

WMG HOLDINGS BHD.

201501041664(1166985-X)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

For The Second Quarter Ended 30 June 2020

201501041664 (1166985-X)

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

| Index | page |
|---|-------------|
| Condensed Consolidated Statement of Comprehensive Income | 3 |
| Condensed Consolidated Statement of Financial Position | 4-5 |
| Condensed Consolidated Statement of Changes in Equity | 6 |
| Condensed Consolidated Statement of Cash flows | 7- 8 |
| Notes to the interim financial statements | 9 – 14 |
| Additional information required by the Bursa Malaysia Securities Berhad | 15 - 17 |
| Authorisation for issue of the interim financial statements | 17 |

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

Condensed Consolidated Statement of Comprehensive Income

| | Note | Individual Quarter | | Financial Year-to-date | |
|--|------|--------------------|------------|------------------------|------------|
| | | 3 months ended | | 6 months ended | |
| | | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 8 | 7,502 | 14,615 | 17,154 | 22,271 |
| Cost of sales | | (5,704) | (11,897) | (13,786) | (18,662) |
| Gross profit | | 1,798 | 2,718 | 3,368 | 3,609 |
| Other income | | 2,063 | 83 | 2,503 | 969 |
| Other expenses | | (787) | (52) | (895) | (512) |
| Distribution costs | | (2) | (30) | (82) | (114) |
| Finance costs | | (2,262) | (2,120) | (4,600) | (3,472) |
| Administrative expenses | | (2,775) | (4,031) | (6,967) | (8,922) |
| Loss from operations | | (1,965) | (3,432) | (6,673) | (8,442) |
| Interest on fixed deposits | | 3 | 100 | 58 | 178 |
| Loss before tax | 9 | (1,962) | (3,332) | (6,615) | (8,264) |
| Income tax expense | 11 | 36 | 23 | (106) | 51 |
| Loss for the period | | (1,926) | (3,309) | (6,721) | (8,213) |
| Other comprehensive income, net of tax: | | - | - | - | - |
| Total comprehensive loss for the period | | (1,926) | (3,309) | (6,721) | (8,213) |
| Loss attributable to owners of the Company | | (1,926) | (3,309) | (6,721) | (8,213) |
| Total comprehensive loss attributable to owners of the Company | | (1,926) | (3,309) | (6,721) | (8,213) |
| Loss per share attributable to owners of the Company: | 12 | Sen | Sen | Sen | Sen |
| - Basic | | (0.55) | (0.71) | (1.43) | (1.60) |
| - Diluted | | (0.17) | (0.29) | (0.58) | (0.71) |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

Condensed Consolidated Statement of Financial Position

| ASSETS | Note | AS AT 30/06/2020 RM'000 | AS AT 31/12/2019 RM'000 |
|--------------------------------|-------------|--|--|
| Non-current Assets | | | |
| Property, plant and equipment | | 28,339 | 29,212 |
| Investment properties | 14 | 105,313 | 106,693 |
| Other investment | | 35 | 34 |
| Deferred tax assets | | 2,455 | 2,797 |
| Inventory properties | 13 | 146,834 | 146,002 |
| | | <u>282,976</u> | <u>284,738</u> |
| Current Assets | | | |
| Inventory properties | 13 | 109,723 | 105,333 |
| Trading inventories | | 575 | 1,008 |
| Trade and other receivables | | 23,590 | 26,935 |
| Prepayment | | 99 | 48 |
| Contract assets | | 10,484 | 7,342 |
| Income tax refundable | | 350 | 317 |
| Investment securities | | 1,193 | 1,172 |
| Cash and bank balances | 17 | 7,946 | 11,558 |
| | | <u>153,960</u> | <u>153,713</u> |
| Total Assets | | <u>436,936</u> | <u>438,451</u> |
| EQUITY AND LIABILITIES | | | |
| Current Liabilities | | | |
| Loans and borrowings | 16 | 137,108 | 133,101 |
| Lease liabilities | | 426 | 386 |
| Trade and other payables | | 23,741 | 32,711 |
| Tax payable | | 10 | 49 |
| | | <u>161,285</u> | <u>166,247</u> |
| Net current liabilities | | <u>(7,285)</u> | <u>(12,534)</u> |
| Non-current Liabilities | | | |
| Loan and borrowings | 16 | 92,512 | 81,938 |
| Lease liabilities | | 783 | 912 |
| Deferred tax liabilities | | 4,382 | 4,659 |
| | | <u>97,677</u> | <u>87,509</u> |
| Total Liabilities | | <u>258,962</u> | <u>253,756</u> |

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

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

| | Note | AS AT 30/06/2020 RM'000 | AS AT 31/12/2019 RM'000 |
|--|------|-------------------------------|-------------------------------|
| Equity attributable to owners of the Company | | | |
| Share capital | 15 | 229,133 | 229,133 |
| Redeemable convertible preference shares | 15 | 149,173 | 149,173 |
| Irredeemable convertible preference shares | 15 | 203,339 | 203,339 |
| Merger deficit | | (312,039) | (312,039) |
| Accumulated losses | | (91,632) | (84,911) |
| Total Equity | | <u>177,974</u> | <u>184,695</u> |
| Total Equity and Liabilities | | <u>436,936</u> | <u>438,451</u> |
| Net assets per share attributable to owners of the Company (RM) | | 0.42 | 0.43 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

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 2020 | | 229,133 | 149,173 | 203,339 | (312,039) | (84,911) | 184,695 |
| Total comprehensive loss for the period | | - | - | - | - | (6,721) | (6,721) |
| At 30 June 2020 | | <u>229,133</u> | <u>149,173</u> | <u>203,339</u> | <u>(312,039)</u> | <u>(91,632)</u> | <u>177,974</u> |
| At 1 Jan 2019 | | 205,073 | 149,173 | 203,339 | (312,039) | (68,413) | 201,193 |
| Total comprehensive loss for the period | | - | - | - | - | (8,213) | (8,213) |
| At 30 June 2019 | | <u>229,133</u> | <u>149,173</u> | <u>203,339</u> | <u>(312,039)</u> | <u>(76,626)</u> | <u>192,980</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

Condensed Consolidated Statement of Cash Flows

| | Note | 6 months ended | |
|--|------|----------------------|-----------------------|
| | | 30/06/2020 RM'000 | 30/06/2019 RM'0000 |
| Cash flows from operating activities | | | |
| Loss before tax | | (6,615) | (8,264) |
| Adjustments for: | | | |
| Depreciation | | 2,260 | 1,172 |
| Finance costs | | 4,600 | 3,472 |
| Investment income | | (5) | (6) |
| Interest income | | (58) | (178) |
| Gain from disposal of property, plant and equipment | | (1) | (103) |
| | | | 5 |
| | | <u>6,796</u> | <u>4,362</u> |
| Operating profit/(loss) before working capital changes | | 181 | (3,902) |
| Increase in properties under development | | (5,230) | (10,867) |
| Increase in land held for development | | (832) | (829) |
| Decrease in inventories | | 1,273 | 125 |
| Decrease/(increase) in receivables | | 3,294 | (288) |
| (Increase)/decrease in contract assets | | (3,142) | 758 |
| (Decrease)/increase in payables | | <u>(8,970)</u> | <u>1,645</u> |
| Cash flows used in operations | | (13,426) | (13,358) |
| Interest paid | | (609) | (285) |
| Interest received | | 46 | 131 |
| Income tax refunded | | - | 314 |
| Income tax paid | | <u>(113)</u> | <u>(382)</u> |
| Net cash flows used in operating activities | | <u>(14,102)</u> | <u>(13,580)</u> |
| Cash flows from investing activities | | | |
| Addition to investment properties | | - | (25,358) |
| Investment income | | 5 | 6 |
| Interest income received | | 12 | 48 |
| Purchase of investment securities | | (21) | (11) |
| Purchase of property, plant and equipment | | (8) | (4) |
| Proceeds from disposal of plant and equipment | | <u>1</u> | <u>103</u> |
| Net cash flows used in investing activities | | <u>(11)</u> | <u>(25,216)</u> |

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

Condensed Consolidated Statement of Cash Flows (cont'd)

| | Note | 6 months ended | |
|---|------|----------------|---------------|
| | | 30/06/2020 | 30/06/2019 |
| | | RM'000 | RM'0000 |
| Cash flows from financing activities | | | |
| Proceeds from bankers' acceptances | | 3,470 | 8,787 |
| Proceeds from revolving credits | | 9,203 | 5,200 |
| Proceeds from bridging loan | | 15,030 | 5,330 |
| Proceeds from term loans | | 2,804 | 50,955 |
| Repayment of bankers' acceptances | | (5,781) | (7,677) |
| Repayment of bridging loan | | (8,632) | (2,127) |
| Repayment of term loan | | (3,088) | (2,066) |
| Repayment of revolving credits | | - | (6,000) |
| Repayment of obligations under finance leases | | (105) | (178) |
| Finance costs paid | | (3,975) | (3,929) |
| Net cash flows from financing activities | | <u>8,926</u> | <u>48,295</u> |
| Net decrease in cash and cash equivalents | | (5,187) | 9,499 |
| Cash and cash equivalents at beginning of financial year | | <u>5,254</u> | <u>8,865</u> |
| Cash and cash equivalents at end of financial period | 17 | <u>67</u> | <u>18,364</u> |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

(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 30 June 2020 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 2019. 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 2019.

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 2019.

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

- (i) the acquisition of a shelf company, KK Stay Sdn Bhd on 28 February 2020; and
- (ii) the dissolution of an indirect wholly owned non-operating subsidiary, Offshore Constructor (Labuan) Ltd., as announced on 10 March 2020.

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.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

8) Segment information*Business Segments*

| | 6 months ended 30 June 2020 | | | | |
|-------------------------|-----------------------------|--------------------|--------------|----------------------------|----------------|
| | Property | Building materials | Others | Adjustment/ Elimination | Consolidated |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | |
| External | 11,182 | 5,972 | - | - | 17,154 |
| Inter-segment | - | - | - | - | - |
| Total | 11,182 | 5,972 | - | - | 17,154 |
| Results | | | | | |
| Depreciation | 2,233 | 26 | 1 | - | 2,260 |
| Interest income | 25 | 33 | - | - | 58 |
| Other non-cash expenses | - | - | - | - | - |
| Segment loss | (6,088) | (329) | (198) | - | (6,615) |

9) Loss before tax

Included in the loss before tax are the following items:

| | Individual Quarter | | Financial Year-to-date | |
|---|--------------------|------------|------------------------|------------|
| | 3 months ended | | 6 months ended | |
| | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Interest income | 3 | 100 | 58 | 178 |
| (b) Other income including investment income | 2,063 | 83 | 2,503 | 969 |
| (c) Interest expenses | 2,262 | 2,120 | 4,600 | 3,472 |
| (d) Depreciation and amortization | 961 | 580 | 2,260 | 1,172 |
| (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 | - | - | - | - |

10) Events after the reporting period

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

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

11) Income tax expense

| | Individual Quarter | | Financial Year-to-date | |
|-----------------------------|---------------------------|-------------------|-------------------------------|-------------------|
| | 3 months ended | | 6 months ended | |
| | 30.06.2020 | 30.06.2019 | 30.06.2020 | 30.06.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current income tax | - | - | 41 | - |
| Overprovision of income tax | (13) | - | (4) | - |
| Deferred tax | (23) | (23) | 69 | (51) |
| | <u>(36)</u> | <u>(23)</u> | <u>106</u> | <u>(51)</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.

12) Loss per share

| | Individual Quarter | | Financial Year-to-date | |
|---|---------------------------|-------------------|-------------------------------|-------------------|
| | 3 months ended | | 6 months ended | |
| | 30.06.2020 | 30.06.2019 | 30.06.2020 | 30.06.2019 |
| Loss net of tax attributable to owners of the Company (RM'000) | (1,926) | (3,309) | (6,721) | (8,213) |
| Less: cumulative dividend on RCPS | (2,705) | (2,705) | (5,410) | (5,380) |
| Loss net of tax attributable to owners of the Company used in the computation of basic loss per share (RM'000) | (4,631) | (6,014) | (12,131) | (13,593) |
| Add back: cumulative dividend on RCPS | 2,705 | 2,705 | 5,410 | 5,380 |
| Loss net of tax attributable to owners of the Company used in the computation of diluted loss per share(RM'000) | <u>(1,926)</u> | <u>(3,309)</u> | <u>(6,721)</u> | <u>(8,213)</u> |
| Weighted average number of ordinary shares for basic loss per share computation ('000) | 848,731 | 848,731 | 848,731 | 848,731 |
| Effect of dilution – RCPS ('000) | 310,000 | 310,000 | 310,000 | 310,000 |
| Weighted average number of ordinary shares for diluted loss per share computation ('000) | <u>1,158,731</u> | <u>1,158,731</u> | <u>1,158,731</u> | <u>1,158,731</u> |
| Basic loss per share (sen) | (0.55) | (0.71) | (1.43) | (1.60) |
| Diluted loss per share (sen) | (0.17) | (0.29) | (0.58) | (0.71) |

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

13) Inventory properties

| | As at 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|------------------------------------|----------------------------|----------------------------|
| Non-current | | |
| Land held for property development | 146,834 | 146,002 |
| Current | | |
| Properties under development | 74,548 | 69,318 |
| Completed properties | 35,175 | 36,015 |
| | <u>109,723</u> | <u>105,333</u> |
| | <u>256,557</u> | <u>251,335</u> |

(a) Land held for Development

| | As at 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|--|----------------------------|----------------------------|
| At beginning of year | 146,002 | 144,794 |
| Additions | 832 | 2,471 |
| Transfer to properties under development | - | (1,263) |
| At end of year | <u>146,834</u> | <u>146,002</u> |

As at 30.06.2020, the Group has a total land bank of approximately 633 acres, comprising 435 acres in Sandakan and 198 acres in Kota Kinabalu.

(b) Properties under development

| | As at 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|---|---|---|
| Balance at cost | 74,548 | 69,318 |
| | Long-term leasehold RM'000 | Development expenditure RM'000 |
| Cumulative property development cost | | Total RM'000 |
| At 01.01.2020 | 10,651 | 58,667 |
| Cost incurred during the period | - | 9,947 |
| Recognised in profit and loss | (269) | (4,448) |
| At 30.06.2020 | <u>10,382</u> | <u>64,166</u> |
| | | <u>74,548</u> |

As at 30.06.2020, the Group has three ongoing projects namely the commercial project, Sejati Corporate Garden at RM11.96 million, with percentage of completion of 95% and the residential projects, Sri Indah Condominium at RM32.38 million, with a percentage of completion of 63%, and Parklane 1 terrace houses at RM16.39 million, with percentage of completion of 31% totalling RM60.73 million and the projects to be launched amounted to RM13.82 million.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

14) Investment properties

Included is Mydin Hypermarket completed in 2019 with a net carrying amount as at 30 June 2020 of RM72.58 million. (2019: RM73.89 million)

15) Share capital, RCPS and ICPS

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

| | | |
|--|-------------------------------------|----------------------|
| Share capital | No. of Ordinary Shares | Amount RM |
| As at 01.01.2020 and 30.06.2020 | <u>426,167,169</u> | <u>229,133,063</u> |
| Redeemable convertible preference shares (RCPS) | No. of Preference Shares | Amount RM |
| As at 01.01.2020 and 30.06.2020 | <u>155,000,000</u> | <u>149,172,930</u> |
| Irredeemable convertible preference shares (ICPS) | | |
| As at 01.01.2020 and 30.06.2020 | <u>211,281,792</u> | <u>203,338,864</u> |

16) Loan and borrowings

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

| | As at second quarter ended 30.06.2020 | | | As at fourth quarter ended 31.12.2019 | | |
|---------------------------|--|---------------|---------------------|--|---------------|---------------------|
| | 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) | - | 1,211 | 1,211 | - | 3,522 | 3,522 |
| Revolving credits (RC) | - | 110,503 | 110,503 | - | 101,300 | 101,300 |
| Overdraft (OD) | - | 6,427 | 6,427 | - | 4,852 | 4,852 |
| Bridging loan (BL) | *12,669 | *14,277 | 26,946 | 2,653 | 15,993 | 18,646 |
| Term loans (TL) | *79,843 | *4,690 | 84,533 | 79,285 | 7,434 | 86,719 |
| | 92,512 | 137,108 | 229,620 | 81,938 | 133,101 | 215,039 |

* The amounts payable have taken into account the moratorium of loan payment granted by the respective banks due to the Covid-19 outbreak.

The interest rates for BA, RC, TL, BL and OD range from 1% to 2% above the cost of fund of the banks. There are no borrowings denominated in foreign currency.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

17) Cash and Cash Equivalents

| | As at 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|---|--|--|
| Fixed deposits | 1,452 | 1,452 |
| Cash on hand and at banks | 6,494 | 10,106 |
| Cash and bank balances | <u>7,946</u> | <u>11,558</u> |
| Less: deposits pledged for banking facilities | (1,452) | (1,452) |
| Less: bank overdrafts | <u>(6,427)</u> | <u>(4,852)</u> |
| | <u>67</u> | <u>5,254</u> |

18) Contingencies

There were no changes in contingent liabilities since the last balance sheet date, 31 December 2019 to 21 August 2020, the latest practicable date which is not earlier than 7 days from the issue of this interim financial statements.

19) Dividends

For the period ended 30 June 2020, the Directors do not recommend payment of dividend. (2019:Nil).

The total dividend for the current financial year is Nil (2019: Nil).

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

(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 | | Changes | | 6 months ended | | Changes | |
| | 30.06.2020 | 30.06.2019 | RM'000 | % | 30.06.2020 | 30.06.2019 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 7,502 | 14,615 | (7,113) | (49) | 17,154 | 22,271 | (5,117) | (23) |
| Gross profit | 1,798 | 2,718 | (920) | (34) | 3,368 | 3,609 | (241) | (7) |
| Profit/(Loss)Before Interest and Tax | 300 | (1,212) | 1,512 | (125) | (2,015) | (4,792) | 2,777 | (58) |
| Loss Before Tax | (1,962) | (3,332) | 1,370 | (41) | (6,615) | (8,264) | 1,649 | (20) |
| Loss After Tax | (1,926) | (3,309) | 1,383 | (42) | (6,721) | (8,213) | 1,492 | (18) |
| Loss attributable to ordinary equity holders of the Company | (1,926) | (3,309) | 1,383 | (42) | (6,721) | (8,213) | 1,492 | (18) |

For the current quarter and period ended 30 June 2020, the Group recorded revenue of RM7.50 million and RM17.15 million and incurred loss after tax of RM1.93 million and RM6.72 million as compared to the corresponding quarter and period's revenue of RM14.62 million and RM22.27 million and loss after tax of RM3.31 million and RM8.21 million.

The Group generated a total revenue for the current quarter and period of RM7.50 million and RM17.15 million respectively. RM5.76 million (77%) and RM11.18 million (65%) were from property segment and RM1.74 million (23%) and RM5.97 million (35%) were from building materials segment for the current quarter and period respectively.

Sales of properties were at RM4.91 million and RM8.47 million, property management at RM0.03 million and 0.07 million, property letting at RM0.82 million and RM2.64 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 RM0.63 million and RM3.51 million, representing 36% and 59% of the total sales of building materials of RM1.74 million and RM5.97 million for the current quarter and period under review.

The Group recorded a gross profit of RM3.37 million for the period under review. After taking into account interest income and other income totalling RM2.56 million and deducting expenses of RM12.54 million (which include finance cost of RM4.60 million, other expenses of RM0.90 million, administrative expenses of RM6.97 million) and tax expense of RM0.11 million, the Group incurred a loss after tax of RM6.72 million.

Administrative expenses of RM6.97 million comprised mainly fixed and semi-fixed costs namely staff costs, directors' remuneration, overheads and office expenses (which include depreciation RM0.88 million) of approximately RM2.28 million, RM1.94 million and RM2.75 million respectively.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

2. Current quarter compared with immediate preceding quarter

The Group recorded a loss after tax of RM1.93 million for the current quarter under review compared to loss after tax of RM4.80 million for the immediate preceding quarter as follows:-.

| | Current quarter | Immediate preceding quarter | Changes | |
|---|-----------------|-----------------------------|---------|-------|
| | 30.06.2020 | 31.03.2020 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 7,502 | 9,652 | (2,150) | (22) |
| Gross profit | 1,798 | 1,570 | 228 | 15 |
| Profit/(Loss) Before Interest and Tax | 300 | (2,315) | 2,615 | (113) |
| Loss Before Tax | (1,962) | (4,653) | 2,691 | (58) |
| Loss After Tax | (1,926) | (4,795) | 2,869 | (60) |
| Loss attributable to ordinary equity holders of the Company | (1,926) | (4,795) | 2,869 | (60) |

Revenue for the current quarter is lower than the immediate preceding quarter by RM2.15 million or 22% as compared to immediate preceding quarter mainly due to lower revenue from trading of building material segment in the current quarter under review. Loss after tax for the current quarter decreased by RM2.87 million or 60% mainly due to the increase in other income of RM1.62 million.

For the current quarter under review, revenue from the property segment and building material segment amounted to RM5.76 million and RM1.74 million respectively as compared to preceding quarter of RM5.42 million and RM4.23 million respectively.

3. Commentary on Prospects

As at 30 June 2020, the Group has unbilled sales of approximately RM49.53 million and the gross development value of unsold units of its ongoing projects amounted to approximately RM130.10 million.

Barring any unforeseen circumstances, the Board expects the Group's operating environment for the current financial year to remain challenging due to the financing conditions and the slow property market.

4. Profits forecast and profit guarantee

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

5. Income tax expense

This is stated in note 11 to the interim financial statements.

6. Corporate proposals

There were no corporate proposals announced but not completed as at 21 August 2020, 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 subsidiaries as announced on 3 December 2018 and the proposal to comply with the Bumiputra Equity condition as extended by the Securities Commission Malaysia and announced on 14 August 2020.

7. Group borrowings and debt securities

This is stated in note 16 to the interim financial statements.

WMG HOLDINGS BHD.

Interim financial statements for the second quarter ended 30 June 2020

8. Changes in material litigation

The Group did not have any material litigation as at 21 August 2020, 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 19 to the interim financial statements.

10. Earnings/(loss) per share

This is stated in note 12 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 2019 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 9 to the interim financial statements.

13. Disclosure of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2020 or the previous financial year ended 31 December 2019.

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 30 June 2020 and 31 December 2019.

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 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|---|------------------------------------|------------------------------------|
| Total accumulated losses of the Company and its subsidiaries: | | |
| - Realised | (91,632) | (84,911) |
| - Unrealised | - | - |
| | (91,632) | (84,911) |
| Less: Consolidation adjustments | - | - |
| Total Group accumulated losses as per consolidated accounts | (91,632) | (84,911) |
| | | |

(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 26 August 2020.