

WMG HOLDINGS BHD.

(Company no. 1166985-X)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

For The Fourth Quarter Ended 31 December 2017

WMG HOLDINGS BHD. (1166985-X)

Interim financial statements for the fourth quarter ended 31 December 2017

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Condensed Consolidated Statement of Comprehensive Income

	Note	Individual Quarter		Financial Year-to-date	
		3 months ended		12 months ended	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		RM'000	RM'000	RM'000	RM'000
Revenue	9	9,325	N/A	20,767	N/A
Cost of sales		(5,158)	N/A	(13,352)	N/A
Gross profit		4,167	N/A	7,415	N/A
Other income		189	N/A	617	N/A
Other expenses		(277)	N/A	(618)	N/A
Finance costs		(1,351)	N/A	(2,320)	N/A
Distribution costs		(171)	N/A	(342)	N/A
Administrative expenses		(6,325)	N/A	(9,949)	N/A
Loss from operations		(3,768)	N/A	(5,197)	N/A
Interest on fixed deposits		342	N/A	680	N/A
Exceptional items	10	-	N/A	(16,685)	N/A
Loss before tax	10	(3,426)	N/A	(21,202)	N/A
Income tax expense	12	(384)	N/A	(559)	N/A
Loss for the period		(3,810)	N/A	(21,761)	N/A
Other comprehensive income, net of tax:		-	N/A	-	N/A
Total comprehensive loss for the period		(3,810)	N/A	(21,761)	N/A
Loss attributable to owners of the Company		(3,810)	N/A	(21,761)	N/A
Total comprehensive loss attributable to owners of the Company		(3,810)	N/A	(21,761)	N/A
Loss per share attributable to owners of the Company:	13	Sen	Sen	Sen	Sen
- Basic/Diluted		(0.89)	N/A	(5.38)	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

ASSETS	Note	AS AT 31/12/2017 RM'000	AS AT 31/12/2016 RM'000
Non-current Assets			
Property, plant and equipment		58,975	-
Land held for development	14	142,452	-
Investment properties	23	27,789	-
Other investment		115	-
Deferred tax assets		2,372	-
		<u>231,703</u>	<u>-</u>
Current Assets			
Property development costs	15	40,311	-
Inventories	16	41,416	-
Trade and other receivables		44,267	-
Income tax refundable		4,064	-
Investment securities		498	-
Other current assets		1,017	-
Cash and bank balances	19	65,995	*
		<u>197,568</u>	<u>*</u>
Total Assets		<u>429,271</u>	<u>*</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	604,365	*
Reserves		(334,759)	(15)
Accumulated losses		(21,776)	-
Total Equity		<u>247,830</u>	<u>(15)</u>
Non-current Liabilities			
Deferred tax liabilities		3,777	-
Borrowings	18	17,009	-
		<u>20,786</u>	<u>-</u>
Current Liabilities			
Borrowings	18	99,812	-
Trade and other payables	24	60,826	-
Income tax payable		17	-
Other current liabilities		-	15
		<u>160,655</u>	<u>15</u>
Total Liabilities		<u>181,441</u>	<u>15</u>
Total Equity and Liabilities		<u>429,271</u>	<u>*</u>
Net assets per share attributable to owners of the Company (RM)		0.58	-

Note: * represents RM2.

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	<----- Non-distributable ----->						
	Ordinary shares	RCPS	ICPS	Capital Reserves	Merger deficit	Accumulated Losses	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 Jan 2016	*	N/A	N/A	N/A	N/A	N/A	*
Total comprehensive loss for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A
At 31 December 2016	*	N/A	N/A	N/A	N/A	N/A	*
At 1 Jan 2017	*	-	-	-	-	(15)	(15)
Total comprehensive loss for the period	-	-	-	-	-	(21,761)	(21,761)
Transactions with owners:							
Shares issued for:							
- Acquisition of Target Companies	120,000	180,000	211,282				511,282
- Share Exchange with Tekala	93,083						93,083
Acquisition of Target Companies				(19,221)	(312,039)		(331,260)
Share Exchange with Tekala				(3,499)			(3,499)
At 31 December 2017	213,083	180,000	211,282	(22,720)	(312,039)	(21,776)	(247,830)

Notes: * represents RM2.

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows

	Note	12 months ended	
		31/12/2017 RM'000	31/12/2016 RM'000
Cash flows from operating activities			
Loss before tax		(21,202)	N/A
Adjustments for:			
Depreciation		902	N/A
Finance costs		2,320	N/A
Investment income		(9)	N/A
Interest income		(680)	N/A
Gain from disposal of property, plant and equipment		(199)	N/A
Unrealised loss on foreign exchange		6	N/A
Goodwill on consolidation		15,151	N/A
		<u>17,491</u>	<u>N/A</u>
Operating loss before working capital changes		(3,711)	N/A
Decrease in property development costs		22,795	N/A
Increase in inventories		(30,224)	N/A
Increase in receivables		(14,753)	N/A
Decrease in other current assets		700	N/A
Increase in payables		25,977	N/A
Decrease in other current liabilities		(1,159)	N/A
Cash flows used in operations		<u>(375)</u>	<u>N/A</u>
Interest received		261	N/A
Income tax refunded		124	N/A
Income tax paid		(216)	N/A
Net cash flows used in operating activities		<u>(206)</u>	<u>N/A</u>
Cash flows from investing activities			
Subsidiaries acquired		604,365	N/A
Shares issued to settle purchase consideration		(604,365)	N/A
Cash outflows for acquisitions of subsidiaries	2	-	N/A
Investment income		9	N/A
Increase in investment securities		(9)	N/A
Increase in deposit pledged		(52)	N/A
Interest income received		418	N/A
Increase in investment properties		(8,666)	N/A
Increase in land held for development		(12,792)	
Proceeds from disposal of plant and equipment		200	N/A
Purchase of property, plant and equipment		(136)	N/A
Net cash flows used in investing activities		<u>(21,028)</u>	<u>N/A</u>

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Condensed Consolidated Statement of Cash Flows (Cont'd)

	Note	12 months ended	
		31/12/2017 RM'000	31/12/2016 RM'0000
Cash flows from financing activities			
Proceeds from bankers' acceptances		4,099	N/A
Repayment of bankers' acceptances		(4,875)	N/A
Proceeds from revolving credits		24,000	N/A
Proceeds from term loan		16,968	
Repayment of revolving credits		(24)	N/A
Repayment of obligations under finance leases		(63)	N/A
Finance costs paid		(2,320)	N/A
Net cash flows from financing activities		<u>37,785</u>	<u>N/A</u>
Net increase in cash and cash equivalents		16,551	N/A
Cash and cash equivalents at			
- beginning of financial period		*	N/A
- acquisitions of subsidiaries		47,214	N/A
Cash and cash equivalents at end of financial period	19	<u>63,765</u>	<u>N/A</u>

Notes: * represents RM2

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

(A) Notes to the interim financial statements

1) Basis of preparation

WMG Holdings Bhd. (WMG) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. WMG was a special purpose vehicle incorporated on 25 November 2015 to undertake a corporate exercise which was completed in July 2017 and the Company was listed on 31 July 2017.

The unaudited condensed consolidated interim financial statements for the year ended 31 December 2017 have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The first set of annual audited consolidated financial statements of WMG since its incorporation will be prepared for the financial year ending 31 December 2017.

The explanatory notes to the interim financial statements provide an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

2) Acquisitions of subsidiaries

As previously disclosed, the Company completed the acquisitions of subsidiaries namely the acquisitions of the Target Companies and the Share Exchange with Tekala (Transactions) in July 2017 as follows:

- (i) The acquisition of the entire interests in Ritai Sdn Bhd, Cosmopolitan Company Sdn Berhad, Syarikat Far East Development Sdn Bhd, Velda Development Sdn Bhd and Wah Mie Realty Sdn Bhd for a total purchase consideration of RM511,281,792 from Syarikat Kretam (Far East) Holdings Sdn Bhd (Acquisitions of Target Companies) satisfied by the issuance of:-
 - (a) 240,000,000 new ordinary shares in WMG at an issue price of RM0.50 each;
 - (b) 180,000,000 new redeemable convertible preference shares in WMG at an issue price of RM1.00 each; and
 - (c) 211,281,792 new irredeemable convertible preference shares in WMG at an issue price of RM1.00 each.
- (ii) The Share Exchange which involved the exchange of the entire issued and paid-up share capital of Tekala Corporation Berhad, comprising 139,975,300 ordinary shares in Tekala (Tekala Shares) (excluding 13,008,000 Tekala Shares held as treasury shares) for 186,167,149 new Company Shares on the basis of 133 new Company Shares for every 100 existing Tekala Shares held and the assumption of Tekala's listing status by the Company (Share Exchange with Tekala).

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The unaudited proforma effects of the Transactions are as follows:-

	Acquisitions of <u>Target Companies</u> RM'000	Share Exchange <u>with Tekala</u> RM'000	<u>Total</u> RM'000
Assets			
Non-current assets			
Property, plant and equipment	6,391	53,296	59,687
Land held for property development	121,809	-	121,809
Investment Properties	19,103	-	19,103
Other Investment	-	115	115
Deferred tax assets	2,276	-	2,276
	<u>149,579</u>	<u>53,411</u>	<u>202,990</u>
Current assets			
Property development costs	70,957	-	70,957
Inventories	11,192	-	11,192
Trade and other receivables	27,038	312	27,350
Income tax refundable	4,628	-	4,628
Investment securities	133	652	785
Other current assets	1,717	-	1,717
Cash and bank balances	24,652	25,175	*49,827
	<u>140,317</u>	<u>26,139</u>	<u>166,456</u>
Total assets	<u>289,896</u>	<u>79,550</u>	<u>369,446</u>
Current liabilities			
Loans and borrowings	76,596	-	76,596
Other current liability	1,159	-	1,159
Income tax payable	4	-	4
Trade and other payables	31,979	1,340	33,319
	<u>109,738</u>	<u>1,340</u>	<u>111,078</u>
Net current assets	<u>30,579</u>	<u>24,799</u>	<u>55,378</u>
Non-current liabilities			
Deferred tax liabilities	15	3,777	3,792
Loans and borrowings	121	-	121
	<u>136</u>	<u>3,777</u>	<u>3,913</u>
Total liabilities	<u>109,874</u>	<u>5,117</u>	<u>114,991</u>
Net assets	<u>180,022</u>	<u>74,433</u>	<u>254,455</u>
Capital Reserve	(19,221)	(3,499)	(22,720)
Merger Deficit	(312,039)	-	(312,039)
Goodwill on Consolidation	-	(15,151)	(15,151)
Purchase Consideration	<u>511,282</u>	<u>93,083</u>	<u>**604,365</u>

* This includes Deposit pledged for banking facilities of RM2,613,000, excluded as cash and cash equivalents

**Purchase consideration is settled through issuance of the Company's shares

3) Accounting Policies

The acquisition of Target Companies was accounted for using the pooling of interest method while for the Share Exchange with Tekala, WMG was identified as the acquirer and the acquisition of Tekala was accounted for by applying the acquisition method in accordance to MFRS 3: Business Combination.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the Proforma consolidated statements of financial position of WMG (included in the Circular/Explanatory Statement to shareholders of Tekala Corporation Berhad dated 30 May 2017); and the audited financial statements of:-

- (a) WMG which were prepared in accordance with Malaysian Financial Reporting Standards (MFRS) for the financial year ended 31 December 2016;
- (b) The Target Companies which were prepared in accordance with MFRS for the financial year ended 31 December 2016; and
- (c) Tekala which were prepared in accordance with MFRS for the financial year ended 31 March 2017.

4) Seasonality of operations

The above is not applicable.

5) Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the interim period under review.

6) Changes in estimates

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

7) Changes in the composition of the Group

During the interim period under review, the Company completed the acquisitions of subsidiaries as disclosed in Note 2 to the interim financial statements.

8) Share capital and treasury shares

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim period under review except for the issuance of shares by the Company for the acquisitions of subsidiaries as disclosed in Note 2 to the interim financial statements as follows:

- (d) 426,167,149 ordinary shares at an issue price of RM0.50 each;
- (e) 180,000,000 10-year redeemable convertible preference shares (RCPS) at an issue price of RM1.00 each; and
- (f) 211,281,792 10-year irredeemable convertible preference shares (ICPS) at an issue price of RM1.00 each.

9) Segment information

Business Segments

	12 months ended 31 December 2017				
	Property development	Trading of building materials	Investment Holding	Elimination/ adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	14,383	6,384	-	-	20,767
Inter-segment	-	-	30,280	(30,280)	-
Total	14,383	6,384	30,280	(30,280)	20,767
Results					
Depreciation	306	21	575	-	902
Interest on fixed deposits	188	137	355	-	680
Other income	292	10	315	-	617
Other expenses	(196)	-	814	-	618
Exceptional items	-	-	16,685	-	16,685
Segment profit/(loss)	(2,317)	(315)	11,151	(30,280)	(21,761)

10) Loss before tax

Included in the loss before tax are the following items:

	Individual Quarter		Financial Year-to-date	
	3 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	342	N/A	680	N/A
(b) Other income including investment income	189	N/A	617	N/A
(c) Interest expenses	1,351	N/A	2,320	N/A
(d) Depreciation and amortization	456	N/A	902	N/A
(e) Provision for and write off of receivables	-	N/A	-	N/A
(f) Provision for and write off of inventories	-	N/A	-	N/A
(g) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	N/A	-	N/A
(h) Impairment of assets	-	N/A	-	N/A
(i) Foreign exchange gain/(loss)	-	N/A	-	N/A
(j) Gain or loss on derivatives	-	N/A	-	N/A
(k) Exceptional items				
- Goodwill on share exchange with Tekala	15,151	-	15,151	-
- Stamp duties on acquisition of Target Companies	1,534	-	1,534	-

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11) Events after the reporting period

There were no material events subsequent to the end of the interim period other than the following:

- The partial redemption of RM25 million RCPS by the Company as announced on 19 January 2018;
- The payment of RM3.43 million by the subsidiary company, Ritai Sdn Bhd, to the vendor of the Target companies as announced on 22 February 2018.
- The tax review exercise on the Group by the Income Tax Board since its formal notification on 24 January 2018.

12) Income tax expense

	Individual Quarter		Financial Year-to-date	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current income tax	384	-	559	-

The Group incurred taxation for the current quarter and period mainly due to losses of certain subsidiaries which cannot be set off against taxable profits of other subsidiaries of the Group.

13) Loss per share

	Individual Quarter		Financial Year-to-date	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(a) Basic loss per share				
Loss attributable to owners of the Company (RM)	(3,810)	-	(21,761)	-
Weighted average number of ordinary shares in issue	426,167	-	404,335	-
Basic loss per share (sen)	(0.89)	-	(5.38)	-
(b) Diluted loss per share				
Loss attributable to owners of the Company (RM)	(3,810)	-	(21,761)	-
Adjusted weighted average number of ordinary shares in issue and issuable	426,167	-	404,335	-
Diluted loss per share (sen)	(0.89)	-	(5.38)	-

The Company has no potential ordinary shares in issue as at the end of financial period and therefore, basic and diluted loss per share are equal.

14) Land held for Development

	As at 31.12.2017	As at 31.12.2016
	RM'000	RM'000
At beginning of year	-	-
At acquisition of Target Companies	121,809	-
Additions	20,643	-
At end of period	142,452	-

As at 31.12.2017, the Group has a total land bank of approximately 676 acres, comprising 470 acres in Sandakan and 206 acres in Kota Kinabalu, Sabah, Malaysia.

15) Property development costs

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Balance at cost	40,311	-
	Long-term leasehold RM'000	Development expenditure RM'000
At 31.12.2017		Total RM'000
Cumulative property development cost		
At 01.01.2017	-	-
At acquisition of Target Companies	14,882	75,869
Cost incurred during the period	-	14,078
Transfer from land held for development	1,086	2,982
Transfer to land held for development	(3,123)	(8,957)
Reversal of completed project	(1,091)	(20,808)
Unsold units transferred to inventories	(1,566)	(31,830)
Reclassification	440	(440)
At 31.12.2017	10,628	30,894
Cumulative costs recognized in statement of comprehensive income		
At 01.01.2017	-	-
At acquisition of Target Companies	(1,222)	(18,572)
Recognised during the period	(247)	(3,069)
Reversal of completed project	1,091	20,808
At 31.12.2017	(378)	(833)
Property development costs at 31.12.2017	10,250	30,061

As at 31.12.2017, the Group has 2 ongoing projects namely the commercial project, Sejati Corporate Garden at RM4.07 million, with percentage of completion of 5.0% and the residential project, Sri Indah Kondominium at RM8.12 million, with percentage of completion of 5.2%, totalling RM12.19 million and the projects to be launched amounted to RM28.12 million.

16) Inventories

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Completed properties	40,352	-
Trading inventories	1,064	-
Balance at cost	41,416	-

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17) Share capital

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Balance, at end of period	<u>604,365</u>	<u>*</u>

Note: *represents RM2

The share capital of the Company has been increased from RM2 as at 31.12.2016 to RM604,365,368 as at 31.12.2017 as follows:-

	No. of Ordinary Shares	Share Capital RM
As at 01.01.2017	20	2
Issued pursuant to the acquisition of Target Companies	240,000,000	120,000,000
Issued pursuant to the Tekala Share Exchange	186,167,149	93,083,574
	<u>426,167,169</u>	<u>213,083,576</u>
	No. of Preference Shares	Share Capital RM
As at 01.01.2017	-	-
ICPS, issued pursuant to the acquisition of Target Companies	211,281,792	211,281,792
RCPS, issued pursuant to the acquisition of Target Companies	180,000,000	180,000,000
	<u>391,281,792</u>	<u>391,281,792</u>
As at 31.12.2017		<u>604,365,368</u>

18) Borrowings

The Group's borrowings and debt securities are as follows:

	As at third quarter ended 31.12.2017			As at third quarter ended 31.12.2016		
	Long Term	Short Term	Total borrowings	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured						
Bankers' acceptances (BA)	-	1,367	1,367	N/A	N/A	N/A
Revolving credits (RC)	-	98,300	98,300	N/A	N/A	N/A
Bridging loan (BL)	6,886	-	6,886	N/A	N/A	N/A
Term loan (TL)	10,081	-	10,081	N/A	N/A	N/A
Obligations under finance leases	42	145	187	N/A	N/A	N/A
	<u>17,009</u>	<u>99,812</u>	<u>116,821</u>			

The interest rates for BA, RC, BL and TL range from 1% to 2% above the cost of fund of the banks.

There are no borrowings denominated in foreign currency.

19) Cash and Cash Equivalents

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Fixed deposits	4,715	N/A
Cash on hand and at banks	61,280	N/A
Cash and bank balances	65,995	N/A
Less: deposits pledged for banking facilities	(2,230)	N/A
	<u>63,765</u>	<u>N/A</u>

20) Contingencies

There were no changes in contingent liabilities since the last balance sheet date, 31 December 2016 to 23 February 2018, the latest practicable date which is not earlier than 7 days from the issue of this interim financial statements.

21) Capital Commitments

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Approved and contracted for:		
- Investment properties	51,172	-
	<u>51,172</u>	<u>-</u>

22) Dividends

For the period ended 31 December 2017, the Directors do not recommend payment of dividend. (2016:Nil).

The total dividend for the current financial year is Nil (2016: Nil).

23) Investment properties

Included in investment properties is a hypermarket and a shophouse under construction of RM20.35 million and RM0.17 million respectively.

24) Other payables

Included in other payables is the amount due to the vendor of the Target companies of RM3.43 million.

25) Comparative figures

Comparative figures of the preceding period/year will be presented when available commencing from the 3rd quarter of year 2018 as the Group was only formed in July 2017 upon the acquisitions of subsidiaries by the Company.

(B) Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements

1. Performance review

For the current quarter and period ended 31 December 2017, the Group recorded revenue of RM9.33 million and RM20.77 million and loss before tax of RM3.43 million and RM21.20 million respectively as shown below.

	Individual Quarter				Financial Year to date			
	3 months ended				12 months ended			
	31.12.2017	31.12.2016	Changes		31.12.2017	31.12.2016	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	9,325	N/A	N/A	N/A	20,767	N/A	N/A	N/A
Gross profit	4,167	N/A	N/A	N/A	7,415	N/A	N/A	N/A
Loss Before Interest and Tax	(2,075)	N/A	N/A	N/A	(18,882)	N/A	N/A	N/A
Loss Before Tax	(3,426)	N/A	N/A	N/A	(21,202)	N/A	N/A	N/A
Loss After Tax	(3,810)	N/A	N/A	N/A	(21,761)	N/A	N/A	N/A
Loss attributable to ordinary equity holders of the Company	(3,810)	N/A	N/A	N/A	(21,761)	N/A	N/A	N/A

There were no launches of new property development projects by the Group during the quarter and period under review. The Group managed to generate a total revenue for the current quarter and period of RM9.33 million and 20.77 million respectively. RM6.88 million and RM14.38 million were from property development and RM2.45 million and RM6.39 million were from trading of building materials for the current quarter and period respectively.

Sales of commercial project, Sejati Walk which was completed during the current period amounted to RM4.69 million and RM8.00 million for the current quarter and period respectively while the balance RM2.19 million and RM6.38 million were from sales of residential properties for the current quarter and period respectively.

Sales of building materials to contractors engaged by the Group for its property development projects amounted to RM1.37 million and RM3.06 million, representing 56% and 48% of the total sales for the quarter and period ended 31 December 2017 respectively.

The Group recorded a gross profit of RM7.41 million for the current period under review. After taking into account the interest and other income of RM1.30 million and deducting expenses of RM29.91 million including finance cost of RM2.32 million, administrative expenses of RM9.95 million and exceptional items of RM16.68 million, the Group incurred a loss before tax of RM21.20 million.

Administrative expenses of RM9.95 million comprised mainly fixed and semi-fixed costs namely staff costs, directors' remuneration, overheads and office expenses (including depreciation RM0.9 million) of approximately RM3.64 million, RM3.66 million and RM2.65 million respectively whereas exceptional items comprised the non-recurring charges incurred on the acquisitions of subsidiaries of RM16.68 million.

2. Comments on material changes in profit/(loss) before taxation

The Group recorded a loss before tax of RM3.43 million for the current quarter under review as follows:-

	Current quarter	Immediate preceding quarter	Changes	
	31.12.2017	30.09.2017	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	9,325	11,442	(2,117)	(19)
Gross profit	4,167	3,248	919	28
Loss Before Interest and Tax	(2,075)	(16,807)	(14,732)	(88)
Loss Before Tax	(3,426)	(17,776)	(14,350)	(81)
Loss After Tax	(3,810)	(17,951)	(14,141)	(79)
Loss attributable to ordinary equity holders of the Company	(3,810)	(17,951)	(14,141)	(79)

Revenue for the current quarter decreased by RM2.12 million as compared to the immediate preceding quarter mainly due to lower sales of properties. Loss before tax for the current quarter decreased by 81% mainly due to the non-recurring charges incurred on the acquisitions of subsidiaries totalling RM16.68 million in the immediate preceding quarter.

3. Commentary on Prospects

As at 31 December 2017, the Groups' unbilled sales and gross development value of unsold units of its ongoing projects amounted to RM30.46 million and RM109.18 million respectively.

After consideration of the factors influencing the Group's prospects including the Group's revenue outlook, the financing conditions faced by potential buyers and the property market sentiments, the Board expects the Group's performance for the next financial year to be affected by the slow property market.

4. Profits forecast and profit guarantee

The above is not applicable as no profit forecast and profit guarantee were provided.

5. Income tax expense

This is stated in note 12 to the interim financial statements.

6. Corporate proposals

There were no corporate proposals announced but not completed as at 23 February 2018, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial statements.

7. Group borrowings and debt securities

This is stated in note 18 to the interim financial statements.

8. Changes in material litigation

The Group did not have any material litigation as at 23 February 2018, the latest practicable date which is not earlier than 7 days from the date of issue of these interim financial statements.

9. Dividends

This is stated in note 22 to the interim financial statements.

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10. Earnings/(loss) per share

This is stated in note 13 to the interim financial statements.

11. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Company for the preceding financial year ended 31 December 2016 was not subject to any qualification.

12. Profit/(loss) before tax

Disclosure of items as required under Appendix 9B, Part A(16) of Bursa Malaysia Securities Berhad listing requirements is stated in note 10 to the interim financial statements.

13. Disclosure of derivatives

The Group did not enter into any derivatives during the period ended 31 December 2017 or the previous financial year ended 31 December 2016.

14. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2017 and 31 December 2016.

15. Breakdown of realised and unrealised profits or losses

The above disclosure in the format prescribed by Bursa Malaysia Securities Bhd is as follows:

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(21,776)	(15)
- Unrealised	-	-
	(21,776)	(15)
Less: Consolidation adjustments	-	-
Total Group accumulated losses as per consolidated accounts	(21,776)	(15)

(C) Authorisation for issue of interim financial statements

The Board of Directors of the Company had authorised this unaudited interim financial statements for issue on 27 February 2018.