



BERHAD
KTG BERHAD

(FORMERLY KNOWN AS DWL RESOURCES BERHAD)

[REGISTRATION NO. 200001002113 (504718-U)]

QUARTERLY REPORT FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER ENDED 30.9.2020	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.9.2019	CHANGES	CURRENT YEAR-TO-DATE ENDED 30.9.2020	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.9.2019	CHANGES
	UNAUDITED RM'000	UNAUDITED RM'000	%	UNAUDITED RM'000	UNAUDITED RM'000	%
Revenue	2,445	663	268.8	2,445	663	268.8
Cost of sales	(1,019)	(801)	(27.2)	(1,019)	(801)	(27.2)
Gross profit/(loss)	1,426	(138)	1,133.3	1,426	(138)	1,133.3
Other income	211	275	(23.3)	211	275	(23.3)
Operating expenses	(1,726)	(2,910)	40.7	(1,726)	(2,910)	40.7
Other operating expenses	(73)	(44)	(65.9)	(73)	(44)	(65.9)
Finance costs	(1)	(3)	66.7	(1)	(3)	66.7
Loss before taxation	(163)	(2,820)	94.2	(163)	(2,820)	94.2
Taxation	(40)	11	(463.6)	(40)	11	(463.6)
Loss after taxation	(203)	(2,809)	92.8	(203)	(2,809)	92.8
Other comprehensive (loss)/ income net of tax:						
- Foreign currency translation	(5)	17	(129.4)	(5)	17	(129.4)
Total comprehensive loss	(208)	(2,792)	92.6	(208)	(2,792)	92.6
Loss after taxation attributable to:- Owners of the Company	(203)	(2,809)	92.8	(203)	(2,809)	92.8
Total comprehensive loss attributable to:- Owners of the Company	(208)	(2,792)	92.6	(208)	(2,792)	92.6
Loss per share attributable to Owners of the Company (sen):						
Basic	(0.09)	(1.26)		(0.09)	(1.26)	
Diluted	(0.09)	(1.26)		(0.09)	(1.26)	

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.9.2020 UNAUDITED RM'000	AS AT 30.6.2020 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,861	29,719
Investment properties	23,085	23,144
Goodwill	3,520	3,520
Financing receivables	7,495	7,500
	63,961	63,883
Current assets		
Inventories	28,872	28,028
Trade and other receivables	25,201	13,883
Current tax assets	165	154
Fixed deposits with licensed banks	706	706
Cash and bank balances	3,064	15,963
	58,008	58,734
TOTAL ASSETS	121,969	122,617
EQUITY AND LIABILITIES		
Equity		
Share capital	118,841	118,841
Warrants reserve	1,004	1,004
Foreign exchange translation reserve	222	227
Accumulated losses	(10,903)	(10,700)
Total equity	109,164	109,372
Non-current liabilities		
Hire purchase payables	42	42
Deferred tax liabilities	2,168	2,184
	2,210	2,226
Current liabilities		
Trade and other payables	10,470	10,913
Current tax liabilities	97	67
Amount owing to directors	3	8
Hire purchase payables	25	31
	10,595	11,019
Total liabilities	12,805	13,245
TOTAL EQUITY AND LIABILITIES	121,969	122,617
Net assets per ordinary share (sen)	46.88	46.97

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.)



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	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					Total Equity/ Attributable to Owners of the Company RM'000
	Share capital		Non-distributable			
	Ordinary Shares RM'000	Irredeemable Convertible Preference Shares RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Accumulated Losses RM'000	
Balance at 1.7.2020	106,500	12,341	1,004	227	(10,700)	109,372
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	-	-	-	-	-	-
Total transactions with Owners of the Company	-	-	-	-	-	-
Loss after taxation for the financial period	-	-	-	-	(203)	(203)
Other comprehensive loss for the financial period, net of tax	-	-	-	(5)	-	(5)
Total comprehensive loss for the financial period	-	-	-	(5)	(203)	(208)
Balance at 30.9.2020	106,500	12,341	1,004	222	(10,903)	109,164

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY							
	← Non-distributable →						
	← Share capital →						
	Ordinary Shares	Irredeemable Convertible Preference Shares	Share Premium	Warrants Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity/ Attributable to Owners of the Company
	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
Issuance of shares pursuant to exercise of warrants	-	-	-	-	-	-	-
Total transactions with Owners of the Company	10,735	(475)	-	-	-	-	10,260
Loss after taxation for the financial period	-	-	-	-	-	(2,809)	(2,809)
Other comprehensive income for the financial period, net of tax	-	-	-	-	17	-	17
Total comprehensive income/(loss) for the financial period	-	-	-	-	17	(2,809)	(2,792)
Balance at 30.9.2019	106,377	12,464	-	1,004	248	(8,485)	111,608



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QUARTERLY REPORT FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CURRENT PERIOD-TO-DATE ENDED 30.9.2020 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.9.2019 UNAUDITED RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(163)	(2,820)
Adjustments for:-		
Bad debts written off	4	-
Depreciation of investment properties	59	-
Depreciation of property, plant and equipment	235	285
Unwinding of discount on other receivables measured at amortised cost	(32)	(108)
Interest expense	1	3
Property, plant and equipment written off	2	6
Unrealised loss/(gain) on foreign exchange	(1)	16
Gain on disposal of plant and equipment	(7)	(8)
Gain on disposal of subsidiary	(5)	-
Interest income	-	*(37)
Operating gain/(loss) before working capital changes	93	(2,663)
Net change in inventories	(843)	(1,394)
Net change in financing receivables	(11,996)	-
Net change in trade and other receivables	710	3,957
Net change in trade and other payables	(437)	784
Cash flows for operations	(12,473)	684
Interest paid	(1)	(3)
Income tax paid	(37)	(40)
Net cash for operating activities	(12,511)	641
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	-	*37
Purchase of property, plant and equipment	(379)	(20)
Proceeds from disposal of plant and equipment	7	8
Net cash for investing activities	(372)	25



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	CURRENT PERIOD-TO-DATE ENDED 30.9.2020 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.9.2019 UNAUDITED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease payables	(6)	(28)
Proceeds from issuance of shares pursuant to conversion of ICPS	-	10,260
Repayment to directors	(5)	(234)
Net cash from financing activities	(11)	9,998
Net changes in cash and cash equivalents	(12,894)	10,664
Cash and cash equivalents at beginning of period	16,035	25,492
Effect of foreign exchange translation	(5)	17
Cash and cash equivalents at end of period	3,136	36,173
Cash and cash equivalents at end of financial period comprised:-		
Cash and bank balances	3,064	31,507
Fixed deposits with licensed banks	72	4,666
	3,136	36,173

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 2020 and the accompanying explanatory notes attached to the interim financial statements.)



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QUARTERLY REPORT FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2020

**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 2020. 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 2020.

2. CHANGES IN ACCOUNTING POLICIES

New MFRS and Amendments to MFRSs

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 2020, except for the adoption of the following Amendments to Malaysian Financial Reporting Standards (“MFRSs”) with effect from 1 July 2020.

Amendments to MFRSs	Effective Date
Amendments to MFRS 3	Definition of a Business 1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material 1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform 1 January 2020
Amendments to MFRS 16	Covid 19 – Related Rent Concessions 1 June 2020
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 17 August 2020

The initial application of these Amendments to MFRSs has no material impact on this interim financial reporting.



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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

New MFRS and Amendments to MFRSs (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 9 , MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Annual Improvements to MFRS Standards 2018 – 2020 Cycle:		
• Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards		1 January 2022
• Amendments to MFRS 9, Financial Instruments		1 January 2022
• Amendments to MFRS 16, Leases		1 January 2022
• Amendments to MFRS 141, Agriculture		1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling as Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
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.



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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

**IFRS Interpretations Committee (“IFRIC”) Agenda Decision on IAS 23 Borrowing Costs
Relating to Over Time Transfer of Constructed Goods (“Agenda Decision”)**

In March 2019, the IFRIC issued an agenda decision and concluded that inventories under construction for which revenue is recognized over time are not qualifying assets. On 20 March 2019, the MASB announced that an entity shall apply the Agenda Decision as a change in accounting policy to financial statements of annual periods beginning on or after 1 July 2020.

The Group have applied the Agenda Decision on 1 July 2020 retrospectively and the initial application has no material impact on the Group’s financial statements.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 30 June 2020 was not qualified.

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.



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<p>PART A - DISCLOSURE NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 AND INTERNATIONAL ACCOUNTING STANDARD 34</p>

7. DEBT AND EQUITY SECURITIES

There were no 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.

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 30.9.2020/ Current year-to-date ended 30.9.2020							
External revenue	-	2,010	-	-	-	435	2,445
Results							
Results before following adjustments	(396)	360	49	(2)	(20)	164	155
Interest income	-	- *	-	-	-	-	- *
Gain on disposal of plant and equipment	-	7	-	-	-	-	7
Gain on disposal of subsidiary	5	-	-	-	-	-	5
Unwinding of discount on other receivables measured at amortised cost	32	-	-	-	-	-	32
Realised loss on foreign exchange	-	(62)	-	-	-	-	(62)
Unrealised gain on foreign exchange	-	1	-	-	-	-	1
Bad debts written off	-	(4)	-	-	-	-	(4)
Depreciation of investment properties	-	-	-	-	(59)	-	(59)
Depreciation of property, plant and equipment	(15)	(206)	(14)	-	- *	- *	(235)
Property, plant and equipment written off	-	-	(2)	-	-	-	(2)
Segment results	(374)	96	33	(2)	(79)	164	(162)
Finance costs	-	(1)	-	-	-	-	(1)
Taxation	16	- *	(16)	-	- *	(40)	(40)
Profit/(Loss) after taxation	(358)	95	17	(2)	(79)	124	(203)

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>Monevending</u>	<u>The Group</u>
30.9.2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Segment assets	17,953	22,679	14,954	916	45,148	20,154	121,804
Unallocated assets							165
Consolidated total assets							<u>121,969</u>
Liabilities							
Segment liabilities	195	1,720	110	9	8,414	92	10,540
Unallocated liabilities							2,265
Consolidated total liabilities							<u>12,805</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 corresponding quarter ended 30.9.2019/Preceding year corresponding period ended 30.9.2019						
External revenue	-	663	-	-	-	663
Results						
Results before following adjustments	(1,469)	(839)	(255)	(3)	(77)	(2,643)
Interest income	22	- *	-	15	-	37
Gain on disposal of plant and equipment	-	8	-	-	-	8
Unwinding of discount on other receivables carried at amortised cost	108	-	-	-	-	108
Realised loss on foreign exchange	-	(20)	-	-	-	(20)
Unrealised loss on foreign exchange	-	(16)	-	-	-	(16)
Depreciation of property, plant and equipment	(5)	(256)	(24)	-	- *	(285)
Property, plant and equipment written off	(6)	-	-	-	-	(6)
Segment results	(1,350)	(1,123)	(279)	12	(77)	(2,817)
Finance costs						(3)
Taxation						11
Loss after taxation						(2,809)

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

30.9.2019	<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
Assets						
Segment assets	34,648	23,214	14,896	13,980	40,922	127,660
Unallocated assets						437
Consolidated total assets						<u>128,097</u>
Liabilities						
Segment liabilities	2,473	1,503	291	7	9,981	14,255
Unallocated liabilities						2,234
Consolidated total liabilities						<u>16,489</u>

Geographical Information for Revenue

	Current year quarter ended 30.9.2020 RM'000	Current year-to- date ended 30.9.2020 RM'000
United States	117	117
Malaysia	2,241	2,241
Others	87	87
	<u>2,445</u>	<u>2,445</u>



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

There were no material events subsequent to the end of the current quarter up to 20 November 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.

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:-

On 18 August 2020, the Company had entered into a shares sale agreement with Bestinet Technology Sdn Bhd for the disposal of the entire equity interest in DWL Technologies Sdn Bhd (“DTSB”), comprising 100 ordinary shares of RM1.00 each for a total cash consideration of RM100.00 (“Disposal”). The Disposal has been completed on 28 August 2020 and in consequence thereof, DTSB has ceased to be a wholly-owned subsidiary of 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.

13. CAPITAL COMMITMENTS

There were no capital commitments as at LPD.



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14. RELATED PARTY TRANSACTIONS

	Current year quarter ended 30.09.2020 RM'000	Current year-to- date ended 30.09.2020 RM'000
Subscription fees for accounting software charged by a company in which a director is a common director	4	4
Rental received for office premises from a related party in which a director is a common director	2	2

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

There has been no significant change 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

- a) The fair value of financing receivables are estimated based on discounted cash flows using prevailing rates of loans of similar credit profile.
- b) The fair values of hire purchase payables approximate their carrying amounts.
- c) The carrying amount of non-current receivables which are based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective interest rates, closely approximate their fair values.
- d) The carrying amounts of the Group's and of the Company's other 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		
	30.09.2020 RM'000	30.09.2019 RM'000	Changes %	30.09.2020 RM'000	30.09.2019 RM'000	Changes %
Revenue						
- Investment holding	-	-	-	-	-	-
- Ceramic	2,010	663	203.2	2,010	663	203.2
- Construction	-	-	-	-	-	-
- Property investment	-	-	-	-	-	-
- Property development	-	-	-	-	-	-
- Moneylending	435	-	-	435	-	-
	2,445	663	268.8	2,445	663	268.8
(Loss)/Profit before taxation						
- Investment holding	(374)	(1,350)	72.3	(374)	(1,350)	72.3
- Ceramic	95	(1,126)	108.4	95	(1,126)	108.4
- Construction	33	(279)	111.8	33	(279)	111.8
- Property investment	(2)	12	(116.7)	(2)	12	(116.7)
- Property development	(79)	(77)	(2.6)	(79)	(77)	(2.6)
- Moneylending	164	-	-	164	-	-
	(163)	(2,820)	94.2	(163)	(2,820)	94.2

The Group's revenue for the current quarter increased by RM1.78 million, representing an increase of 269% as compared to the corresponding quarter ended 30.9.2019. The increase was mainly contributed by an increase of revenue from its ceramic segment by RM1.35 million as a result of increased orders from existing customers in the current quarter. There was also a revenue of RM0.44 million from its moneylending segment in the current quarter contributed by interest income on the loan given to the borrowers, while there was none in the corresponding quarter ended 30.9.2019 due to business commenced since 17 March 2020.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the current quarter under review, the Group's loss before taxation decreased by RM2.66 million, representing a decrease of 94% as compared to the corresponding quarter ended 30.9.2019 mainly contributed by:

- (i) increase in revenue from its ceramic segment and moneylending segment, as explained above. The profit recorded in the current quarter for both ceramic segment and moneylending segment were mainly due to the higher revenue generated sufficient to cover the total operating expenses; and
- (ii) lower total operating expenses by RM1.16 million mainly due to the absence of the corresponding quarter ended 30.9.2019's staff costs of RM0.59 million and consultancy fee of RM0.28 million incurred for tendering of construction projects, infrastructure construction projects as well as information, communication and technology projects.



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**18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEDING
QUARTER**

	Current quarter ended 30.09.2020 RM'000	Immediate preceding quarter ended 30.06.2020 RM'000	Changes %
Revenue			
- Investment holding	-	-	-
- Ceramic	2,010	2,631	(23.6)
- Construction	-	-	-
- Property investment	-	-	-
- Property development	-	-	-
- Moneylending	435	561	(22.5)
	2,445	3,192	(23.4)
(Loss)/Profit before taxation			
- Investment holding	(374)	322	(216.1)
- Ceramic	95	(198)	148.0
- Construction	33	42	(21.4)
- Property investment	(2)	(4)	50.0
- Property development	(79)	(93)	15.1
- Moneylending	164	286	(42.7)
	(163)	355	(145.9)



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

The Group's revenue for the current quarter decreased by RM0.75 million, representing a decrease of 23% as compared to the preceding quarter, mainly due to the decrease in revenue from ceramic segment and moneylending segment. The decrease in revenue from ceramic segment by RM0.62 million, representing a decrease of 24% was mainly due to the decrease in orders from existing customers. As for the moneylending segment, the revenue decreased by RM0.13 million mainly due to the lower interest income being generated from lower interest rate charged to secured loan as compared to unsecured loan in the preceding quarter.

The Group recorded a loss before taxation of RM0.16 million in the current quarter as compared to a profit before taxation of RM0.36 million in the preceding quarter. The Group's loss before taxation increased by RM0.52 million, representing an increase of 146% as compared to the preceding quarter. The increase in the Group's loss before taxation was mainly due to higher loss in investment holding segment, which was partially offset by higher profit in ceramic segment. The loss before taxation of investment holding was higher than the preceding quarter mainly due to the absence of the preceding quarter's gain of RM1.27 million arising from the termination of lease-to-own agreement, which was partially offset by the reclassification of sales and packaging and transportation of RM0.88 million from other income to revenue. The profit recorded in the current quarter for ceramic segment was mainly due to the higher revenue generated sufficient to cover the total operating expenses.



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19. COMMENTARY ON PROSPECTS

As Malaysia intensifies its conditional movement control order (CMCO) to flatten the infection rates of the Coronavirus, the economy continues to slowdown and the ceramic division also faces some setbacks and challenges as the demand has decreased with exports to other countries also impeded. In addition, the competition from other regions and rising costs are also key factors in determining its pricing policy whereby the profit margin has to be reduced to meet the market demand. However, the Group is striving to overcome the situation by re-strategising and reorganising our resources to plan and implement our next steps to ensure the continuity of the business.

As for the construction division, KTG Group continues to persist and further explore viable opportunities.

Moving on to property development division, Klasik Ikhtiar Sdn Bhd, the wholly-owned subsidiary of KTG Group is finalising a development agreement with the Ministry of Housing and Local Government for its Unit Perumahan Penjawat Awam Malaysia (PPAM) project. 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.

The Group has diversified into the moneylending business which has been approved by the shareholders at the Extraordinary General Meeting held on 24 July 2020 and the segment is progressing well with revenue generated. 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 KTG Group as many businesses and companies are in need of financial support with some cashflow issues due to the market sentiments although there are still opportunities for growth and expansion.

Moving forward, KTG will increase its resources and focus on the property development, construction 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. The Board is of the view that whilst the COVID-19 pandemic is still prevalent, the performance of our Group will be impacted.

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 30.09.2020	Current year-to- date ended 30.09.2020
	RM'000	RM'000
Current tax expense	56	56
Deferred tax expense	(16)	(16)
	<u>40</u>	<u>40</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 Malaysia Securities Berhad on 19 April 2016 and the details of the utilisation of proceeds raised from the rights issue as at 30 September 2020 are disclosed in the table below:-

Description	Proposed /Revised Utilisation RM'000	Actual Utilisation as at 30 September 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	8,666	Within 18 months^	1,334	13.3	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	30,016				



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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 30.09.2020	As at 30.06.2020
	RM'000	RM'000
Current - unsecured		
Hire purchase payables	25	31
Non-current - unsecured		
Hire purchase payables	42	42
	<u>67</u>	<u>73</u>



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25. CHANGES IN MATERIAL LITIGATION

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

26. PROPOSED DIVIDEND

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

27. PROFIT/(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 30.09.2020	Preceding year corresponding quarter ended 30.09.2019	Current year-to- date ended 30.09.2020	Preceding year corresponding period ended 30.09.2019
Loss attributable to Owners of the Company (RM'000)	(203)	(2,809)	(203)	(2,809)
Weighted average number of ordinary shares ('000)	232,845	223,795	232,845	223,795
Basic loss per share (sen)	(0.09)	(1.26)	(0.09)	(1.26)



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27. PROFIT/(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 30.09.2020	Preceding year corresponding quarter ended 30.09.2019	Current year-to- date ended 30.09.2020	Preceding year corresponding period ended 30.09.2019
Loss attributable to Owners of the Company (RM'000)	(203)	(2,809)	(203)	(2,809)
Weighted average number of ordinary shares ('000)	232,845	223,795	232,845	223,795
Adjustment for assumed conversion of ICPS ('000)	-	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
	<u>232,845</u>	<u>223,795</u>	<u>232,845</u>	<u>223,795</u>
Diluted loss per share (sen)	<u>(0.09)</u>	<u>(1.26)</u>	<u>(0.09)</u>	<u>(1.26)</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 30.09.2020 RM'000	Current year-to- date ended 30.09.2020 RM'000
Interest income	- *	- *
Other income	193	193
Interest expense	1	1
Amortisation	NA	NA
Depreciation of investment properties	59	59
Depreciation of property, plant and equipment	235	235
Impairment losses on goodwill	NA	NA
Inventories written down	NA	NA
Reversal of inventories written down	NA	NA
Bad debts written off	4	4
Deposit/Cash written off	NA	NA
Deposit forfeited	NA	NA
Property, plant and equipment written off	2	2
Goodwill written off	NA	NA
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	7	7
Gain on disposal of subsidiary	5	5
Gain on termination	NA	NA
Impairment losses on property, plant & equipment	NA	NA
Realised loss on foreign exchange	62	62
Unrealised gain on foreign exchange	1	1
Waiver of debts owing to payables	NA	NA
Gain or loss on derivatives	NA	NA
Exceptional items	NA	NA

Note:-

* - Amount less than RM1,000

Dated: 27 November 2020