

WAJA KONSORTIUM BERHAD

(formerly known as ConnectCounty Holdings Berhad)

**INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 JUNE 2021**

WAJA KONSORTIUM BERHAD
(formerly known as ConnectCounty Holdings Berhad)
Company no. 200301016513 (618933-D)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2021**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 JUNE 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2020 RM'000	CURRENT YEAR TO-DATE 30 JUNE 2021 RM'000	PRECEDING YEAR CORRESPONDING YEAR 30 JUNE 2020 RM'000
Continuing operations					
Revenue	B1	21,514	9,146	40,868	19,381
Cost of sales		(18,989)	(7,384)	(35,788)	(15,013)
Gross profit		2,525	1,762	5,080	4,368
Other income		832	356	2,139	795
Administration expense		(2,739)	(2,015)	(5,108)	(4,257)
Distribution and selling expenses		(730)	(709)	(1,466)	(1,547)
Other expenses		(466)	73	(1,402)	73
Loss from operations		(578)	(533)	(757)	(568)
Finance costs, net		(121)	(102)	(184)	(177)
Loss before tax	B1	(699)	(635)	(941)	(745)
Income tax expense	B5	(231)	(67)	(313)	(223)
Loss from continuing operations		(930)	(702)	(1,254)	(968)
Discontinued operations					
Profit/(Loss) from discontinued operations, net of tax	B9	64	(307)	(244)	(1,097)
Loss for the period		(866)	(1,009)	(1,498)	(2,065)
Other comprehensive expenses					
Foreign currency translation differences for foreign operation		93	(144)	1,021	644
Total comprehensive expenses for the year		(773)	(1,153)	(477)	(1,421)
Profit/(Loss) attributable to:					
Owners of the Company					
from continuing operations		(1,157)	(701)	(1,470)	(966)
from discontinued operations		64	(307)	(244)	(1,097)
		(1,093)	(1,008)	(1,714)	(2,063)
Non-controlling interests		227	(1)	216	(2)
		(866)	(1,009)	(1,498)	(2,065)
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company					
from continuing operations		(1,064)	(320)	(449)	(322)
from discontinued operations		64	(832)	(244)	(1,097)
		(1,000)	(1,152)	(693)	(1,419)
Non-controlling interests		227	(1)	216	(2)
		(773)	(1,153)	(477)	(1,421)
Profit/(Loss) per ordinary share attributable to Owners of the Company					
Basic profit/(loss) per ordinary share (sen)					
from continuing operations	B10 (i)	(0.14)	(0.18)	(0.19)	(0.27)
from discontinued operations	B10 (i)	0.01	(0.08)	(0.03)	(0.31)
		(0.13)	(0.26)	(0.22)	(0.58)
Diluted profit/(loss) per ordinary share (sen)					
from continuing operations	B10 (ii)	(0.14)	(0.18)	(0.19)	(0.27)
from discontinued operations	B10 (ii)	0.01	(0.08)	(0.03)	(0.31)
		(0.13)	(0.26)	(0.22)	(0.58)

(The unaudited 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 this interim financial statements.)

WAJA KONSORTIUM BERHAD
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**INTERIM FINANCIAL STATEMENTS FOR THE
 SECOND QUARTER ENDED 30 JUNE 2021**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 JUNE 2021 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2020 (AUDITED) RM'000
Note		
ASSETS		
Non-current assets		
Plant and equipment	5,171	1,159
Right-of-use assets	3,230	3,984
Deferred tax assets	112	403
	<u>8,513</u>	<u>5,546</u>
Current assets		
Inventories	4,902	5,576
Contract assets	3,487	-
Trade receivables	20,326	4,535
Other receivables	16,801	8,727
Short term investment	8,091	5,029
Deposits, cash and bank balances	14,299	15,955
	<u>67,906</u>	<u>39,822</u>
Assets classified as held for sale	B9 -	20,566
Total current assets	<u>67,906</u>	<u>60,388</u>
TOTAL ASSETS	<u>76,419</u>	<u>65,934</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	88,599	63,201
Irredeemable convertible preference shares ("ICPS")	-	3,896
Reserve of disposal group held for sale	-	(1,072)
Warrants reserve	125	1,971
Fair value reserve	(1,080)	(1,080)
Foreign currency translation reserve	1,368	1,419
Accumulated losses	B11 (27,525)	(23,787)
Equity attributable to owners of the Company	<u>61,487</u>	<u>44,548</u>
Non-controlling interests	570	(2,037)
TOTAL EQUITY	<u>62,057</u>	<u>42,511</u>
Non-current liabilities		
Term loan	-	99
Lease liabilities	1,381	2,277
Irredeemable convertible preference shares ("ICPS")	-	1,228
	<u>1,381</u>	<u>3,604</u>
Current liabilities		
Term loan	-	483
Lease liabilities	1,873	1,753
Trade payables	7,943	2,918
Other payables	3,025	4,314
Tax payable	140	8
	<u>12,981</u>	<u>9,476</u>
Liabilities classified as held for sale	B9 -	10,343
Total current liabilities	<u>12,981</u>	<u>19,819</u>
TOTAL LIABILITIES	<u>14,362</u>	<u>23,423</u>
TOTAL EQUITY AND LIABILITIES	<u>76,419</u>	<u>65,934</u>
Net assets per share (RM)	<u>0.07</u>	<u>0.07</u>

(The unaudited 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 this interim financial statements.)

WAJA KONSORTIUM BERHAD
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**INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2021**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the Company						Accumulated Losses RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	ICPS - Equity Component RM'000	Warrants Reserve RM'000	Fair Value Reserve RM'000	Foreign Exchange Reserve RM'000	Reserve of disposal group held for sale RM'000				
At 1 January 2020	32,930	10,387	2,034	(1,080)	749	-	(20,073)	24,947	(2,034)	22,913
Loss for the financial year	-	-	-	-	-	-	(2,063)	(2,063)	(2)	(2,065)
Other comprehensive income:										
Foreign currency translation differences for foreign operations	-	-	-	-	644	-	-	644	-	644
Total other comprehensive income	-	-	-	-	644	-	-	644	-	644
Total comprehensive income/(expenses)	-	-	-	-	644	-	(2,063)	(1,419)	(2)	(1,421)
Transactions with Owners of the Company										
Issurance of ordinary shares pursuant to:										
- conversion of ICPS	9,375	(2,343)	-	-	-	-	-	7,032	-	7,032
- exercise of Warrant-A	165	-	-	-	-	-	-	165	-	165
- exercise of Warrant-B	65	-	(45)	-	-	-	45	65	-	65
- private placement	2,822	-	-	-	-	-	-	2,822	-	2,822
Reclassification from ICPS liability component	-	94	-	-	-	-	-	94	-	94
Total transaction with Owners of the Company	12,427	(2,249)	(45)	-	-	-	45	10,178	-	10,178
At 30 June 2020	45,357	8,138	1,989	(1,080)	1,393	-	(22,091)	33,706	(2,036)	31,670
At 1 January 2021	63,201	3,896	1,971	(1,080)	1,419	(1,072)	(23,787)	44,548	(2,037)	42,511
Loss for the financial year	-	-	-	-	-	-	(1,714)	(1,714)	216	(1,498)
Other comprehensive income:										
Foreign currency translation differences for foreign operations	-	-	-	-	(51)	1,072	-	1,021	-	1,021
Total other comprehensive (expenses)/income	-	-	-	-	(51)	1,072	-	1,021	-	1,021
Total comprehensive (expenses)/income	-	-	-	-	(51)	1,072	(1,714)	(693)	216	(477)
Transactions with Owners of the Company										
Issurance of ordinary shares pursuant to:										
- conversion of ICPS	19,662	(4,973)	-	-	-	-	-	14,689	-	14,689
- exercise of Warrants-A	1,253	-	-	-	-	-	-	1,253	-	1,253
- exercise of Warrants-B	4,483	-	(1,846)	-	-	-	-	2,637	-	2,637
Arising from dilution of equity interest in subsidiary company	-	-	-	-	-	-	(2,024)	(2,024)	2,391	367
Effects on deferred tax asset on conversion of ICPS	-	(295)	-	-	-	-	-	(295)	-	(295)
Reclassification from ICPS liability component	-	1,372	-	-	-	-	-	1,372	-	1,372
Total transaction with Owners of the Company	25,398	(3,896)	(1,846)	-	-	-	(2,024)	17,632	2,391	20,023
At 30 June 2021	88,599	-	125	(1,080)	1,368	-	(27,525)	61,487	570	62,057

(The unaudited condensed consolidated statements 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 this interim financial statements.)

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**INTERIM FINANCIAL STATEMENTS FOR THE
 SECOND QUARTER ENDED 30 JUNE 2021**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR-TO-DATE 30 JUNE 2021 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 JUNE 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		
- continuing operations	(941)	(745)
- discontinued operations	(244)	(1,097)
	(1,185)	(1,842)
<i>Adjustments for:</i>		
Depreciation of plant and equipment	339	369
Depreciation of right-of-use assets	1,018	1,824
Gain on extinguishment of debt	(593)	-
Gain on derecognition of subsidiary	(686)	-
Interest income	(65)	(18)
Addition of loss allowance on trade receivables	-	70
Addition of loss allowance on other receivables	702	-
Development cost written off	560	-
Loss/(gain) on foreign exchange - unrealised	122	(73)
Lease interest	84	195
Remeasurement of imputed interest expenses	83	29
	379	554
Operating profit before working capital changes	379	554
Inventories	4,716	(367)
Receivables	(13,651)	410
Payables	(6,376)	132
	(14,932)	729
Cash (used in)/generated from operations	(14,932)	729
Interest paid	(84)	(195)
Tax paid	131	(14)
	(14,885)	520
Net cash (used in)/generated from operating activities	(14,885)	520
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	65	18
Purchase of plant and equipment	(4,208)	(196)
	(4,143)	(178)
Net cash used in investing activities	(4,143)	(178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	19,663	9,375
Proceeds from issue of shares upon exercise of warrants	3,890	230
Proceeds from issuance of ordinary shares pursuant to private placement	-	2,822
Conversion of ICPS expenses	(4,973)	(2,344)
Private placement expenses	-	(479)
Repayment of lease liabilities	(837)	(1,795)
	17,743	7,809
Net cash generated from financing activities	17,743	7,809
Net (decrease)/increase in cash and cash equivalents	(1,285)	8,151
Effects of exchange rate changes	304	383
Cash and cash equivalents at beginning of financial year	23,371	10,103
Cash and cash equivalents at end of financial year	22,390	18,637
Cash and cash equivalents comprise the followings		
Short term investment	8,091	3,533
Cash on hand and at banks	14,248	15,054
Deposits with licensed bank	51	50
	22,390	18,637

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 2021**

**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING
STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING**

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

A2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the year ended 31 December 2020.

The Group has adopted the new and revised Malaysian Financial Reporting Standards (“**MFRSs**”) and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Group.

A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the respective financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group is such that some of its products, particularly those relating to digital equipment are subjected to seasonal variations. Demand for these products tends to increase in the second half of the year. However, it is pertinent to note that the demand of the Group’s products is also dependent on the actual overall global economic environment; and the turnaround time of product delivery. Further explanation notes are disclosed in Note B1.

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current financial period under review, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence, except those disclosed in Note A14.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have had effect on the current financial year under review.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 2021**

**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING
STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)**

**A7 ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT
AND EQUITY SECURITIES**

During the financial period under review, the number of issued shares capital of the Company was increased from 636,163,245 to 873,809,578 by way of allotment and issuance of:

- 196,628,601 new ordinary shares arising from conversion of irredeemable convertible preference shares (“ICPS”) by surrendering 198,927,890 number of ICPS;
- 14,648,600 new ordinary shares arising from the exercise of Warrants 2011/2021 (“Warrants-A”); and
- 26,369,132 new ordinary shares arising from the exercise of Warrants 2016/2021 (“Warrants-B”).

A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current financial period under review. The valuation of property, plant and equipment has been brought forward, without amendment from the previous audited financial statements.

A9 DIVIDENDS

There was no dividend declared or paid during the current financial period under review.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

Save as disclosed in Notes A14 and B6, there were no other material events subsequent to the current financial year ended 31 December 2020 up to the date of this report.

A11 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There was no contingent liabilities and contingent assets since the last audited financial report and up to the date of this report.

A12 CAPITAL COMMITMENTS

There were no capital commitments as at the current financial period under review.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A13 SEGMENTAL INFORMATION

	Malaysia RM’000	China - discontinued RM’000	Singapore RM’000	USA RM’000	Total RM’000	Elimination RM’000	Consolidated RM’000
30 JUNE 2021							
REVENUE							
External sales:							
- Interconnect	-	2,421	1,073	17,402	20,896	(591)	20,305
- General construction	22,393	-	-	-	22,393	-	22,393
	<u>22,393</u>	<u>2,421</u>	<u>1,073</u>	<u>17,402</u>	<u>43,289</u>	<u>(591)</u>	<u>42,698</u>
RESULTS							
Operating (loss)/profit	(1,183)	(234)	10,436	1,208	10,227	(11,225)	(998)
Finance cost, net	(102)	(3)	(7)	(75)	(187)	-	(187)
(Loss)/Profit before tax	(1,285)	(237)	10,429	1,133	10,040	(11,225)	(1,185)
Taxation	(201)	-	-	(112)	(313)	-	(313)
(Loss)/Profit after tax	(1,486)	(237)	10,429	1,021	9,727	(11,225)	(1,498)
Minority interest	(217)	-	-	-	(217)	1	(216)
Net (loss)/profit attributable to owners of the Company	<u>(1,703)</u>	<u>(237)</u>	<u>10,429</u>	<u>1,021</u>	<u>9,510</u>	<u>(11,224)</u>	<u>(1,714)</u>
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	60,619	-	23,368	18,973	102,960	(26,541)	76,419
Segment liabilities							
Consolidated total liabilities	26,564	-	11,530	10,756	48,850	(34,488)	14,362
OTHER INFORMATION							
Depreciation	120	230	237	770	1,357	-	1,357
Capital expenditure	27	-	4,179	2	4,208	-	4,208

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 30 JUNE 2021**

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A13 SEGMENTAL INFORMATION (CONT’D)

	Malaysia RM’000	China - discontinued RM’000	Singapore RM’000	USA RM’000	Total RM’000	Elimination RM’000	Consolidated RM’000
30 JUNE 2020							
REVENUE							
External sales	-	9,280	1,259	18,122	28,661	(3,134)	25,527
RESULTS							
Operating (loss)/profit	(1,698)	(969)	(480)	1,015	(2,132)	531	(1,601)
Finance cost, net	(40)	(64)	(6)	(131)	(241)	-	(241)
(Loss)/Profit before tax	(1,738)	(1,033)	(486)	884	(2,373)	531	(1,842)
Taxation	(16)	-	-	(207)	(223)	-	(223)
(Loss)/Profit after tax	(1,754)	(1,033)	(486)	677	(2,596)	531	(2,065)
Minority interest	-	-	-	-	-	2	2
Net (loss)/profit attributable to owners of the Company	(1,754)	(1,033)	(486)	677	(2,596)	533	(2,063)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	27,573	17,878	7,797	18,139	71,387	(18,685)	52,702
Segment liabilities							
Consolidated total liabilities	7,503	20,573	3,996	10,883	42,955	(21,923)	21,032
OTHER INFORMATION							
Depreciation	44	1,294	56	799	2,193	-	2,193
Capital expenditure	-	183	-	13	196	-	196

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 2021

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS
(“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A14 CHANGES IN THE COMPOSITION OF THE GROUP

Save for below, there was no change in the composition of the Group during the financial year-to-date.

1. The Company had on 5 February 2021, entered into an Equity Interest Transfer Agreement (“Agreement”) with Mr. Ong Meng Hoi (“Purchaser”) to dispose the entire issued share capital of USD5,100,000.00 of Rapid Conn (Shenzhen) Co. Ltd. (“RCC”) (“Sale Equity Interest”) for a total consideration of USD1.00 only (“Consideration”), subject to and upon the terms and conditions of the Agreement (“Proposed Disposal”). RCC has one associate company, Shenzhen Rapid Power Co. Ltd. (“RCP”).
2. The Company had on 16 February 2021 acquired 1,364,000 ordinary shares of RM1 each, representing 40% of total paid-up share capital in Connect Security Solution Sdn. Bhd. (“CSS”), for a purchase consideration of RM1 from LE Global Services Sdn. Bhd. (“LGS”). Upon acquisition of shares, CSS has become wholly-owned subsidiary of the Group.
3. The wholly-owned subsidiary of the Company, Waja Development Sdn. Bhd. (“WDSB”) had on 25 February 2021 incorporated a new wholly-owned subsidiary, namely Waja Build Tech Sdn. Bhd. (“WBT”). Subsequently on 12 March 2021, WBT becomes majority-owned subsidiary of WDSB which is holding 382,500 ordinary shares of RM1 each representing 51% of total paid-up share capital.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 2021

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA SECURITIES FOR THE ACE MARKET

B1 REVIEW OF PERFORMANCE

	Individual Quarter		%	Cumulative Quarter		%
	Current Year Quarter 30 June 2021 RM'000	Preceding Year Corresponding Quarter 30 June 2020 RM'000		Current Year To-Date 30 June 2021 RM'000	Preceding Year Corresponding Period 30 June 2020 RM'000	
Continuing operations						
Revenue:						
- Interconnect	9,131	9,146	-0.2%	18,475	19,381	-4.7%
- General construction	12,383	-		22,393	-	
	21,514	9,146	135.2%	40,868	19,381	110.9%
Operating loss	(578)	(533)	-8.4%	(757)	(568)	-33.3%
Loss before tax	(699)	(635)	-10.1%	(941)	(745)	-26.3%
Loss after tax	(930)	(702)	-32.5%	(1,254)	(968)	-29.5%
Discontinued operations						
Profit/(Loss) from discontinued operations, net of tax	64	(307)	120.8%	(244)	(1,097)	77.8%
Loss for the period	(866)	(1,009)	14.2%	(1,498)	(2,065)	27.5%
Profit/(Loss) attributable to owners of the company						
- from continuing operations	(1,157)	(701)	-65.0%	(1,470)	(966)	-52.2%
- from discontinued operations	64	(307)	120.8%	(244)	(1,097)	77.8%
	(1,093)	(1,008)	-8.4%	(1,714)	(2,063)	16.9%

The following average exchange rates were used in the calculation of currency translation:

USD:RM	4.0965	4.0649
RMB:RM	0.6331	0.6270

Current Year-To-Date vs Preceding Year Corresponding Quarter

Overall Review of Group's Financial Performance

For the current financial period ended 30 June 2021, the Group's revenue and loss before tax were RM40.9 million and RM0.9 million respectively compared to its preceding year's corresponding period's revenue and loss before tax of RM19.4 million and RM0.7 million respectively.

Segmental Analysis

The revenue increased mainly because of General Construction segment started the operations in 2021. However, it was offset by the decrease in Interconnect segment from Singapore and USA. Higher loss before tax was recorded mainly due to additional professional fees incurred and development cost written off.

Other income mainly consists of interest income, rental income, government grant, unrealised forex exchange gain, gain on extinguishment of debt and (gain)/loss from disposal of subsidiary.

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
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B1 REVIEW OF PERFORMANCE (CONT'D)

Current Quarter vs Preceding Year Corresponding Quarter

Overall Review of Group's Financial Performance

For the current quarter under review, the Group's revenue and loss before tax were RM21.5 million and RM0.7 million respectively compared to its preceding year's corresponding period's revenue and loss before tax of RM9.1 million and RM0.6 million respectively.

Segmental Analysis

The revenue increased mainly because of General Construction segment started the operations in 2021. However, it was offset by the decrease in Interconnect segment from Singapore and USA. Higher loss before tax was recorded mainly due to additional professional fees incurred and development cost written off.

Other income mainly consists of interest income, rental income, government grant, unrealised forex exchange gain, gain on extinguishment of debt and (gain)/loss from disposal of subsidiary.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter	Immediate Preceding Quarter	
	30 June	31 March	%
	2021	2020	
	RM'000	RM'000	
Continuing operations			
Revenue:			
- Interconnect	9,131	9,344	-2.3%
- General construction	12,383	10,010	23.7%
	21,514	19,354	11.2%
Operating loss	(578)	(179)	-222.9%
Loss before tax	(699)	(242)	-188.8%
Loss after tax	(930)	(324)	-187.0%
Discontinued operations			
Profit/(Loss) from discontinued operations, net of tax	64	(308)	120.8%
Loss for the period	(866)	(632)	-37.0%

In current quarter, the Group recorded a revenue of RM21.5 million and a loss before tax of RM0.7 million as compared to the revenue and loss before tax at RM19.4 million and RM0.2 million respectively for the preceding quarter ended 31 March 2021.

The revenue increased mainly because of addition progress billings in current quarter from General Construction segment.

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B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS (CONT'D)

However, higher loss before tax was recorded mainly due to additional professional fees incurred and development cost written off.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2021

The Company continues to expose to external risks such as COVID-19 pandemic which affected the global economy particularly when there are multiple variants of the virus circulating globally. However, the pandemic may provide us opportunities for demand arising from social distancing and stay at home practices; and demand related to contactless product.

It is still uncertain about any sign of easing international trade war tensions that affects global supply chain. In Addition, there is an ongoing fluctuation in commodity price particularly the copper price hikes due to disruption in copper production on the supply side. The fluctuation also affected our other material costs. All these have already affected and will continue to affect our operations and orders.

The Group started new business with the introduction of construction business in 2021. It will serve as an avenue to improve and broaden our earning base and reduce the reliance on its existing businesses to achieve improved financial performance.

B4 VARIANCE OF FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee and thus this is not applicable to the Group.

B5 TAXATION

	Quarter Ended		Year to Date	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Current taxation:				
Domestic	(140)	-	(140)	-
Foreign tax	(30)	(51)	(112)	(207)
	<u>(170)</u>	<u>(51)</u>	<u>(252)</u>	<u>(207)</u>
Deferred taxation	(61)	(16)	(61)	(16)
	<u>(231)</u>	<u>(67)</u>	<u>(313)</u>	<u>(223)</u>

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B6 STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there were no other corporate proposals announced but not completed as at to-date.

Placement of up to 10% of the total number of issued shares (“Placement”)

The Company has submitted corporate proposal to Bursa Securities on 11 November 2019 in respect of proposed private placement of up to 87,707,500 new ordinary shares representing up to 10% of the total issued shares of connect (excluding treasury shares) to independent third party investors (“Proposed Private Placement”). Bursa Securities has, vide its letter dated 5 December 2019 approved the listing and quotation of up to 87,707,500 Placement Shares pursuant to the Proposed Private Placement.

The Board had, on 15 May 2020 (“Price Fixing Date”), fixed the issue price at RM0.0855 per Placement Share (“Issue Price”).

The Issue Price represents a discount of approximately 9.5% to the 5-day WAMP of the Shares up to and including 14 May 2020, being the last full trading day immediately prior to the Price Fixing Date, of RM0.0945 per Share.

Subsequently on 28 May 2020, the Company had completed the Placement on the ACE Market of Bursa Malaysia Securities Berhad following the listing of and quotation for 33,000,000 Shares on the ACE Market of Bursa Securities.

The Company raised actual total gross proceeds of RM2,821,500 and the utilisation of which has been revised accordingly.

As at 24 August 2021, the status of utilisation of proceeds is as follow: -

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 24 August 2021 RM'000	Balance RM'000	Intended Timeframe for Utilisation of Proceeds
Regional expansion	1,000.0	1,000.0	-	1,000.0	Within 24 months
Product development	1,000.0	1,000.0	-	1,000.0	Within 24 months
Working capital	477.0	726.6	-	726.6	Within 24 months
Estimated expenses	190.0	94.9	94.9	-	Completed
Total	2,667.0	2,821.5	94.9	2,726.6	

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B7 MATERIAL LITIGATIONS

There is no pending material litigation as at the date of this announcement.

B8 DIVIDENDS

The Directors did not propose any dividends as at the date of this announcement.

B9 DISCONTINUED OPERATIONS /ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 13 November 2020, the Group has entered into a Heads of Agreement (“HOA”) with a potential purchaser of the sale of entire equity interest of a wholly-subsiary, Rapid Conn (ShenZhen) Co., Ltd. (“RCC”) and 40% equity interest in ShenZhen Rapid Power Co., Ltd. (“RCP”) owned by RCC, effectively known as RCC Group. Accordingly, the assets and liabilities of RCC Group under China manufacturing segment are classified as disposal group classified as held for sale and the financial results of RCC Group are classified as discontinued operations.

The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operation.

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**B9 DISCONTINUED OPERATIONS /ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE
(CONT'D)**

(i) **Assets and associated liabilities held for sale as at 31 December 2020 are as follows:**

* Post elimination of inter-companies balances as at 31 December 2020.

The carrying value of plant and equipment and right-of-use assets of the disposal group is the same as its carrying amount before it was being reclassified to current asset.

	31 December 2020 RM'000
Assets classified as held for sale	
Plant and equipment	1,945
Right-of-use assets	690
Trade receivables, net of impairment loss	4,871
Other receivables, net of impairment loss	6,970
Inventories	3,703
Deposits, cash and bank balances	2,387
Total assets classified as held for sale*	20,566
 Liabilities classified as held for sale	
Lease liabilities	733
Trade payables	8,407
Other payables	1,203
Total liabilities classified as held for sale*	10,343

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B9 DISCONTINUED OPERATIONS ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALES
(CONT'D)

(ii) Analysis of the results of the discontinued operations is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUNE 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2020 RM'000	CURRENT YEAR TO-DATE 30 JUNE 2021 RM'000	PRECEDING YEAR CORRESPONDING YEAR 30 JUNE 2020 RM'000
Revenue	17	4,403	1,830	6,146
Cost of sales	49	(3,703)	(1,784)	(5,290)
Gross profit	66	700	46	856
Other income	2	257	186	518
Administration expense	(4)	(1,061)	(397)	(1,990)
Distribution and selling expenses	-	(107)	(76)	(205)
Other expenses	-	(67)	-	(212)
Profit/(Loss) from operations	64	(278)	(241)	(1,033)
Finance costs, net	-	(29)	(3)	(64)
Profit/(Loss) before tax	64	(307)	(244)	(1,097)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	64	(307)	(244)	(1,097)

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B10 LOSS PER SHARE (“LPS”)

(i) Basic LPS

The Basic loss per share amounts are calculated by dividing profit/(loss) from the continuing and discontinued operations for the financial year net of tax, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the loss and shares data used in the computation of basic loss per share for the period ended 30 June:

	Quarter Ended		Year to Date	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Net profit/(loss) attributable to shareholders				
- from continuing operations	(1,157)	(701)	(1,470)	(966)
- from discontinued operations	64	(307)	(244)	(1,097)
	<u>(1,093)</u>	<u>(1,008)</u>	<u>(1,714)</u>	<u>(2,063)</u>
Weighted average number of ordinary shares ('000 in units)	844,225	383,797	788,389	356,901
- from continuing operations	(0.14)	(0.18)	(0.19)	(0.27)
- from discontinued operations	0.01	(0.08)	(0.03)	(0.31)
Basic loss per share (sen)	<u>(0.13)</u>	<u>(0.26)</u>	<u>(0.22)</u>	<u>(0.58)</u>

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B10 LOSS PER SHARE (“LPS”) (CONT'D)

(ii) Diluted LPS

Diluted earnings per share amounts are calculated by dividing profit from continuing and discontinued operations for the financial year, net of tax, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Quarter Ended		Year to Date	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Net profit/(loss) attributable to shareholders				
- from continuing operations	(1,157)	(701)	(1,470)	(966)
- from discontinued operations	64	(307)	(244)	(1,097)
	<u>(1,093)</u>	<u>(1,008)</u>	<u>(1,714)</u>	<u>(2,063)</u>
Weighted average number of shares ('000 in units)	844,225	383,797	788,389	356,901
Add assuming:				
Conversion of ICPS	*	*	*	*
Effect of dilution of unexercised Warrant-A	*	*	*	*
Effect of dilution of unexercised Warrant-B	*	*	*	*
	<u>844,225</u>	<u>383,797</u>	<u>788,389</u>	<u>356,901</u>
- from continuing operations	(0.14)	(0.18)	(0.19)	(0.27)
- from discontinued operations	0.01	(0.08)	(0.03)	(0.31)
Diluted loss per share (sen)	(0.13)	(0.26)	(0.22)	(0.58)

* Not taken into account in the computation of diluted LPS because the effect is anti-dilutive.

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B11 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

Loss for the year from continuing operations and discontinued operations was arrived after charging/(crediting):

	Quarter Ended		Year to Date	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Depreciation of plant and equipment	213	182	339	369
Depreciation of right-of-use assets	425	924	1,018	1,824
Gain on extinguishment of debt	(593)	-	(593)	-
Gain on derecognition of subsidiary	193	-	(686)	-
Interest income	(36)	(8)	(65)	(18)
Addition of loss allowance on trade receivables	-	70	-	70
Addition of loss allowance on other receivables	(87)	-	702	-
Development cost written off	560	-	560	-
Loss/(gain) on foreign exchange - unrealised	(10)	(151)	122	(73)
Lease interest	29	93	84	195
Remeasurement of imputed interest expenses	83	29	83	29

B12 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issuance on 24 August 2021 by the Board in accordance with a resolution passed by the directors.

By Order of the Board

Ang Chuang Juay
Executive Deputy Chairman

24 August 2021