



BERHAD
KTG BERHAD

(FORMERLY KNOWN AS DWL RESOURCES BERHAD)
[REGISTRATION NO. 200001002113 (504718-U)]
QUARTERLY REPORT FOR THE 2ND QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER ENDED 31.12.2020	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.12.2019	CHANGES	CURRENT YEAR-TO-DATE ENDED 31.12.2020	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.12.2019	CHANGES
	UNAUDITED RM'000	UNAUDITED RM'000	%	UNAUDITED RM'000	UNAUDITED RM'000	%
Revenue	3,437	2,773	23.9	5,882	3,436	71.2
Cost of sales	(2,425)	(2,039)	(18.9)	(3,444)	(2,840)	(21.3)
Gross profit	1,012	734	37.9	2,438	596	309.1
Other income	181	688	(73.7)	392	963	(59.3)
Operating expenses	(1,725)	(2,545)	32.2	(3,451)	(5,455)	36.7
Other operating expenses	(125)	(29)	(331.0)	(198)	(73)	(171.2)
Finance costs	(1)	(1)	-	(2)	(4)	50.0
Loss before taxation	(658)	(1,153)	42.9	(821)	(3,973)	79.3
Taxation	(27)	(9)	(200.0)	(67)	2	(3,450.0)
Loss after taxation	(685)	(1,162)	41.0	(888)	(3,971)	77.6
Other comprehensive (loss)/ income net of tax:						
- Foreign currency translation	(11)	(1)	(1,000.0)	(16)	16	(200.0)
Total comprehensive loss	(696)	(1,163)	40.2	(904)	(3,955)	77.1
Loss after taxation attributable to:- Owners of the Company	(685)	(1,162)	41.0	(888)	(3,971)	77.6
Total comprehensive loss attributable to:- Owners of the Company	(696)	(1,163)	40.2	(904)	(3,955)	77.1
Loss per share attributable to Owners of the Company (sen):						
Basic	(0.29)	(0.50)		(0.38)	(1.74)	
Diluted	(0.29)	(0.50)		(0.38)	(1.74)	

(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 31.12.2020 UNAUDITED RM'000	AS AT 30.6.2020 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,671	29,719
Investment properties	23,026	23,144
Goodwill	3,520	3,520
Financing receivables	-	7,500
	56,217	63,883
Current assets		
Inventories	28,765	28,028
Trade and other receivables	33,985	13,883
Current tax assets	184	154
Fixed deposits with licensed banks	707	706
Cash and bank balances	21,017	15,963
	84,658	58,734
TOTAL ASSETS	140,875	122,617
EQUITY AND LIABILITIES		
Equity		
Share capital	118,841	118,841
Warrants reserve	1,004	1,004
Foreign exchange translation reserve	211	227
Accumulated losses	(11,588)	(10,700)
Total equity	108,468	109,372
Non-current liabilities		
Hire purchase payables	40	42
Deferred tax liabilities	2,152	2,184
	2,192	2,226
Current liabilities		
Trade and other payables	30,083	10,913
Current tax liabilities	114	67
Amount owing to directors	3	8
Hire purchase payables	15	31
	30,215	11,019
Total liabilities	32,407	13,245
TOTAL EQUITY AND LIABILITIES	140,875	122,617
Net assets per ordinary share (sen)	46.58	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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	Non-distributable					Total Equity/ Attributable to Owners of the Company
	Share capital					
	Ordinary Shares	Irredeemable Convertible Preference Shares	Warrants Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	(888)	(888)
Other comprehensive loss for the financial period, net of tax	-	-	-	(16)	-	(16)
Total comprehensive loss for the financial period	-	-	-	(16)	(888)	(904)
Balance at 31.12.2020	106,500	12,341	1,004	211	(11,588)	108,468

(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 (CONT'D)

	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
Total transactions with Owners of the Company	10,735	(475)	-	-	-	-	10,260
Loss after taxation for the financial period	-	-	-	-	-	(3,971)	(3,971)
Other comprehensive income for the financial period, net of tax	-	-	-	-	16	-	16
Total comprehensive income/(expenses) for the financial period	-	-	-	-	16	(3,971)	(3,955)
Balance at 31.12.2019	106,377	12,464	-	1,004	247	(9,647)	110,445



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW		
	CURRENT PERIOD-TO-DATE ENDED 31.12.2020 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.12.2019 UNAUDITED RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(821)	(3,973)
Adjustments for:-		
Depreciation of investment properties	118	-
Depreciation of property, plant and equipment	470	504
Unwinding of discount on other receivables measured at amortised cost	(64)	(212)
Interest expense	2	4
Property, plant and equipment written off	2	6
Unrealised (gain)/loss on foreign exchange	(62)	21
Gain on disposal of plant and equipment	(7)	(8)
Gain on disposal of subsidiary	(5)	-
Interest income	(1)	(66)
Operating gain/(loss) before working capital changes	(368)	(3,724)
Net change in inventories	(737)	(1,157)
Net change in financing receivables	(11,996)	-
Net change in trade and other receivables	(483)	2,821
Net change in trade and other payables	19,176	536
Cash flows for operations	5,592	(1,524)
Interest paid	(2)	(4)
Income tax paid	(81)	(83)
Net cash for operating activities	5,509	(1,611)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	1	66
Purchase of property, plant and equipment	(423)	(39)
Proceeds from disposal of plant and equipment	7	10
Net cash for investing activities	(415)	37



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	CURRENT PERIOD-TO-DATE ENDED 31.12.2020 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.12.2019 UNAUDITED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease payables	(18)	(54)
Proceeds from issuance of shares pursuant to conversion of ICPS	-	10,260
Repayment to directors	(5)	(234)
Net cash from financing activities	(23)	9,972
Net changes in cash and cash equivalents	5,071	8,398
Cash and cash equivalents at beginning of period	16,035	25,492
Effect of foreign exchange translation	(16)	16
Cash and cash equivalents at end of period	21,090	33,906
Cash and cash equivalents at end of financial period comprised:-		
Cash and bank balances	21,017	23,239
Fixed deposits with licensed banks	73	10,667
	21,090	33,906

(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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**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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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 31.12.2020							
External revenue	-	3,071	-	-	-	366	3,437
Results							
Results before following adjustments	(494)	69	(6)	(3)	(23)	108	(349)
Interest income	-	- *	1	-	-	-	1
Unwinding of discount on other receivables measured at amortised cost	32	-	-	-	-	-	32
Realised gain/(loss) on foreign exchange	4	(115)	-	-	-	-	(111)
Unrealised gain on foreign exchange	-	64	-	-	-	-	64
Depreciation of investment properties	-	-	-	-	(59)	-	(59)
Depreciation of property, plant and equipment	(16)	(205)	(14)	-	- *	- *	(235)
Segment results	(474)	(187)	(19)	(3)	(82)	108	(657)
Finance costs	-	(1)	-	-	-	-	(1)
Taxation	16	- *	(16)	-	- *	(27)	(27)
(Loss)/Profit after taxation	(458)	(188)	(35)	(3)	(82)	81	(685)

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 31.12.2020							
External revenue	-	5,081	-	-	-	801	5,882
Results							
Results before following adjustments	(891)	426	46	(5)	(43)	272	(195)
Interest income	-	- *	1	-	-	-	1
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	64	-	-	-	-	-	64
Realised gain/(loss) on foreign exchange	4	(177)	-	-	-	-	(173)
Unrealised gain on foreign exchange	-	62	-	-	-	-	62
Depreciation of investment properties	-	-	-	-	(118)	-	(118)
Depreciation of property, plant and equipment	(31)	(411)	(27)	-	(1)	- *	(470)
Property, plant and equipment written off	-	-	(2)	-	-	-	(2)
Segment results	(849)	(93)	18	(5)	(162)	272	(819)
Finance costs	-	(2)	-	-	-	-	(2)
Taxation	32	- *	(32)	-	- *	(67)	(67)
(Loss)/Profit after taxation	(817)	(95)	(14)	(5)	(162)	205	(888)

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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>
31.12.2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Segment assets	35,155	23,906	14,927	914	45,269	20,520	140,691
Unallocated assets							184
Consolidated total assets							<u>140,875</u>
Liabilities							
Segment liabilities	18,473	3,181	105	11	8,260	110	30,140
Unallocated liabilities							2,267
Consolidated total liabilities							<u>32,407</u>



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9. SEGMENTAL INFORMATION (CONT'D)

	<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
Preceding year corresponding quarter ended 31.12.2019						
External revenue	-	2,773	-	-	-	2,773
Results						
Results before following adjustments	(1,535)	603	(91)	(3)	(12)	(1,038)
Interest income	27	-	1	-	-	28
Unwinding of discount on other receivables measured at amortised cost	104	-	-	-	-	104
Realised loss on foreign exchange	-	(22)	-	-	-	(22)
Unrealised loss on foreign exchange	-	(5)	-	-	-	(5)
Depreciation of property, plant and equipment	(5)	(255)	41	-	- *	(219)
Segment results	(1,409)	321	(49)	(3)	(12)	(1,152)
Finance costs		(1)				(1)
Taxation	16	- *	(25)			(9)
Loss after taxation	(1,393)	320	(74)	(3)	(12)	(1,162)

Note:-

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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 period ended 31.12.2019						
External revenue	-	3,436	-	-	-	3,436
Results						
Results before following adjustments	(3,004)	(241)	(343)	(6)	(88)	(3,682)
Interest income	49	1	1	15	-	66
Gain on disposal of plant and equipment	-	8	-	-	-	8
Unwinding of discount on other receivables measured at amortised cost	212	-	-	-	-	212
Realised loss on foreign exchange	-	(42)	-	-	-	(42)
Unrealised loss on foreign exchange	-	(21)	-	-	-	(21)
Depreciation of property, plant and equipment	(9)	(511)	17	-	(1)	(504)
Property, plant and equipment written off	(6)	-	-	-	-	(6)
Segment results	(2,758)	(806)	(325)	9	(89)	(3,969)
Finance costs	-	(4)	-	-	-	(4)
Taxation	32	-	(26)	(4)	-	2
Loss after taxation	(2,726)	(810)	(351)	5	(89)	(3,971)

Note:-

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9. SEGMENTAL INFORMATION (CONT'D)

31.12.2019	<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	32,226	23,782	14,926	14,477	40,778	126,189
Unallocated assets						456
Consolidated total assets						<u>126,645</u>
Liabilities						
Segment liabilities	2,363	1,789	302	7	9,520	13,981
Unallocated liabilities						2,219
Consolidated total liabilities						<u>16,200</u>

Geographical Information for Revenue

	Current year quarter ended 31.12.2020 RM'000	Current year-to- date ended 31.12.2020 RM'000
United States	-	117
Europe	336	336
Malaysia	3,101	5,342
Others	-	87
	<u>3,437</u>	<u>5,882</u>



BERHAD
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[REGISTRATION NO. 200001002113 (504718-U)]

(“KTG” OR “THE COMPANY”)

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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 18 February 2021, 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 24 December 2020, APPI Sdn Bhd (“APPI”), a wholly-owned subsidiary of the Company had entered into a Memorandum of Understanding with Howellcare Industries Sdn Bhd (“Howellcare”), to appoint Howellcare as a turnkey contractor to plan, design, supply, install and commissioning of four units of Nitrile Butadiene Rubber (“NBR”) double former glove dipping production lines and with four lines of utilities support system at the Group’s existing factories located at Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak for a total contract value of RM54,800,000.00 (“Glove Project”) (“MOU”). The MOU shall be valid for a period of 6 months until 23 June 2021 or such other extended period as agreed by the parties and the MOU is subject to a definitive agreement to be entered into between APPI and Howellcare in relation to the Glove Project. As at the LPD, APPI and Howellcare are in the midst of finalising the technical specifications, capacity, functionality and performance for the glove production lines before the parties formally enter into the definitive agreement.
- (b) On behalf of the Board of Directors, TA Securities Holdings Berhad (“TA Securities”) had on 29 January 2021, announced that the Company proposed to undertake the Proposed Private Placement of new ordinary shares in KTG, representing not more than 20% of the total number of issued shares of KTG (excluding any treasury shares) pursuant to the Companies Act 2016 (“Proposed Private Placement”). On 2 February 2021, the Company had submitted the additional listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad (“Bursa Securities”). Subsequently, Bursa Securities had, via its letter dated 8 February 2021, approved the listing and quotation of up to 134,093,200 new KTG shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:
 - (i) KTG and TA Securities must fully comply with the relevant provisions under the Main Market Listing Requirements (“MMLR”) pertaining to the implementation of the Proposed Private Placement;
 - (ii) KTG and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
 - (iii) KTG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Private Placement is completed; and



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**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD
(CONT'D)**

- (iv) KTG must submit to Bursa Securities with details of the places in accordance with Paragraph 6.15 of the MMLR as soon as practicable after each tranche of placement before the listing of the new KTG Shares to be issued pursuant to the Proposed Private Placement.

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.

Subsequent to the end of the current financial period, there were changes in the composition of the Group as follows:

- (a) On 14 January 2021, the Company had incorporated a new wholly-owned subsidiary, namely Bio Beacon Supply Sdn Bhd (“BBSSB”) with an issued and paid-up share capital of RM100 divided into 100 ordinary shares. BBSSB is incorporated for the purpose to engage in the business of manufacturing and trading in mask and other related products.
- (b) Guangxi Asian Pottery Co. Ltd. (“Guangxi”), a wholly-owned subsidiary of the Company which was incorporated in Guangxi, China had on 11 January 2021 applied for deregistration. Subsequent to the application, Guangxi had been deregistered with effect from 8 February 2021 following the notification of deregistration dated 8 February 2021 issued by China’s GuiGang City State Administration for Market Regulation.

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 31.12.2020 RM'000	Current year-to- date ended 31.12.2020 RM'000
Subscription fees for accounting software charged by a company in which a director is a common director	3	7
Rental received for office premises from a related party in which a director is a common director	1	3

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		
	31.12.2020 RM'000	31.12.2019 RM'000	Changes %	31.12.2020 RM'000	31.12.2019 RM'000	Changes %
Revenue						
- Investment holding	-	-	-	-	-	-
- Ceramic	3,071	2,773	10.7	5,081	3,436	47.9
- Construction	-	-	-	-	-	-
- Property investment	-	-	-	-	-	-
- Property development	-	-	-	-	-	-
- Moneylending	366	-	-	801	-	-
	3,437	2,773	23.9	5,882	3,436	71.2
Loss before taxation						
- Investment holding	(474)	(1,409)	66.4	(849)	(2,758)	69.2
- Ceramic	(188)	320	(158.8)	(95)	(810)	88.3
- Construction	(19)	(49)	61.2	18	(325)	105.5
- Property investment	(3)	(3)	0.0	(5)	9	(155.6)
- Property development	(82)	(12)	(583.3)	(162)	(89)	(82.0)
- Moneylending	108	-	-	272	-	-
	(658)	(1,153)	42.9	(821)	(3,973)	79.3

The Group's revenue for the current quarter increased by RM0.66 million, representing an increase of 24% as compared to the corresponding quarter ended 31.12.2019. The increase was mainly contributed by an increase of revenue from its ceramic segment by RM0.30 million as a result of increased orders from existing customers in the current quarter. There was also a revenue of RM0.37 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 31.12.2019 due to business commenced since 17 March 2020.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the current cumulative period under review, the revenue increased by RM2.45 million, representing an increase of 71% as compared to the corresponding period ended 31.12.2019 mainly contributed by:

- (i) higher revenue derived from its ceramic segment by RM1.65 million as compared to the corresponding period ended 31.12.2019 as a result of increased orders from major customers, which included the sales of packaging and transportation of RM0.77 million in the current cumulative period, while the sales of packaging and transportation in the corresponding period were classified as other income; and
- (ii) revenue of RM0.80 million derived from its moneylending segment in the current cumulative period, while there was none in the corresponding period ended 31.12.2019 due to business commenced since 17 March 2020.

For the current quarter under review, the Group's loss before taxation decreased by RM0.50 million, representing a decrease of 43% as compared to the corresponding quarter ended 31.12.2019 mainly contributed by:

- (i) higher revenue from its ceramic segment and revenue generated from its moneylending segment, as explained above. However, the increased in revenue generated from its ceramic segment not being sufficient to cover the increase in operating cost, which resulted in a higher loss; and
- (ii) lower total operating expenses by RM0.72 million mainly due to the absence of the corresponding quarter ended 31.12.2019's staff costs of RM0.35 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, which were partially offset by lower other income by RM0.51 million mainly due to the sales of packaging and transportation of RM0.58 million being classified as other income in the corresponding quarter ended 31.12.2019.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the current cumulative period under review, the Group's loss before taxation had decreased by RM3.15 million, representing a decrease of 79% as compared to the corresponding period ended 31.12.2019. The lower Group's loss before taxation was mainly contributed by:

- (i) higher revenue from its ceramic segment and revenue generated from its moneylending segment, as explained above; and
- (ii) lower total operating expenses by RM1.88 million mainly due to lower staff cost by RM1.23 million and the absence of the corresponding period ended 31.12.2019's consultancy fee of RM0.56 million incurred for tendering of construction projects, infrastructure construction projects as well as information, communication and technology projects, which were partially offset by lower other income by RM0.57 million mainly due to the sales of packaging and transportation of RM0.53 million being classified as other income in the corresponding period ended 31.12.2019.



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

	Current quarter ended 31.12.2020 RM'000	Immediate preceding quarter ended 30.09.2020 RM'000	Changes %
Revenue			
- Investment holding	-	-	-
- Ceramic	3,071	2,010	52.8
- Construction	-	-	-
- Property investment	-	-	-
- Property development	-	-	-
- Moneylending	366	435	(15.9)
	3,437	2,445	40.6
Loss before taxation			
- Investment holding	(474)	(374)	(26.7)
- Ceramic	(188)	95	(297.9)
- Construction	(19)	33	(157.6)
- Property investment	(3)	(2)	(50.0)
- Property development	(82)	(79)	(3.8)
- Moneylending	108	164	(34.1)
	(658)	(163)	(303.7)



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

The Group's revenue for the current quarter increased by RM0.99 million, representing an increase of 41% as compared to the preceding quarter, mainly due to the increase in revenue from its ceramic segment, which was partially offset by lower revenue generated from its moneylending segment. The increase in revenue from its ceramic segment by RM1.06 million, representing an increase of 53% was mainly due to the increase in orders from existing customers. As for the moneylending segment, there was no material movement in revenue between the quarters.

The Group's loss before taxation increased by RM0.50 million, representing an increase of 304% as compared to the preceding quarter. The increase in the Group's loss before taxation was mainly due to higher losses in both investment holding segment and ceramic segment. The loss before taxation for investment holding segment was higher than the preceding quarter mainly due to higher operating expenses. As for the ceramic segment, despite the increased revenue, the loss before taxation was still higher mainly due to increase in revenue generated not being sufficient to cover the increase in operating costs, which resulted in a higher loss as compared to the profit recorded in the preceding quarter.



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19. COMMENTARY ON PROSPECTS

As Malaysia intensifies its effort and periodical lockdowns 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 were also impeded. KTG Group is revising its marketing strategies and increase research and development initiatives for its ceramic segment by expanding its ceramic products selection to include manufacturing of ceramic hand moulds, also known as ceramic glove hand formers, for use in gloves production which are currently in high demand due to the pandemic.

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 previously diversified into the moneylending business 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 KTG Group with room for growth and expansion as many businesses and companies are in need of financial support due to the pandemic.

The Group intends to diversify into the glove manufacturing business, through APPI, the wholly-owned subsidiary of KTG, which had on 24 December 2020 entered into a MOU with Howellcare to appoint Howellcare as a turnkey contractor to plan, design, supply, install and commissioning of four units of NBR double former glove dipping production lines and with four lines of utilities support system at the Group’s existing factories at Kamunting, Perak. The global demand for gloves is expected to continue rising in the near term due to the prevailing pandemic. In view of the prospect and positive outlook of the glove industry, the Board believes that the glove business will be able to contribute positively to KTG Group’s future earnings should the Glove Project materialise.

With the commencement of the roll out of vaccines nationwide, the Board is hopeful that the Malaysian economy will revive and the businesses of the KTG Group will return to pre-pandemic levels.



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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 31.12.2020	Current year-to- date ended 31.12.2020
	RM'000	RM'000
Current tax expense	43	99
Deferred tax expense	(16)	(32)
	<u>27</u>	<u>67</u>

22. CORPORATE PROPOSALS

As disclosed in Note 10 (b), the Proposed Private Placement has yet to be completed 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 December 2020 are disclosed in the table below:-

Description	Utilisation of proceeds after the variation RM'000	Actual Utilisation as at 31 December 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	8,851 ⁽¹⁾	8,851	-	-	-	
Future projects and/or acquisitions	4,500	4,500	-	-	-	
Working capital	5,327 ⁽¹⁾⁽²⁾	4,682	Within 18 months ⁽³⁾	645	12.1	Pending Utilisation
Expenses in relation to the rights issue	672 ⁽²⁾	672	-	-	-	
	31,350	30,705				



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23. UTILISATION OF PROCEEDS (CONT'D)

Notes:-

- ¹ On 30 November 2020, the balance of unutilised proceeds allocated for PPAM project was RM1,148,541.92. The Company had on 1 December 2020 via Directors' Resolution in Writing resolved to vary the utilisation of the entire remaining balance of unutilised proceeds allocated for PPAM project of RM1,148,541.92 for the working capital of the Group.
- ² The variation of the actual amount of expenses for the rights issue was adjusted against the working capital of the Company.
- ³ 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 has progressed 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 31.12.2020	As at 30.06.2020
	RM'000	RM'000
Current - unsecured		
Hire purchase payables	15	31
Non-current - unsecured		
Hire purchase payables	40	42
	<u>55</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. 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 31.12.2020	Preceding year corresponding quarter ended 31.12.2019	Current year-to- date ended 31.12.2020	Preceding year corresponding period ended 31.12.2019
Loss attributable to Owners of the Company (RM'000)	(685)	(1,162)	(888)	(3,971)
Weighted average number of ordinary shares ('000)	232,845	232,845	232,845	228,320
Basic loss per share (sen)	(0.29)	(0.50)	(0.38)	(1.74)



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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 31.12.2020	Preceding year corresponding quarter ended 31.12.2019	Current year-to- date ended 31.12.2020	Preceding year corresponding period ended 31.12.2019
Loss attributable to Owners of the Company (RM'000)	(685)	(1,162)	(888)	(3,971)
Weighted average number of ordinary shares ('000)	232,845	232,845	232,845	228,320
Adjustment for assumed conversion of ICPS ('000)	-	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
	<u>232,845</u>	<u>232,845</u>	<u>232,845</u>	<u>228,320</u>
Diluted loss per share (sen)	<u>(0.29)</u>	<u>(0.50)</u>	<u>(0.38)</u>	<u>(1.74)</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 31.12.2020 RM'000	Current year-to- date ended 31.12.2020 RM'000
Interest income	1	1
Other income	101	294
Interest expense	1	2
Amortisation	NA	NA
Depreciation of investment properties	59	118
Depreciation of property, plant and equipment	235	470
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
Deposit forfeited	NA	NA
Property, plant and equipment written off	-	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
Gain on disposal of subsidiary	-	5
Gain on termination	NA	NA
Impairment losses on property, plant & equipment	NA	NA
Realised loss on foreign exchange	111	173
Unrealised gain on foreign exchange	64	62
Waiver of debts owing to payables	NA	NA
Gain or loss on derivatives	NA	NA
Exceptional items	NA	NA

Dated: 25 February 2021