

WMG HOLDINGS BHD.

201501041664(1166985-X)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

For The First Quarter Ended 31 March 2021

WMG HOLDINGS BHD.

201501041664 (1166985-X)

Interim financial statements for the first quarter ended 31 March 2021

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Condensed Consolidated Statement of Comprehensive Income

	Note	Individual Quarter		Financial Year-to-date	
		3 months ended		3 months ended	
		31/03/2021	31/03/2020	31/03/2021	31/03/2020
		RM'000	RM'000	RM'000	RM'000
Revenue	8	14,289	9,652	14,289	9,652
Cost of sales		(10,930)	(8,082)	(10,930)	(8,082)
Gross profit		3,359	1,570	3,359	1,570
Other income	9	732	440	732	440
Other expenses		(167)	(108)	(167)	(108)
Selling and marketing expenses		(39)	(80)	(39)	(80)
Finance costs		(2,444)	(2,338)	(2,444)	(2,338)
Administrative expenses		(3,261)	(4,192)	(3,261)	(4,192)
Loss from operations		(1,820)	(4,708)	(1,820)	(4,708)
Interest income		100	55	100	55
Loss before tax	10	(1,720)	(4,653)	(1,720)	(4,653)
Income tax expense	12	33	(142)	33	(142)
Loss for the period		(1,687)	(4,795)	(1,687)	(4,795)
Other comprehensive income, net of tax:		-	-	-	-
Total comprehensive loss for the period		(1,687)	(4,795)	(1,687)	(4,795)
Loss attributable to owners of the Company		(1,687)	(4,795)	(1,687)	(4,795)
Total comprehensive loss attributable to owners of the Company		(1,687)	(4,795)	(1,687)	(4,795)
Loss per share attributable to owners of the Company:	13	Sen	Sen	Sen	Sen
- Basic		(0.50)	(0.88)	(0.50)	(0.88)
- Diluted		(0.14)	(0.41)	(0.14)	(0.41)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

ASSETS	Note	AS AT 31/03/2021 RM'000	AS AT 31/12/2020 RM'000
Non-current Assets			
Property, plant and equipment		26,959	27,377
Investment properties	15	102,435	103,287
Other investment		32	32
Deferred tax assets		3,390	3,394
Inventory properties	14	147,974	147,427
		<u>280,790</u>	<u>281,517</u>
Current Assets			
Inventory properties	14	113,272	111,255
Trading inventories		284	461
Trade and other receivables		26,623	31,015
Prepayment		154	37
Contract assets		25,181	22,249
Income tax refundable		940	865
Investment securities		-	-
Cash and bank balances	18	12,062	12,456
		<u>178,516</u>	<u>178,338</u>
Total Assets		<u>459,306</u>	<u>459,855</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Loans and borrowings	17	156,549	144,124
Lease liabilities		524	394
Trade and other payables		22,883	27,347
Tax payable		23	17
		<u>179,979</u>	<u>171,882</u>
Net current assets/(liabilities)		<u>(1,463)</u>	<u>6,456</u>
Non-current Liabilities			
Loan and borrowings	17	95,666	102,358
Lease liabilities		397	602
Deferred tax liabilities		4,193	4,255
		<u>100,256</u>	<u>107,215</u>
Total Liabilities		<u>280,235</u>	<u>279,097</u>

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Condensed Consolidated Statement of Financial Position (cont'd)**EQUITY AND LIABILITIES (cont'd)**

	Note	AS AT 31/03/2021 RM'000	AS AT 31/12/2020 RM'000
Equity attributable to owners of the Company			
Share capital	16	231,343	231,343
Redeemable convertible preference shares	16	149,173	149,173
Irredeemable convertible preference shares	16	203,339	203,339
Merger deficit		(312,039)	(312,039)
Accumulated losses		(92,745)	(91,058)
Total Equity		<u>179,071</u>	<u>180,758</u>
Total Equity and Liabilities		<u>459,306</u>	<u>459,855</u>
Net assets per share attributable to owners of the Company (RM)		0.40	0.41

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

	Note	Share capital	RCPS	ICPS	Merger deficit	Accumulated losses	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 Jan 2021		231,343	149,173	203,339	(312,039)	(91,058)	180,758
Total comprehensive loss for the period		-	-	-	-	(1,687)	(1,687)
At 31 March 2021		<u>231,343</u>	<u>149,173</u>	<u>203,339</u>	<u>(312,039)</u>	<u>(92,745)</u>	<u>179,071</u>
At 1 Jan 2020		229,133	149,173	203,339	(312,039)	(84,911)	184,695
Total comprehensive loss for the period		-	-	-	-	(4,795)	(4,795)
At 31 March 2020		<u>229,133</u>	<u>149,173</u>	<u>203,339</u>	<u>(312,039)</u>	<u>(89,706)</u>	<u>179,900</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flows

	Note	3 months ended	
		31/03/2021 RM'000	31/03/2020 RM'0000
Cash flows from operating activities			
Loss before tax		(1,720)	(4,653)
Adjustments for:			
Depreciation		1,268	1,299
Finance costs		2,444	2,338
Investment income		-	(3)
Interest income		(100)	(55)
		<u>3,612</u>	<u>3,579</u>
Operating profit/(loss) before working capital changes		1,892	(1,074)
Increase in properties under development		(2,124)	(1,787)
Increase in land held for development		(547)	(671)
Decrease in inventories		283	516
Decrease/(increase) in receivables		4,275	(1,048)
(Increase)/decrease in contract assets		(2,931)	2,982
Decrease in payables		(4,464)	(6,997)
Cash flows used in operations		<u>(3,616)</u>	<u>(8,079)</u>
Interest paid		(281)	(148)
Interest received		83	46
Income tax paid		(93)	(59)
Net cash flows used in operating activities		<u>(3,907)</u>	<u>(8,240)</u>
Cash flows from investing activities			
Investment income from investment securities		-	3
Interest income received		17	9
Increase of deposits pledged		(9)	-
Purchase of investment securities		-	(11)
Purchase of property, plant and equipment		-	(9)
Net cash flows from/(used in) investing activities		<u>8</u>	<u>(8)</u>

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Condensed Consolidated Statement of Cash Flows (cont'd)

	Note	3 months ended	
		31/03/2021	31/03/2020
		RM'000	RM'000
Cash flows from financing activities			
Drawdown of bankers' acceptances		1,920	2,259
Drawdown of revolving credits		7,000	7,500
Drawdown of bridging loan		5,345	6,110
Drawdown of term loans		1,303	1,848
Repayment of bankers' acceptances		(1,207)	(3,301)
Repayment of bridging loan		(5,337)	(5,987)
Repayment of term loan		(2,076)	(2,805)
Repayment of revolving credits		(2,700)	(2,000)
Repayment of obligations under finance leases		(74)	(84)
Finance costs paid		(2,163)	(2,180)
Net cash flows from financing activities		<u>2,011</u>	<u>1,360</u>
Net decrease in cash and cash equivalents		(1,888)	(6,888)
Cash and cash equivalents at beginning of financial period		<u>6,185</u>	<u>5,254</u>
Cash and cash equivalents at end of financial period	18	<u>4,297</u>	<u>(1,634)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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(A) Notes to the interim financial statements**1) Basis of preparation**

WMG Holdings Bhd. is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

The unaudited condensed consolidated interim financial statements for the period ended 31 March 2021 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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020. 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 2020.

2) Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for year ended 31 December 2020.

3) Seasonality of operations

The Group's operations are not seasonal and cyclical in nature.

4) Unusual items

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

5) 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.

6) Changes in the composition of the Group

There were no changes in the composition of the Group during the interim period under review other than the dissolution of indirect wholly owned non-operating subsidiaries, Hartawan Ekuiti Sdn Bhd, on 29 January 2021 and Gerak Armada Sdn Bhd on 19 February 2021.

7) 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.

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8) Segment information*Business Segments*

	3 months ended 31 March 2021				
	Property	Building materials	Others	Adjustment/ Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	10,387	3,902	-	-	14,289
Inter-segment	-	-	-	-	-
Total	10,387	3,902	-	-	14,289
Results					
Depreciation	1,256	12	-	-	1,268
Interest income	19	81	-	-	100
Other non-cash expenses	-	-	-	-	-
Segment loss	(1,519)	(115)	(86)	-	(1,720)

9) Other income

Included in other income for the year are miscellaneous receipts of RM0.59 million pertaining to rental activities.

10) Loss before tax

Included in the loss before tax are the following items:

	Individual Quarter		Financial Year-to-date	
	3 months ended		3 months ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	100	55	100	55
(b) Other income including investment income	732	440	732	440
(c) Interest expenses	2,444	2,338	2,444	2,338
(d) Depreciation and amortization	1,268	1,299	1,268	1,299
(e) Provision for and write off of receivables	-	-	-	-
(f) Provision for and write off/down of inventories	-	-	-	-
(g) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)	-	-	-	-
(j) Gain or loss on derivatives	-	-	-	-

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11) Events after the reporting period

There were no material events subsequent to the end of the interim period.

12) Income tax expense

	Individual Quarter 3 months ended		Financial Year-to-date 3 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Current income tax	24	50	24	50
(Over)/under provision of income tax	-	-	-	-
Deferred tax	(57)	92	(57)	92
	<u>(33)</u>	<u>142</u>	<u>(33)</u>	<u>142</u>

The Group's income tax expense for the current period is mainly due to losses of certain subsidiaries which cannot be set off against taxable profits of other subsidiaries within the Group and deferred taxation.

13) Loss per share

	Individual Quarter 3 months ended		Financial Year-to-date 3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Loss net of tax attributable to owners of the Company (RM'000)	(1,687)	(4,795)	(1,687)	(4,795)
Less: cumulative dividend on RCPS	<u>(2,675)</u>	<u>(2,705)</u>	<u>(2,675)</u>	<u>(2,705)</u>
Loss net of tax attributable to owners of the Company used in the computation of basic loss per share (RM'000)	(4,362)	(7,500)	(4,362)	(7,500)
Add back: cumulative dividend on RCPS	<u>2,675</u>	<u>2,705</u>	<u>2,675</u>	<u>2,705</u>
Loss net of tax attributable to owners of the Company used in the computation of diluted loss per share (RM'000)	<u>(1,687)</u>	<u>(4,795)</u>	<u>(1,687)</u>	<u>(4,795)</u>
Weighted average number of ordinary shares for basic loss per share computation ('000)	867,149	848,731	867,149	848,731
Effect of dilution – RCPS ('000)	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>
Weighted average number of ordinary shares for diluted loss per share computation ('000)	<u>1,177,149</u>	<u>1,158,731</u>	<u>1,177,149</u>	<u>1,158,731</u>
Basic loss per share (sen)	<u>(0.50)</u>	<u>(0.88)</u>	<u>(0.50)</u>	<u>(0.88)</u>
Diluted loss per share (sen)	<u>(0.14)</u>	<u>(0.41)</u>	<u>(0.14)</u>	<u>(0.41)</u>

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14) Inventory properties

	As at 31.03.2021	As at 31.12.2020
	RM'000	RM'000
Non-current		
Land held for property development	147,974	147,427
Current		
Properties under development	67,579	65,456
Completed properties	45,693	45,799
	<u>113,272</u>	<u>111,255</u>
	<u>261,246</u>	<u>258,682</u>

(a) Land held for Development

	As at 31.03.2021	As at 31.12.2020
	RM'000	RM'000
At beginning of year	147,427	146,002
Additions	547	1,291
Transfer from properties under development	-	139
Disposal	-	(5)
At end of year	<u>147,974</u>	<u>147,427</u>

As at 31.03.2021, the Group has a total land bank of approximately 654 acres, comprising 445 acres in Sandakan and 209 acres in Kota Kinabalu.

(b) Properties under development

	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
Balance at cost	<u>67,579</u>	<u>65,456</u>
	Long-term	Development
	leasehold	expenditure
	RM'000	RM'000
Cumulative property development cost		Total
At 01.01.2021	8,673	56,783
Cost incurred during the period	-	7,704
Recognised in profit and loss	(405)	(5,176)
At 31.03.2021	<u>8,268</u>	<u>59,311</u>

As at 31.03.2021, the Group has two ongoing projects namely the residential projects, Sri Indah Condominium at RM41.36 million, with a percentage of completion of 72%, and Parklane 1 terrace houses at RM2.29 million, with percentage of completion of 64% totalling RM43.65 million and the projects to be launched amounted to RM23.93 million.

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15) Investment properties

Included is Mydin Hypermarket with a net carrying amount as at 31 March 2021 of RM70.15 million. (2020: RM71.08 million)

16) Share capital, RCPS and ICPS

The details of share capital, RCPS and ICPS of the Company are as follows:-

	No. of Ordinary Shares	Amount RM
Share capital As at 01.01.2021 and 31.03.2021	444,585,469	231,343,259
	No. of Preference Shares	Amount RM
Redeemable convertible preference shares (RCPS) As at 01.01.2021 and 31.03.2021	155,000,000	149,172,930
Irredeemable convertible preference shares (ICPS) As at 01.01.2021 and 31.03.2021	211,281,792	203,338,864

17) Loan and borrowings

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

	As at first quarter ended 31.03.2021			As at fourth quarter ended 31.12.2020		
	Long Term	Short Term	Total borrowings	Long Term	Short Term	Total borrowings
Secured	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bankers' acceptances (BA)	-	1,731	1,731	-	1,018	1,018
Revolving credits (RC)	-	126,100	126,100	-	121,800	121,800
Overdraft (OD)	-	6,285	6,285	-	4,800	4,800
Bridging loan (BL)	*15,592	*13,650	29,242	*20,075	*9,159	29,234
Term loans (TL)	80,074	8,783	88,857	82,283	7,347	89,630
	95,666	156,549	252,215	102,358	144,124	246,482

* The amounts payable have taken into account the moratorium extension of loan repayment granted by a bank.

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

There are no borrowings denominated in foreign currency.

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18) Cash and Cash Equivalents

	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
Fixed deposits	1,480	1,471
Cash on hand and at banks	10,582	10,985
Cash and bank balances	12,062	12,456
Less: deposits pledged for banking facilities	(1,480)	(1,471)
Less: bank overdrafts	(6,285)	(4,800)
	<u>4,297</u>	<u>6,185</u>

19) Contingencies

There were no changes in contingent liabilities since the last balance sheet date, 31 December 2020 to 21 May 2021, the latest practicable date which is not earlier than 7 days from the issue of this interim financial statements.

20) Dividends

For the period ended 31 March 2021, the Directors do not recommend payment of dividend. (2020:Nil).

The total dividend for the current financial period is Nil (2020: Nil).

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(B) Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements**1. Performance review**

The Group's performance is as tabulated below:

	Individual Quarter				Financial Year to date			
	3 months ended				3 months ended			
	31.03.2021	31.03.2020	Changes		31.03.2021	31.03.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	14,289	9,652	4,637	48	14,289	9,652	4,637	48
Gross profit	3,359	1,570	1,789	114	3,359	1,570	1,789	114
Profit/(Loss)Before Interest and Tax	724	(2,315)	3,039	(131)	724	(2,315)	3,039	(131)
Loss Before Tax	(1,720)	(4,653)	2,933	(63)	(1,720)	(4,653)	2,933	(63)
Profit/(Loss) After Tax	(1,687)	(4,795)	3,108	(65)	(1,687)	(4,795)	3,108	(65)
Profit/(Loss) attributable to ordinary equity holders of the Company	(1,687)	(4,795)	3,108	(65)	(1,687)	(4,795)	3,108	(65)

For the current quarter and period ended 31 March 2021, the Group recorded revenue of RM14.29 million and loss after tax of RM1.69 million as compared to the corresponding quarter and period's revenue of RM9.65 million and loss after tax of RM4.80 million.

The lower loss for the quarter and period under review of RM1.69 million as compared to previous corresponding quarter and period of RM4.80 million is mainly due to higher contribution from property segment and lower administrative expenses.

The Group generated a total revenue of RM14.29 million for the current quarter and period under review. RM10.39 million (73%) was from property segment and RM3.90 million (27%) was from building materials segment.

Sales of properties were at RM8.63 million, property management at RM0.02, property letting at RM1.74 million for the current quarter and period under review.

Sales of building materials to contractors engaged by the Group for its property development projects amounted to RM2.03 million, representing 52% of the total sales of building materials of RM3.90 million for the current quarter and period under review.

The Group recorded a gross profit of RM3.35 million for the period under review. After taking into account interest income and other income totalling RM0.83 million and deducting expenses of RM5.91 million (which include finance cost of RM2.44 million, other expenses of RM0.17 million, administrative expenses of RM3.26 million), the Group incurred a loss after tax of RM1.69 million.

Administrative expenses of RM3.26 million comprised mainly fixed and semi-fixed costs namely staff costs, directors' remuneration, overheads and office expenses (which include depreciation RM0.42 million) of approximately RM1.29 million, RM1.18 million and RM0.79 million respectively.

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2. Current quarter compared with immediate preceding quarter

The Group recorded a loss after tax of RM1.69 million for the current quarter under review compared to profit after tax of RM1.21 million for the immediate preceding quarter as follows:-

	Current quarter	Immediate preceding quarter	Changes	
	31.03.2021	31.12.2020	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	14,289	23,195	(8,906)	(38)
Gross profit	3,359	8,297	(4,938)	(60)
Profit/(Loss) Before Interest and Tax	724	4,446	(3,722)	(84)
Loss Before Tax	(1,720)	193	(1,913)	(991)
Profit/(Loss) After Tax	(1,687)	1,205	(2,892)	(240)
Profit/(Loss) attributable to ordinary equity holders of the Company	(1,687)	1,205	(2,892)	(240)

Revenue for the current quarter is lower than the immediate preceding quarter by RM8.91 million or 38% and the Group recorded a loss after tax of RM1.69 million for the current quarter under review mainly due to lower contributions from property segment.

For the current quarter under review, revenue from the property segment and building material segment amounted to RM10.39 million and RM3.90 million respectively as compared to preceding quarter of RM20.73 million and RM2.46 million respectively.

3. Commentary on Prospects

As at 31 March 2021, the Group has unbilled sales of approximately RM37.64 million and the gross development value of unsold units of its ongoing projects amounted to approximately RM77.07 million.

For the current financial year, the Board is cautiously optimistic the Group's operating environment would improve premised on a successful vaccination programme and better property market sentiments to enable the Group to boost its sales of properties and to launch affordable and medium cost development projects in the pipeline.

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 21 May 2021, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial statements other than the proposed voluntary liquidation/de-registration of non-operating subsidiary, Marimba Sdn Bhd.

7. Group borrowings and debt securities

This is stated in note 17 to the interim financial statements.

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8. Changes in material litigation

The Group did not have any material litigation as at 21 May 2021, 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 20 to the interim financial statements.

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 2020 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 March 2021 or the previous financial year ended 31 December 2020.

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 March 2021 and 31 December 2020.

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 31.03.2021 RM'000	As at 31.12.2020 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(92,745)	(91,058)
- Unrealised	-	-
	(92,745)	(91,058)
Less: Consolidation adjustments	-	-
Total Group accumulated losses as per consolidated accounts	(92,745)	(91,058)

(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 28 May 2021.