



WIDAD GROUP BERHAD

(Formerly known as IDEAL JACOBS (MALAYSIA) CORPORATION BHD)

(857363-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL 2019 TO 30TH JUNE 2019

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WIDAD GROUP BERHAD*(Formerly known as IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)**(Incorporated in Malaysia)*Interim financial report for the 2nd quarter ended 30 June 2019. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------------------|---|-------------------------|--|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30/6/2019 | 30/6/2018 | 30/6/2019 | 30/6/2018 |
| | RM'000 | RM'000 (Note 1) | RM'000 | RM'000 (Note 1) |
| Revenue | 32,468 | N/A | 77,825 | N/A |
| Cost of sales | (20,213) | N/A | (49,800) | N/A |
| Gross Profit | 12,255 | - | 28,025 | 0 |
| Other income | 215 | N/A | 530 | N/A |
| Administrative expenses | (4,810) | | (9,813) | N/A |
| Operating Profit | 7,660 | N/A | 18,742 | N/A |
| Reverse acquisition expenses | - | N/A | - | N/A |
| Finance income | 650 | | 925 | |
| Finance costs | (1,892) | N/A | (4,742) | N/A |
| Profit before tax | 6,418 | N/A | 14,925 | N/A |
| Tax expense | (1,352) | N/A | (3,649) | N/A |
| Profit after tax / Total comprehensive income | 5,066 | N/A | 11,276 | N/A |
| Profit after tax / Total comprehensive income attributable to: | 5,066 | | 11,276 | |
| Owners of the Company | 5,066 | N/A | 11,276 | N/A |
| Earnings per share (sen) | | | | |
| Basic | 0.21 | N/A | 0.46 | N/A |

N/A denotes not available

Note 1:

There are no comparative figures for the individual and cumulative preceding corresponding periods being presented due to the reverse acquisition of Ideal Jacobs (Malaysia) Corporation Bhd ("the Company") by Widad Builders Sdn Bhd ("WBSB") ("Reverse Acquisition") as explained in Note A2.1 to these interim financial statements. WBSB, being a non-listed private limited company was not required and had not prepared any interim financial statements prior to the Reverse Acquisition.

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements

WIDAD GROUP BERHAD*(Formerly known as IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)**(Incorporated in Malaysia)*Interim financial report for the 2nd quarter ended 30 June 2019. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | UNAUDITED AS AT 30/6/2019 RM'000 | AUDITED AS AT 31/12/2018 RM'000 |
|--|---|--|
| ASSETS | | |
| NON-CURRENT ASSET | | |
| Property, plant & equipment | 62,556 | 64,073 |
| Total Non-Current Asset | 62,556 | 64,073 |
| CURRENT ASSETS | | |
| Contract assets | 154,813 | 136,490 |
| Trade receivables | 61,354 | 65,632 |
| Other receivables | 5,336 | 7,960 |
| Tax recoverable | 3,767 | 3,767 |
| Fixed deposits with licensed banks | 95,624 | 74,293 |
| Cash and bank balances | 2,243 | 25,350 |
| Total Current Assets | 323,137 | 313,492 |
| TOTAL ASSETS | 385,693 | 377,565 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity attributable to owners of the Company: | | |
| Share capital | 65,271 | 65,271 |
| Retained earnings | 99,942 | 88,666 |
| Total Equity | 165,213 | 153,937 |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Long term borrowings | 119,847 | 114,701 |
| Finance lease liabilities | 554 | 788 |
| Total Non-Current Liabilities | 120,401 | 115,489 |
| CURRENT LIABILITIES | | |
| Contract liability | 15,365 | 17,462 |
| Trade payables | 29,014 | 34,302 |
| Other payables | 6,104 | 6,975 |
| Short term borrowings | 29,745 | 31,225 |
| Finance lease liabilities | 508 | 520 |
| Tax payable | 19,343 | 17,655 |
| Total Current Liabilities | 100,079 | 108,139 |
| Total Liabilities | 220,480 | 223,628 |
| TOTAL EQUITY AND LIABILITIES | 385,693 | 377,565 |
| Net assets per share attributable to equity holders of parent (RM) | 0.07 | 0.06 |

The Unaudited Condensed Statement of Financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | SHARE CAPITAL | DISTRIBUTABLE RETAINED EARNINGS | TOTAL EQUITY |
|--|--------------------------|--|-------------------------|
| | RM'000 | RM'000 | RM'000 |
| As at 1 January 2019 | 65,271 | 88,666 | 153,937 |
| Total profit or loss and other comprehensive income for the period | - | 11,276 | 11,276 |
| As at 30 June 2019 | 65,271 | 99,942 | 165,213 |

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | CURRENT YEAR TO DATE 30/6/2019 RM'000 | PRECEDING YEAR TO DATE 31/12/2018 RM'000 |
|---|--|---|
| OPERATING ACTIVITIES | | |
| Profit before tax | 14,925 | 28,114 |
| Adjustments for non-cash movements: | | |
| Depreciation of property, plant and equipment | 1,572 | 2,640 |
| Interest expense | 4,742 | 11,034 |
| Interest income | (925) | (2,012) |
| Property, plant and equipment written off | - | 55 |
| Unrealised loss(gain) on foreign exchange | - | 2 |
| Loss on disposal of property, plant and equipment | - | 11 |
| Operating profit before working capital changes | 20,314 | 39,844 |
| Changes in working capital: | | |
| Contract assets | (20,420) | (39,594) |
| Receivables | 6,902 | (10,532) |
| Payables | (6,159) | (25,429) |
| Cash from operations | 637 | (35,711) |
| Interest paid | (462) | (929) |
| Interest received | 7 | 597 |
| Income tax paid, net of refund | (1,960) | (10,238) |
| Net cash from operating activities | (1,778) | (46,281) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (55) | (11,863) |
| Adjustment arising from Reverse Acquisition | - | 28,036 |
| Interest received | 918 | 1,415 |
| Net cash from investing activities | 863 | 17,588 |
| FINANCING ACTIVITIES | | |
| Drawdown term loan | 47,236 | - |
| Repayment SUKUK | - | (20,000) |
| Repayment of borrowings | (46,518) | (6,037) |
| Repayment of finance lease liabilities | (246) | (556) |
| Proceed from issuance of shares pursuant to private placement | - | 23,508 |
| Withdrawal/(Placement) in Designated Bank Accounts | 18,720 | (4,500) |
| Advance from/(Repayment) to Ultimate Holding Company | - | 51,389 |
| Advance from related companies | - | 1,013 |
| Interest paid | (4,280) | (10,106) |
| Placement/withdrawal of fixed deposits | (21,332) | 4,764 |
| Net cash used in financing activities | (6,420) | 39,475 |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | CURRENT YEAR TO DATE 30/6/2019 RM'000 | PRECEDING YEAR TO DATE 31/12/2018 RM'000 |
|---|--|---|
| NET CHANGES IN CASH AND CASH EQUIVALENTS | (7,335) | 10,782 |
| CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL PERIOD | 657 | (10,124) |
| EFFECTS OF EXCHANGE RATE CHANGES | - | (1) |
| CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD | (6,678) | 657 |
| Presented by: | | |
| Cash and bank balances | 2,243 | 25,350 |
| Fixed deposits with licensed banks | 95,624 | 74,292 |
| Bank overdraft | (8,884) | (5,936) |
| | 88,983 | 93,706 |
| Designated Bank Accounts | (37) | (18,757) |
| Fixed deposits with licensed banks | (95,624) | (74,292) |
| | (6,678) | 657 |

The Unaudited Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

These interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

The accompanying explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

A2 Significant Accounting Policies

A2.1 MFRS 3: Business Combinations – Reverse Acquisition and Disposal

In accordance with MFRS 3: Business Combinations, the aforementioned business combination between the Company and WBSB is treated as a reverse acquisition whereby for accounting purposes, the accounting acquirer is WBSB while the accounting acquiree is the Company.

Under the reverse acquisition method of accounting, even though the consolidated financial statements of the combined entity are issued under the name of the legal holding company, that is, the Company, the consolidated financial statements represent a continuation of the historical financial statements of the legal subsidiary, that is, WBSB.

A2.2 Adoption of Amendments/Improvements to MFRS

The accounting policies and method of computation adopted for the interim financial statements are consistent with those adopted in audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following new MFRS, amendment to MFRS and IC Interpretation which are relevant to its operations and are effective for the financial statements beginning from 1 January 2019.

- 1) MFRS 16 Leases
- 2) Annual Improvement to MFRS Standards 2015-2017 Cycle
- 3) IC Interpretation 23 Uncertainty over Income Tax Treatment

Initial application of the above standard, amendment and interpretation did not have material impact to the financial statements of the Group.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A3 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The operations of the Group were not subject to any seasonal or cyclical changes.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current quarter and period under review.

A6 Material Changes in Estimates

There were no material changes in estimates in the current quarter and period under review.

A7 Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter and period under review.

A8 Dividends

There were no dividends declared or paid in the current quarter and period under review.

A9 Segmental Reporting

The Group is divided into two main business segments. They are:

1. Construction

Carrying out contracts involving infrastructure and civil engineering works.

2. Integrated Facilities Management (IFM)

Provision of management, operations and maintenance services which can be categorized into scheduled maintenance (proactive, preventive, predictive and corrective maintenance), ad-hoc maintenance and upgrading and renovation works.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A9 Segmental Reporting (cont'd)

Primary reporting basis by business segments:

| | CURRENT YEAR QUARTER | | | CURRENT YEAR TO DATE | | |
|-------------------------------|----------------------|--------------|--------------|----------------------|--------------|---------------|
| | RM'000 | | | RM'000 | | |
| | IFM | CONSTRUCTION | TOTAL | IFM | CONSTRUCTION | TOTAL |
| Revenue | 14,011 | 18,457 | 32,468 | 36,526 | 41,299 | 77,825 |
| <u>Segment results</u> | | | | | | |
| Other income | | | 215 | | | 530 |
| Depreciation | | | (788) | | | (1,572) |
| Finance Cost | | | (1,892) | | | (4,742) |
| Finance Income | | | 650 | | | 925 |
| Taxation | | | (1,352) | | | (3,649) |
| Segment profit | | | <u>5,066</u> | | | <u>11,276</u> |

A10 Carrying Amount of Revalued Asset

The Group does not perform any valuation of property, plant and equipment during the quarter and financial year-to-date.

A11 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter under review up to the date of this report which will substantially affect the results and position of the Group.

A12 Effect of changes in the Group Composition, Long Term Investments, Restructuring and Discontinued Operations

There was no change to the composition of the Group during the current quarter.

A13 Contingent Liabilities/Assets

There were no contingent liabilities/assets as at the end of the current quarter under review.

A14 Capital Commitment

There were no capital commitments as at 30 June 2019.

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| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|-----------------------------------|---|-----------------------------------|--|
| | CURRENT YEAR QUARTER 30/6/2019 | PRECEDING YEAR CORRESPONDING QUARTER 30/6/2018 | CURRENT YEAR TO DATE 30/6/2019 | PRECEDING YEAR CORRESPONDING PERIOD 30/6/2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| - Rental income of office space | 193 | N/A | 386 | N/A |
| <u>Company</u> | | | | |
| - Management fee charged to subsidiaries | 750 | N/A | 1,500 | N/A |

There are no comparative figures for the individual and cumulative preceding corresponding periods being presented due to the Reverse Acquisition as explained in Note A2.1 above. WBSB being a non-listed private limited company was not required and had not prepared any interim financial statements prior to the Reserve Acquisition.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance

| | Quarter Ended | |
|------------------------|---------------|-----------|
| | 30/6/2019 | 30/6/2018 |
| Revenue | 32,468 | N/A |
| Gross profit | 12,255 | N/A |
| Profit before taxation | 6,418 | N/A |

Widad Group Berhad (“WGB”) achieved profit before tax of RM6.42 million on the back of revenue amounting RM32.47 million for the current financial quarter under review. No comparative figures for the preceding year corresponding period being presented due to the Reverse Acquisition as explained in Note A2.1 above.

The construction segment contributed RM18.46 million or 56.85% while IFM segment added RM14.01 million or 43.15% to the revenue.

B2 Comparison with Preceding Quarter’s Results

| | Current Quarter | Immediate | Changes |
|------------------------------------|-----------------|-------------------|---------|
| | 30/6/2019 | Preceding Quarter | |
| | RM’000 | 31/3/2019 | % |
| | | RM’000 | |
| Revenue : | | | |
| - Construction | 18,457 | 22,842 | -19.20% |
| - Integrated Facilities Management | 14,011 | 22,515 | -37.77% |
| | 32,468 | 45,357 | -28.42% |
| Profit Before Tax (PBT) | 6,418 | 8,507 | -24.56% |

WGB’s revenue for the current financial quarter dropped by RM12.89 million or 28.42% as compared to the immediate preceding quarter, mainly due to;

- reduction of revenue from IFM segment due to completion of a contract end of preceding quarter; and
- reduction of revenue recognized from Construction segment following extension of time granted by customers for all projects being undertaken. Projects progress was slowed down by issues on site such as, discovery of big rocks underground that is obstructing pipe jacking works, and the discovery of compromised integrity and safety issues of an existing bridge that is being refurbished. For both situations, the customers require detailed studies and time to decide next course of action.

In tandem with the decrease in revenue, PBT dropped by RM2.09 million or 24.56% as compared to the immediate preceding quarter.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3 Prospects

WGB continues to focus on delivering its outstanding order books efficiently. To enhance its order book, WGB is continuously pursuing various tenders from public and private sectors and is increasing its efforts to kickstart the construction of a private hospital worth RM190 million in Bandar Kinrara, Puchong, which was announced to Bursa Securities on 18 April 2019. Various efforts are also being undertaken to identify and explore business opportunities that offers long term and stable revenue to the Group.

As announced recently, Malaysia recorded a stronger GDP growth of 4.9% for second quarter of 2019 (1Q 2019: 4.5%) whereas Construction industry expanded 0.5% (1Q 2019 : 0.3%). With the revival of mega projects by the Government of Malaysia, such as East Coast Rail Link, Klang Valley MRT2 and LRT3 projects, the construction sector is set to be bullish beginning second half of 2019.

Despite the current global economic uncertainties, WGB continues to be optimistic with its business prospects.

B4 Variance of Actual Profit from Forecast Profit

There were no profit forecasts or profit guarantees released to the public.

B5 Taxation

Tax expense comprises the following:

| | CURRENT YEAR QUARTER 30-06-2019 RM'000 | CURRENT YEAR TO DATE 30-06-2019 RM'000 |
|--------------------|---|---|
| Current Tax | 1,352 | 3,649 |
| Effective tax rate | 21% | 24% |

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial period.

The effective tax rate of 21% for the current quarter was lower than the statutory tax rate mainly due to reversal of overprovision of tax in current quarter.

B6 Status of Corporate Proposals Announced But Not Completed

There is no pending corporate proposal for the current financial period under review.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7 Group Borrowings

| | CURRENT YEAR TO DATE 30/6/2019 RM'000 |
|---|--|
| Secured Short Term Borrowings | |
| - Bank overdraft | 8,884 |
| - Sukuk | 20,000 |
| - Term financing | 861 |
| - Finance lease liabilities | <u>508</u> |
| Secured Long Term Borrowings | |
| - Sukuk | 70,000 |
| - Term financing | 49,847 |
| - Finance lease liabilities | <u>554</u> |
| Total Group Borrowings | <u>150,654</u> |
| Total Assets | <u>385,693</u> |
| Percentage of Borrowings over Total Assets | 39% |

The Group borrowings are wholly denominated in Ringgit Malaysia.

B8 Changes in Material Litigations

There has been no material litigation since the date of the last audited financial statements as at 31 December 2018.

B9 Dividends

There were no dividends declared or paid during the quarter under review.

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The basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares in issue during the period.

| | Current Quarter to date 30/6/2019 | Current Year to date 30/6/2019 |
|--|--|---|
| Profit after tax for the period (RM'000) | 5,066 | 11,276 |
| Weighted average number of ordinary shares in issue ('000) | 2,454,642 | 2,454,642 |
| Basic earnings per share (sen) | <u>0.21</u> | <u>0.46</u> |

(ii) Diluted earnings per share

The diluted earnings per share is not calculated as there are no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

B11 Notes to the statement of comprehensive income

Profit for the current year quarter and current year-to-date were arrived at after crediting / (charging) the following:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------|---|---|---|--|
| | CURRENT YEAR QUARTER 30/6/2019 | PRECEDING YEAR CORRESPONDING QUARTER 30/6/2018 | CURRENT YEAR TO DATE 30/6/2019 | PRECEDING YEAR CORRESPONDING PERIOD 30/6/2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Finance income | 650 | N/A | 925 | N/A |
| Depreciation | (788) | N/A | (1,572) | N/A |
| Finance costs | (1,892) | N/A | (4,742) | N/A |

Save for as disclosed above, the Group does not have any other material items to be included in the results for the current financial quarter ended 30 June 2019.