

WMG HOLDINGS BHD.

201501041664(1166985-X)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

For The Fourth Quarter Ended 31 December 2022

WMG HOLDINGS BHD.

201501041664 (1166985-X)

Interim financial statements for the fourth quarter ended 31 December 2022

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Condensed Consolidated Statement of Comprehensive Income

	Note	Individual Quarter		Financial Year-to-date	
		3 months ended		12 months ended	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		RM'000	RM'000	RM'000	RM'000
Revenue	8	33,831	18,179	77,057	61,273
Cost of sales		(25,822)	(15,111)	(53,207)	(46,979)
Gross profit		8,009	3,068	23,850	14,294
Other income	9	963	1,089	4,038	3,566
Other expenses		91	(1,044)	(1,382)	(1,777)
Selling and marketing expenses		(1,662)	(190)	(2,787)	(830)
Finance costs		(3,080)	(2,866)	(12,045)	(10,959)
Administrative expenses		(3,495)	(4,086)	(13,168)	(13,734)
Profit/(loss) from operations		826	(4,029)	(1,494)	(9,440)
Interest income		81	41	276	304
Profit/(loss) before tax	10	907	(3,988)	(1,218)	(9,136)
Income tax expense	12	(27)	1,509	(2,026)	1,164
Profit/(loss) for the period		880	(2,479)	(3,244)	(7,972)
Other comprehensive income, net of tax:		-	-	-	-
Total comprehensive income/(loss) for the period		880	(2,479)	(3,244)	(7,972)
Income/(loss) attributable to owners of the Company		880	(2,479)	(3,244)	(7,972)
Total comprehensive income/(loss) attributable to owners of the Company		880	(2,479)	(3,244)	(7,972)
Earnings/(loss) per share attributable to owners of the Company:	13	Sen	Sen	Sen	Sen
- Basic		(0.21)	(0.60)	(1.63)	(2.17)
- Diluted		0.07	(0.21)	(0.28)	(0.68)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 31/12/2022 RM'000	AS AT 31/12/2021 RM'000
Non-current Assets			
Property, plant and equipment		24,144	25,650
Investment properties	15	96,480	99,884
Other investment		-	31
Deferred tax assets		3,723	4,426
Inventory properties	14	150,226	148,757
		<u>274,573</u>	<u>278,748</u>
Current Assets			
Inventory properties	14	89,734	105,776
Trading inventories		225	324
Trade and other receivables		39,065	27,791
Prepayment		744	132
Contract assets		5,348	17,492
Income tax refundable		615	724
Cash and bank balances	18	21,923	16,840
		<u>157,654</u>	<u>169,079</u>
Total Assets		<u>432,227</u>	<u>447,827</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Loans and borrowings	17	153,829	149,018
Lease liabilities		297	343
Trade and other payables		31,018	23,688
Tax payable		342	6
		<u>185,486</u>	<u>173,055</u>
Net current liabilities		<u>(27,832)</u>	<u>(3,976)</u>
Non-current Liabilities			
Loan and borrowings	17	72,367	97,673
Lease liabilities		71	306
Deferred tax liabilities		4,761	4,007
		<u>77,199</u>	<u>101,986</u>
Total Liabilities		<u>262,685</u>	<u>275,041</u>
Net Assets		<u>169,542</u>	<u>172,789</u>

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

		AS AT 31/12/2022 RM'000	AS AT 31/12/2021 RM'000
	Note		
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		(102,274)	(99,030)
Total Equity		<u>169,542</u>	<u>172,786</u>
Total Equity and Liabilities		<u>432,227</u>	<u>447,827</u>
Net assets per share attributable to owners of the Company (RM)		0.38	0.39

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022		231,343	149,173	203,339	(312,039)	(99,030)	172,786
Total comprehensive loss for the period		-	-	-	-	(3,244)	(3,244)
At 31 December 2022		<u>231,343</u>	<u>149,173</u>	<u>203,339</u>	<u>(312,039)</u>	<u>(102,274)</u>	<u>169,542</u>
At 1 Jan 2021		231,343	149,173	203,339	(312,039)	(91,058)	180,758
Total comprehensive loss for the period		-	-	-	-	(7,972)	(7,972)
At 31 December 2021		<u>231,343</u>	<u>149,173</u>	<u>203,339</u>	<u>(312,039)</u>	<u>(99,030)</u>	<u>172,786</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flows

	12 months ended	
	31/12/2022	31/12/2021
Note	RM'000	RM'0000
Cash flows from operating activities		
Loss before tax	(1,218)	(9,137)
Adjustments for:		
Depreciation	5,065	5,232
Finance costs	12,045	10,959
Fair value loss on other investment	-	1
Interest income	(276)	(303)
Impairment losses on receivables	-	287
Inventories written down	1	27
Inventories written off	60	10
Gain on disposal of plant and equipment	-	(12)
Reversal of inventories written down	-	(57)
Rent concession	-	(20)
	<u>16,895</u>	<u>16,124</u>
Operating profit before working capital changes	15,677	6,987
Decrease in inventory properties	14,572	4,149
Decrease in trading inventories	37	157
(Increase)/decrease in receivables	(11,876)	2,843
Decrease in contract assets	12,144	4,757
Increase/(decrease) in payables	7,331	(3,660)
Cash flows from operations	<u>37,885</u>	<u>15,233</u>
Interest paid	(925)	(368)
Interest received	193	271
Income tax refunded	28	363
Income tax paid	(153)	(348)
Net cash flows from operating activities	<u>37,028</u>	<u>15,151</u>
Cash flows from investing activities		
Addition to investment properties	-	(3)
Interest income received	83	33
Increase of deposits pledged	(20)	(20)
Proceeds from disposal of other investment	31	12
Purchase of plant and equipment	(153)	(20)
Net cash flows (used in)/from investing activities	<u>(59)</u>	<u>2</u>

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Condensed Consolidated Statement of Cash Flows (cont'd)

		12 months ended	
	Note	31/12/2022	31/12/2021
		RM'000	RM'0000
Cash flows from financing activities			
Drawdown of bankers' acceptances		128	4,522
Drawdown of revolving credits		5,700	17,500
Drawdown of bridging loan		12,739	9,745
Drawdown of term loans		8,988	3,090
Repayment of bankers' acceptances		(713)	(4,955)
Repayment of bridging loan		(17,056)	(19,274)
Repayment of term loan		(13,981)	(7,479)
Repayment of revolving credits		(12,600)	(4,000)
Payment of principal portion of lease liabilities		(281)	(408)
Finance costs paid		<u>(11,120)</u>	<u>(10,536)</u>
Net cash flows used in financing activities		<u>(28,196)</u>	<u>(11,795)</u>
Net increase in cash and cash equivalents		8,773	3,358
Cash and cash equivalents at beginning of financial year		<u>9,544</u>	<u>6,185</u>
Cash and cash equivalents at end of financial year	18	<u>18,317</u>	<u>9,543</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 year ended 31 December 2022 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 2021. 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 2021.

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 2021.

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.

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*

	12 months ended 31 December 2022				
	Property	Building materials	Others	Adjustment/ Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	70,434	6,689	-	(66)	77,057
Inter-segment	-	-	-	-	-
Total	70,434	6,689	-	(66)	77,057
Results					
Depreciation	5,018	47	-	-	5,065
Interest income	115	161	-	-	276
Other non-cash expenses	-	-	-	-	-
Segment loss	(519)	(90)	(609)	-	(1,218)

9) Other income

Included in other income for the year are miscellaneous receipts of RM3.50 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		12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	81	41	276	304
(b) Other income including investment income	963	1,089	4,038	3,566
(c) Interest expenses	3,080	2,866	12,045	10,959
(d) Depreciation and amortization	1,270	1,426	5,065	5,232
(e) Provision for and write off of receivables	-	287	-	287
(f) Provision for and write off/down of inventories	61	-	61	-
(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		Financial Year-to-date	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax	(213)	(2)	570	115
Deferred tax	240	(1,507)	1,456	(1,279)
	<u>27</u>	<u>(1,509)</u>	<u>2,026</u>	<u>(1,164)</u>

The Group's income tax expense for the current quarter and year 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) Earnings/(Loss) per share

	Individual Quarter		Financial Year-to-date	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Earnings/(loss) net of tax attributable to owners of the Company (RM'000)	880	(2,479)	(3,244)	(7,972)
Less: cumulative dividend on RCPS	(2,735)	(2,735)	(10,850)	(10,850)
Earnings/(Loss) net of tax attributable to owners of the Company used in the computation of basic earnings/(loss) per share (RM'000)	(1,855)	(5,214)	(14,094)	(18,822)
Add back: cumulative dividend on RCPS	2,735	2,735	10,820	10,850
Earnings/(loss) net of tax attributable to owners of the Company used in the computation of diluted earnings/(loss) per share (RM'000)	880	(2,479)	(3,244)	(7,972)
Weighted average number of ordinary shares for basic earnings/(loss) per share computation ('000)	867,149	867,149	867,149	867,149
Effect of dilution – RCPS ('000)	310,000	310,000	310,000	310,000
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation ('000)	1,177,149	1,177,149	1,177,149	1,177,149
Basic earnings/(loss) per share (sen)	(0.21)	(0.60)	(1.63)	(2.17)
Diluted earnings/(loss) per share (sen)	0.07	(0.21)	(0.28)	(0.68)

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14) Inventory properties

	As at 31.12.2022	As at 31.12.2021
	RM'000	RM'000
Non-current		
Land held for property development	150,226	148,757
Current		
Properties under development	27,892	62,691
Completed properties	61,842	43,085
	<u>89,734</u>	<u>105,776</u>
	<u>239,960</u>	<u>254,533</u>

(a) Land held for Development

	As at 31.12.2022	As at 31.12.2021
	RM'000	RM'000
At beginning of period	148,757	147,427
Additions	1,469	1,330
At end of period	<u>150,226</u>	<u>148,757</u>

As at 31.12.2022, the Group has a total land bank of approximately 633 acres, comprising 447 acres in Sandakan and 186 acres in Kota Kinabalu.

(b) Properties under development

	As at	As at	
	31.12.2022	31.12.2021	
	RM'000	RM'000	
Balance at cost	27,892	62,691	
	Long-term	Development	Total
	leasehold	expenditure	RM'000
	RM'000	RM'000	RM'000
Cumulative property development cost			
At 01.01.2022	7,395	55,296	62,691
Cost incurred during the period	-	19,536	19,536
Recognised in profit and loss	(1,041)	(11,069)	(12,110)
Unsold completed units transfer to inventories	(600)	(42,848)	(43,448)
Sales cancelled during the period	19	1,204	1,223
At 31.12.2022	<u>5,773</u>	<u>22,119</u>	<u>27,892</u>

As at 31.12.2022, these represent the ongoing residential project, Parklane 2 terrace house of RM27.46 million with percentage of completion of 19% and projects to be launched of RM0.43 million.

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15) Investment properties

Included is Mydin Hypermarket with a net carrying amount as at 31 December 2022 of RM65.25 million. (2021: RM68.05 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 01.01.2022 and 31.12.2022	444,585,469	231,343,259
	No. of Preference Shares	Amount RM
Redeemable convertible preference shares (RCPS) As at 01.01.2022 and 31.12.2022	155,000,000	149,172,930
Irredeemable convertible preference shares (ICPS) As at 01.01.2022 and 31.12.2022	211,281,792	203,338,864

17) Loan and borrowings

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

	As at fourth quarter ended 31.12.2022			As at fourth quarter ended 31.12.2021		
	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)	-	-	-	-	585	585
Revolving credits (RC)	-	128,410	128,410	-	135,300	135,300
Overdraft (OD)	-	2,096	2,096	-	5,806	5,806
Bridging loan (BL)	-	15,363	15,363	19,620	59	19,679
Term loans (TL)	72,367	7,960	80,327	78,053	7,268	85,321
	72,367	153,829	226,196	97,673	149,018	246,691

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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Fixed deposits	1,510	1,491
Cash on hand and at banks	20,413	15,349
Cash and bank balances	21,923	16,840
Less: deposits pledged for banking facilities	(1,510)	(1,491)
Less: bank overdrafts	(2,096)	(5,806)
	<u>18,317</u>	<u>9,543</u>

19) Contingencies

There were no changes in contingent liabilities since the last balance sheet date, 31 December 2022 to 20 February 2023, 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 December 2022, the Directors do not recommend payment of dividend. (2021:Nil).

The total dividend for the current financial year is Nil (2021: 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				12 months ended			
	31.12.2022	31.12.2021	Changes		31.12.2022	31.12.2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	33,831	18,179	15,652	86	77,057	61,273	15,784	26
Gross profit	8,009	3,068	4,941	161	23,850	14,294	9,556	67
Profit/(loss) before interest and tax	3,987	(1,122)	5,109	455	10,827	1,823	9,004	494
Profit/(loss) before tax	907	(3,988)	4,895	123	(1,218)	(9,136)	7,918	87
Profit/(loss) after tax	880	(2,479)	3,359	135	(3,244)	(7,972)	4,728	59
Profit/(loss) attributable to ordinary equity holders of the Company	880	(2,479)	3,359	135	(3,244)	(7,972)	4,728	59

For the current quarter ended 31 December 2022, the Group recorded revenue of RM33.83 million and profit after tax of RM0.88 million as compared to the corresponding quarter's revenue of RM18.18 million and loss after tax of RM2.48 million.

For the current year ended 31 December 2022, the Group recorded revenue of RM77.06 million and loss after tax of RM3.24 million as compared to the corresponding year's revenue of RM61.27 million and loss after tax of RM7.97 million.

The better performance for the current quarter and year under review as compared to the previous corresponding quarter and year was mainly due to higher sales of properties.

The Group generated a total revenue of RM33.83 million and RM77.06 million for the current quarter and period under review. RM31.35 million (93%) and RM70.43 million (91%) were from property segment and RM2.48 million (7%) and RM6.63 million (9%) were from building materials segment respectively.

Sales of properties were at RM28.68 million and RM62.17 million, property management at RM0.02 million and RM0.10 million, property letting at RM2.65 million and RM8.16 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 RM2.34 million and RM5.92 million representing 94% and 89% of the total sales of building materials of RM2.48 million and RM6.63 million for the current quarter and period under review.

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The Group recorded a gross profit of RM23.85 million for the year under review. After taking into account interest income and other income totalling RM4.31 million and deducting expenses of RM29.38 million (which include finance cost of RM12.05 million, other expenses of RM1.38 million, administrative expenses of RM13.17 million and income tax expense of RM2.09 million), the Group incurred a loss after tax of RM3.24 million.

Administrative expenses of RM13.17 million comprised mainly fixed and semi-fixed costs namely staff costs, directors' remuneration, overheads and office expenses (which include depreciation RM0.85 million) of approximately RM4.23 million, RM4.82 million and RM4.12 million respectively.

2. Current quarter compared with immediate preceding quarter

The Group recorded a profit after tax of RM0.88 million for the current quarter under review compared to profit after tax of RM0.79 million for the immediate preceding quarter as follows:-

	Current quarter	Immediate preceding quarter	Changes	
	31.12.2022	30.09.2022		
	RM'000	RM'000	RM'000	%
Revenue	33,831	23,039	10,792	47
Gross profit	8,009	9,123	(1,114)	12
Profit before interest and tax	3,987	5,161	(1,174)	23
Profit before tax	907	2,165	(1,258)	58
Profit after tax	880	792	88	11
Profit attributable to ordinary equity holders of the Company	880	792	88	11

Revenue for the current quarter is higher than the immediate preceding quarter by RM10.79 million or 47% mainly due to higher sales of properties while profit after tax only increased by RM0.09 million or 11% for the current quarter as compared to immediate preceding quarter mainly due to higher selling and marketing expenses.

For the current quarter under review, revenue from the property segment and building materials segment amounted to RM31.35 million and RM2.48 million respectively as compared to preceding quarter of RM20.95 million and RM2.09 million respectively.

3. Commentary on Prospects

As at 31 December 2022, the Group has unbilled sales of approximately RM45.73 million and the gross development value of unsold units of its ongoing project amounted to approximately RM69.49 million.

The Directors are cautiously optimistic the Group's financial performance would improve in the coming financial year 2023 based on the measures being undertaken by the Group to sell its inventory properties.

To strengthen its financial position going forward, the Group will continue to explore to monetize certain of its investment properties and /or land bank not identified for development in the near term.

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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 20 February 2023, 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 and the proposed disposals of lands as announced on 11 November 2022.

7. Group borrowings and debt securities

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

8. Changes in material litigation

The Group did not have any material litigation as at 20 February 2023, 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 2021 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 year ended 31 December 2022 or the previous financial year ended 31 December 2021.

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 2022 and 31 December 2021.

WMG HOLDINGS BHD.

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Interim financial statements for the fourth quarter ended 31 December 2022

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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(102,274)	(99,030)
- Unrealised	-	-
	(102,274)	(99,030)
Less: Consolidation adjustments	-	-
Total Group accumulated losses as per consolidated accounts	(102,274)	(99,030)

(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 24 February 2023.