an e-review Case Management on 9 June 2020 for the judge to give parties fresh direction to file pre-trial documents and to fix new trial dates.

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		Cumulative Period	
	Current year quarter ended 31.03.2020	Preceding year corresponding quarter ended 31.03.2019	Current year-to- date ended 31.03.2020	Preceding year corresponding period ended 31.03.2019
Loss attributable to Owners of the Company (RM'000)	(1,351)	(1,495)	(5,322)	(4,562)
Weighted average number of ordinary shares ('000)	232,845	198,607	229,817	198,607
Basic loss per share (sen)	(0.58)	(0.75)	(2.32)	(2.30)



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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 31.03.2020	Preceding year corresponding quarter ended 31.03.2019	Current year-to- date ended 31.03.2020	Preceding year corresponding period ended 31.03.2019
Loss attributable to Owners of the Company (RM'000)	(1,351)	(1,495)	(5,322)	(4,562)
Weighted average number of ordinary shares ('000)	232,845	198,607	229,817	198,607
Adjustment for assumed conversion of ICPS ('000)	-	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
	<u>232,845</u>	<u>198,607</u>	<u>229,817</u>	<u>198,607</u>
Diluted loss per share (sen)	<u>(0.58)</u>	<u>(0.75)</u>	<u>(2.32)</u>	<u>(2.30)</u>

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 31.03.2020 RM'000	Current year-to- date ended 31.03.2020 RM'000
Interest income	42	108
Other income	1,112	1,997
Interest expense	2	6
Amortisation	NA	NA
Depreciation of investment properties	58	58
Depreciation of property, plant and equipment	265	769
Impairment losses on goodwill	NA	NA
Inventories written down	NA	NA
Reversal of inventories written down	NA	NA
Bad debts written off	NA	NA
Deposit/Cash written off	NA	NA
Property, plant and equipment written off	-	6
Gain or loss on disposal of quoted or unquoted investment	NA	NA
Waiver of debts owing by payables	NA	NA
Gain on disposal of plant and equipment	-	8
Gain on disposal of subsidiary	NA	NA
Impairment losses on property, plant & equipment	NA	NA
Realised loss on foreign exchange	9	51
Unrealised gain on foreign exchange	30	9
Waiver of debts owing to payables	14	14
Gain or loss on derivatives	NA	NA
Exceptional items	NA	NA

Dated: 10 June 2020