

WAJA KONSORTIUM BERHAD

**INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

WAJA KONSORTIUM BERHAD
Company no. 200301016513 (618933-D)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2022**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 SEPTEMBER 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2021 RM'000	CURRENT YEAR TO-DATE 30 SEPTEMBER 2022 RM'000	PRECEDING YEAR CORRESPONDING YEAR 30 SEPTEMBER 2021 RM'000
Continuing operations					
Revenue	B1	13,275	23,344	39,624	64,212
Cost of sales		(11,339)	(21,141)	(34,788)	(56,929)
Gross profit		1,936	2,203	4,836	7,283
Other income		874	410	2,029	2,549
Administration expense		(3,127)	(2,640)	(8,706)	(7,748)
Distribution and selling expenses		(570)	(704)	(1,650)	(2,170)
Other expenses		(15)	(6,736)	(59)	(8,138)
Loss from operations		(902)	(7,467)	(3,550)	(8,224)
Finance costs, net		12	(50)	(63)	(234)
Loss before tax	B1	(890)	(7,517)	(3,613)	(8,458)
Income tax expense	B5	(82)	(43)	(144)	(356)
Loss from continuing operations		(972)	(7,560)	(3,757)	(8,814)
Discontinued operations					
Loss from discontinued operations, net of tax		-	37	-	(207)
Loss for the period		(972)	(7,523)	(3,757)	(9,021)
Other comprehensive income					
Foreign currency translation differences for foreign operation		262	44	552	1,065
Total comprehensive expenses for the year		(710)	(7,479)	(3,205)	(7,956)
Loss attributable to:					
Owners of the Company					
from continuing operations		(1,100)	(7,795)	(3,977)	(9,265)
from discontinued operations		-	37	-	(207)
		(1,100)	(7,758)	(3,977)	(9,472)
Non-controlling interests		128	235	220	451
		(972)	(7,523)	(3,757)	(9,021)
Total comprehensive (expenses)/ income attributable to:					
Owners of the Company					
from continuing operations		(838)	(7,751)	(3,425)	(8,200)
from discontinued operations		-	37	-	(207)
		(838)	(7,714)	(3,425)	(8,407)
Non-controlling interests		128	235	220	451
		(710)	(7,479)	(3,205)	(7,956)
Loss per ordinary share attributable to Owners of the Company					
Basic loss per ordinary share (sen)					
from continuing operations	B9 (i)	(0.11)	(0.89)	(0.42)	(1.13)
from discontinued operations	B9 (i)	-	-	-	(0.03)
		(0.11)	(0.89)	(0.42)	(1.16)
Diluted loss per ordinary share (sen)					
from continuing operations	B9 (ii)	(0.11)	(0.89)	(0.42)	(1.13)
from discontinued operations	B9 (ii)	-	-	-	(0.03)
		(0.11)	(0.89)	(0.42)	(1.16)

(The unaudited 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 this interim financial statements.)

WAJA KONSORTIUM BERHAD
Company no. 200301016513 (618933-D)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2022**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 SEPTEMBER 2022 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2021 (AUDITED) RM'000
Note		
ASSETS		
Non-current assets		
Plant and equipment	800	1,143
Right-of-use assets	1,993	2,847
Other investment	1,274	334
	4,067	4,324
Current assets		
Inventories	5,119	4,960
Contract assets	8,783	6,684
Trade receivables	8,812	35,496
Other receivables	7,092	1,452
Short term investment	460	4,824
Tax recoverable	-	162
Deposits, cash and bank balances	27,264	14,348
Total current assets	57,530	67,926
TOTAL ASSETS	61,597	72,250
EQUITY AND LIABILITIES		
Equity		
Share capital	99,087	90,893
Fair value reserve	(1,080)	(1,080)
Foreign currency translation reserve	1,772	1,220
Accumulated losses	(54,233)	(50,256)
Equity attributable to owners of the Company	45,546	40,777
Non-controlling interests	1,395	1,175
TOTAL EQUITY	46,941	41,952
Non-current liabilities		
Lease liabilities	476	1,033
	476	1,033
Current liabilities		
Lease liabilities	798	1,768
Contract liabilities	-	245
Trade payables	11,854	21,435
Other payables	1,618	5,695
Tax payable	(90)	122
Total current liabilities	14,180	29,265
TOTAL LIABILITIES	14,656	30,298
TOTAL EQUITY AND LIABILITIES	61,597	72,250
Net assets per share (RM)	0.05	0.05

(The unaudited 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 this interim financial statements.)

WAJA KONSORTIUM BERHAD
Company no. 200301016513 (618933-D)
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**INTERIM FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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 2021	63,201	3,896	1,971	(1,080)	1,419	(1,072)	(23,787)	44,548	(2,037)	42,511
(Loss)/Profit for the financial year	-	-	-	-	-	-	(9,472)	(9,472)	451	(9,021)
Other comprehensive (expenses)/income:										
Foreign currency translation differences for foreign operations	-	-	-	-	(7)	1,072	-	1,065	-	1,065
Total other comprehensive (expenses)/income	-	-	-	-	(7)	1,072	-	1,065	-	1,065
Total comprehensive (expenses)/income	-	-	-	-	(7)	1,072	(9,472)	(8,407)	451	(7,956)
Transactions with Owners of the Company										
Issurance of ordinary shares pursuant to:										
- conversion of ICPS	19,663	(4,973)	-	-	-	-	-	14,690	-	14,690
- exercise of Warrants-A	3,691	-	-	-	-	-	-	3,691	-	3,691
- exercise of Warrants-B	4,483	-	(1,971)	-	-	-	125	2,637	-	2,637
Arising from dilution of equity interest in subsidiary company	-	-	-	-	-	-	(2,024)	(2,024)	2,392	368
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	27,837	(3,896)	(1,971)	-	-	-	(1,899)	20,071	2,392	22,463
At 30 September 2021	91,038	-	-	(1,080)	1,412	-	(35,158)	56,212	806	57,018
At 1 January 2022	90,893	-	-	(1,080)	1,220	-	(50,256)	40,777	1,175	41,952
(Loss)/Profit for the financial year	-	-	-	-	-	-	(3,977)	(3,977)	220	(3,757)
Other comprehensive income:										
Foreign currency translation differences for foreign operations	-	-	-	-	552	-	-	552	-	552
Total other comprehensive income	-	-	-	-	552	-	-	552	-	552
Total comprehensive income/(expenses)	-	-	-	-	552	-	(3,977)	(3,425)	220	(3,205)
Transactions with Owners of the Company										
Issurance of ordinary shares pursuant to:										
- Private Placement	8,194	-	-	-	-	-	-	8,194	-	8,194
Total transaction with Owners of the Company	8,194	-	-	-	-	-	-	8,194	-	8,194
At 30 September 2022	99,087	-	-	(1,080)	1,772	-	(54,233)	45,546	1,395	46,941

(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 2021 and the accompanying explanatory notes attached to this interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR-TO-DATE 30 SEPTEMBER 2022 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 SEPTEMBER 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		
- continuing operations	(3,613)	(8,458)
- discontinued operations	-	(207)
	<u>(3,613)</u>	<u>(8,665)</u>
<i>Adjustments for:</i>		
Bad debts written off on trade receivables	-	5,748
Depreciation of plant and equipment	122	600
Depreciation of right-of-use assets	1,396	1,449
Gain on lease termination on lease liabilities	(8)	-
Gain on extinguishment of debt	-	(598)
Gain on disposal of a subsidiary	-	(649)
Interest income	(33)	(98)
Addition of loss allowance on other receivables	-	612
Development cost written off	-	1,591
Recovery of goods written off	(346)	-
(Gain)/Loss on foreign exchange - unrealised	(297)	172
Loss on fair value in quoted shares	60	-
Lease interest	51	125
Remeasurement of imputed interest expenses	-	83
	<u>(2,668)</u>	<u>370</u>
Operating (loss)/profit before working capital changes		
Inventories	839	949
Receivables	39,992	(25,472)
Payables	(15,730)	11,461
	<u>22,433</u>	<u>(12,692)</u>
Cash generated from/(used in) operations		
Interest paid	(51)	(125)
Tax paid	(275)	283
	<u>22,107</u>	<u>(12,534)</u>
Net cash generated from/(used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investment in subsidiary	(20,407)	-
Addition in other investment	(1,000)	-
Interest received	33	98
Purchase of plant and equipment	(15)	(4,242)
	<u>(21,389)</u>	<u>(4,144)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	-	19,663
Proceeds from issue of shares upon exercise of warrants	-	6,328
Proceeds from issuance of ordinary shares pursuant to placement	8,194	-
Conversion of ICPS expenses	-	(4,973)
Repayment of lease liabilities	(1,470)	(1,258)
	<u>6,724</u>	<u>19,760</u>
Net cash generated from financing activities		
Net increase in cash and cash equivalents	7,442	3,082
Effects of exchange rate changes	1,110	383
Cash and cash equivalents at beginning of financial year	19,172	20,984
Cash and cash equivalents at end of financial year	<u>27,724</u>	<u>24,449</u>
Cash and cash equivalents comprise the followings		
Short term investment	460	4,623
Cash on hand and at banks	27,213	19,675
Deposits with licensed bank	51	151
	<u>27,724</u>	<u>24,449</u>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial statements.)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

**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**”).

As announced on 30 September 2022, the financial year end of the Group has been changed from 31 December to 30 June.

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 2021.

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 2021.

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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

**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 896,074,148 to 985,134,148 by way of allotment and issuance of:

- 89,060,000 new ordinary shares arising from placement of up to 10% of the total number of issued shares.

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 below and in Notes A14 and B6, there were no other material events subsequent to the end of the current quarter.

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.

WAJA KONSORTIUM BERHAD (“WAJA” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022

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

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 SEPTEMBER 2022							
REVENUE							
External sales:							
- Interconnect	-	-	1,780	21,010	22,790	-	22,790
- General construction	16,379	-	-	-	16,379	-	16,379
- ICT services	455	-	-	-	455	-	455
	<u>16,834</u>	<u>-</u>	<u>1,780</u>	<u>21,010</u>	<u>39,624</u>	<u>-</u>	<u>39,624</u>
RESULTS							
Operating profit/(loss)	15,589	-	(376)	(452)	14,761	(18,311)	(3,550)
Finance cost, net	(37)	-	(7)	(19)	(63)	-	(63)
Profit/(Loss) before tax	15,552	-	(383)	(471)	14,698	(18,311)	(3,613)
Taxation	(141)	-	-	(3)	(144)	-	(144)
Profit/(Loss) after tax	15,411	-	(383)	(474)	14,554	(18,311)	(3,757)
Minority interest	(220)	-	-	-	(220)	-	(220)
Net profit/(loss) attributable to owners of the Company	<u>15,191</u>	<u>-</u>	<u>(383)</u>	<u>(474)</u>	<u>14,334</u>	<u>(18,311)</u>	<u>(3,977)</u>
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	<u>94,793</u>	<u>-</u>	<u>5,863</u>	<u>16,052</u>	<u>116,708</u>	<u>(55,111)</u>	<u>61,597</u>
Segment liabilities							
Consolidated total liabilities	<u>34,827</u>	<u>-</u>	<u>440</u>	<u>10,162</u>	<u>45,429</u>	<u>(30,773)</u>	<u>14,656</u>
OTHER INFORMATION							
Depreciation	264	-	73	1,181	1,518	-	1,518
Capital expenditure	15	-	-	-	15	-	15

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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 (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 SEPTEMBER 2021							
REVENUE							
External sales:							
- Interconnect	-	2,421	1,073	17,402	20,896	(591)	20,305
- General construction	22,393	-	-	-	22,393	-	22,393
- ICT services	-	-	-	-	-	-	-
	<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	(1,265)	(197)	3,641	655	2,834	(11,262)	(8,428)
Finance cost, net	(109)	(3)	(10)	(115)	(237)	-	(237)
(Loss)/Profit before tax	<u>(1,374)</u>	<u>(200)</u>	<u>3,631</u>	<u>540</u>	<u>2,597</u>	<u>(11,262)</u>	<u>(8,665)</u>
Taxation	(353)	-	-	(3)	(356)	-	(356)
(Loss)/Profit after tax	<u>(1,727)</u>	<u>(200)</u>	<u>3,631</u>	<u>537</u>	<u>2,241</u>	<u>(11,262)</u>	<u>(9,021)</u>
Minority interest	(452)	-	-	-	(452)	1	(451)
Net (loss)/profit attributable to owners of the Company	<u>(2,179)</u>	<u>(200)</u>	<u>3,631</u>	<u>537</u>	<u>1,789</u>	<u>(11,261)</u>	<u>(9,472)</u>
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	<u>76,031</u>	<u>-</u>	<u>18,564</u>	<u>18,029</u>	<u>112,624</u>	<u>(32,936)</u>	<u>79,688</u>
Segment liabilities							
Consolidated total liabilities	<u>39,779</u>	<u>-</u>	<u>13,605</u>	<u>10,288</u>	<u>63,672</u>	<u>(41,002)</u>	<u>22,670</u>
OTHER INFORMATION							
Depreciation	180	231	472	1,166	2,049	-	2,049
Capital expenditure	27	-	4,213	2	4,242	-	4,242

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

**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 3 October 2022, entered into a Share Sale and Purchase Agreement (“Agreement”) with Mrs. Goh Mee Chin (“Purchaser”) to dispose the entire issued share capital of SGD10,290,903.00 of Rapid Conn (S) Pte. Ltd. (“RCS”) for a total consideration of RM10,000.00 only (“Consideration”), subject to and upon the terms and conditions of the Agreement (“Proposed Disposal”).
2. On 31 October 2022, the Company had entered into a Share Sale and Purchase Agreement (“Agreement”) with Mr. Hooi Den Yen (“Purchaser”) to dispose the entire issued share capital of RM10,500,000.00 of Connect Tech Sdn. Bhd. (“CTSB”) for a total consideration of RM100.00 only (“Consideration”), subject to and upon the terms and conditions of the Agreement (“Proposed Disposal”).
3. On 31 October 2022, the Company had entered into a Share Sale and Purchase Agreement (“Agreement”) with Mrs. Goh Mee Fong (“Purchaser”) to dispose the entire issued share capital of USD731,580.00 of Rapid Conn Inc. (“RCI”) for a total consideration of USD100.00 only (“Consideration”), subject to and upon the terms and conditions of the Agreement (“Proposed Disposal”).

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WAJA KONSORTIUM BERHAD (“WAJA” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022

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 September 2022 RM'000	Preceding Year Corresponding Quarter 30 September 2021 RM'000		Current Year To-Date 30 September 2022 RM'000	Preceding Year Corresponding Period 30 September 2021 RM'000	
Continuing operations						
Revenue:						
- Interconnect	7,566	8,317	-9.0%	22,790	26,792	-14.9%
- General construction	5,392	15,027	-64.1%	16,379	37,420	-56.2%
- ICT services	317	-		455	-	
	<u>13,275</u>	<u>23,344</u>	-43.1%	<u>39,624</u>	<u>64,212</u>	-38.3%
Operating loss	(902)	(7,467)	87.9%	(3,550)	(8,224)	56.8%
Loss before tax	(890)	(7,517)	88.2%	(3,613)	(8,458)	57.3%
Loss after tax	(972)	(7,560)	87.1%	(3,757)	(8,814)	57.4%
Discontinued operations						
Loss from discontinued operations, net of tax	-	37		-	(207)	
Loss for the period	<u>(972)</u>	<u>(7,523)</u>	87.1%	<u>(3,757)</u>	<u>(9,021)</u>	58.4%
Loss attributable to owners of the company						
- from continuing operations	(1,100)	(7,795)	85.9%	(3,977)	(9,265)	57.1%
- from discontinued operations	-	37		-	(207)	
	<u>(1,100)</u>	<u>(7,758)</u>	85.8%	<u>(3,977)</u>	<u>(9,472)</u>	58.0%

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

USD:RM	4.3361	4.1296
RMB:RM	-	0.6382

Current Year-To-Date vs Preceding Year Corresponding Period

Overall Review of Group's Financial Performance

For the current financial period ended 30 September 2022, the Group's revenue and loss before tax were RM39.6 million and RM3.6 million respectively compared to its preceding year's corresponding period's revenue and loss before tax of RM64.2 million and RM8.5 million respectively.

Segmental Analysis

The revenue decreased in both General Construction and Interconnect Business. In General Construction Business, it was mainly due to the lower certified project cost in current period and the completion of an ad hoc construction project in last year. Whereas for Interconnect, it was because of reduction in USA segment due to worldwide shortage of key component. Higher loss before tax in preceding year was mainly due to other expenses of RM7.3 million incurred in Interconnect segment arising from debt written off upon disposal of China operation and development cost written off.

Other income mainly consists of interest income, rental income, government grant, unrealised forex exchange gain.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA SECURITIES FOR THE ACE MARKET (CONT'D)**

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 RM13.3 million and RM0.9 million respectively compared to its preceding year's corresponding period's revenue and loss before tax of RM23.3 million and RM7.5 million respectively.

Segmental Analysis

The revenue decreased in both General Construction and Interconnect Business. In General Construction Business, it was mainly due to the lower certified project cost in current quarter. Whereas for Interconnect, it was because of reduction in USA segment due to worldwide shortage of key component. Higher loss before tax in preceding year corresponding quarter was mainly due to other expenses of RM6.8 million incurred in Interconnect segment arising from debt written off upon disposal of China operation and development cost written off.

Other income mainly consists of interest income, rental income, government grant, unrealised forex exchange gain.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter	Immediate	
	30 September	Preceding Quarter	
	2022	30 June	%
	RM'000	2022	
		RM'000	
Continuing operations			
Revenue:			
- Interconnect	7,566	8,658	-12.6%
- General construction	5,392	6,409	-15.9%
- ICT services	317	69	359.4%
	13,275	15,136	-12.3%
Operating loss	(902)	(633)	-42.5%
Loss before tax	(890)	(665)	-33.8%
Loss after tax	(972)	(640)	-51.9%
Discontinued operations			
Loss from discontinued operations, net of tax			
	-	-	
Loss for the period	(972)	(640)	-51.9%

In current quarter, the Group recorded a revenue of RM13.3 million and a loss before tax of RM0.9 million as compared to the revenue and loss before tax at RM15.1 million and RM0.6 million respectively for the preceding quarter ended 30 June 2022.

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

The revenue decreased in both General Construction and Interconnect Business.

Higher loss before tax was recorded in tandem with decrease in sales.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2022

The Company anticipate a challenging outlook due to continuing issues in labour shortages, higher construction's material and labour costs for on-going projects.

Higher costs may lead to the deferring of new project launch which may affect our project tenders. Nevertheless, the Company remain vigilant by undertaking necessary measures to mitigate the adverse impacts.

We are cautious of performance in construction business to improve and broaden our earning base 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 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Current taxation:				
Domestic	(82)	(151)	(141)	(291)
Foreign tax	-	108	(3)	(4)
	(82)	(43)	(144)	(295)
Deferred taxation	-	-	-	(61)
	(82)	(43)	(144)	(356)

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

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

Placement, Diversification, ESOS and Change of Name (“Proposals”)

On behalf of the Board of Directors, Mercury Securities Sdn Bhd has on 13 April 2021 announced that the Company proposes to undertake the following:

Proposed placement of up to 30% of Company's total number of issued shares;
Proposed diversification of the principal activities of Company and its subsidiaries (“Group”) to include the undertaking of construction, project management and related activities;
Employees' share option scheme (“ESOS”) involving up to 30% of total number of issued shares;
Proposed change of name of the Company from “ConnectCounty Holdings Berhad” To “Waja Konsortium Berhad” (“Proposed Change of Name”)
(Collectively, referred to as the “**Proposals**”)

The proposals were approved by shareholders at Extraordinary General Meeting on 15 June 2021. Subsequently, the effective date for the implementation of the ESOS has been fixed on 16 June 2021, being the date of full compliance of the ESOS and the proposed change of name effected on 28 July 2021.

The Board had on 29 April 2022 (“Price Fixing Date”), fixed the issue price at RM0.092 per Placement Share (“Issue Price”).

The Issue Price represented a discount of approximately 9.2% to the 5-day VWAMP of the Shares up to and including 28 April 2022, being the last full trading day immediately prior to the Price Fixing Date, of RM0.1013 per Share.

Subsequently on 17 May 2022, the Company had completed the Placement on the ACE Market of Bursa Malaysia Securities Berhad following the listing of and quotation for 89,060,000 Shares on the ACE Market of Bursa Securities.

The Company raised actual total gross proceeds of RM8,193,520 and the utilisation of which has been revised accordingly.

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

Placement, Diversification, ESOS and Change of Name (“Proposals”) (Cont'd)

As at 24 November 2022, the status of utilisation of proceeds is as follow: -

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 24 November 2022 RM'000	Balance RM'000	Intended Timeframe for Utilisation of Proceeds
Construction Business	43,459	3,519	-	3,519	Within 24 months
Working capital	3,152	3,152	3,152	-	Within 24 months
Estimated expenses	1,523	1,523	1,523	-	Completed
Total	48,134	8,194	4,675	3,519	

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.

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B9 LOSS PER SHARE (“LPS”)

(i) Basic LPS

The Basic loss per share amounts are calculated by dividing 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 September:

	Quarter Ended		Year to Date	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Net loss attributable to shareholders				
- from continuing operations	(1,100)	(7,795)	(3,977)	(9,265)
- from discontinued operations	-	37	-	(207)
	<u>(1,100)</u>	<u>(7,758)</u>	<u>(3,977)</u>	<u>(9,472)</u>
Weighted average number of ordinary shares ('000 in units)	985,134	880,661	945,987	819,484
- from continuing operations	(0.11)	(0.89)	(0.42)	(1.13)
- from discontinued operations	-	-	-	(0.03)
Basic loss per share (sen)	(0.11)	(0.89)	(0.42)	(1.16)

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B9 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 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Net loss attributable to shareholders				
- from continuing operations	(1,100)	(7,795)	(3,977)	(9,265)
- from discontinued operations	-	37	-	(207)
	<u>(1,100)</u>	<u>(7,758)</u>	<u>(3,977)</u>	<u>(9,472)</u>
Weighted average number of shares ('000 in units)	985,134	880,661	945,987	819,484
- from continuing operations	(0.11)	(0.89)	(0.42)	(1.13)
- from discontinued operations	-	-	-	(0.03)
Diluted loss per share (sen)	<u>(0.11)</u>	<u>(0.89)</u>	<u>(0.42)</u>	<u>(1.16)</u>

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B10 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 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Bad debts written off on trade receivables	-	5,748	-	5,748
Depreciation of plant and equipment	47	261	122	600
Depreciation of right-of-use assets	443	431	1,396	1,449
Gain on lease termination on lease liabilities	(8)	-	(8)	-
Gain on extinguishment of debt	-	(5)	-	(598)
Loss on disposal of a subsidiary	-	37	-	(649)
Interest income	(9)	(33)	(33)	(98)
Addition of loss allowance on other receivables	-	(90)	-	612
Development cost written off	-	1,031	-	1,591
Recovery of goods written off	(346)	-	(346)	-
(Gain)/Loss on foreign exchange - unrealised	(73)	50	(297)	172
Loss on fair value in quoted shares	16	-	60	-
Lease interest	15	41	51	125
Remeasurement of imputed interest expenses	-	-	-	83