



WIDAD GROUP BERHAD

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

200901014295 (857363-U)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST OCTOBER TO 31ST DECEMBER 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 4th quarter ended 31st December 2019. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING	CURRENT YEAR	PRECEDING
	QUARTER	YEAR	TO DATE	YEAR
		CORRESPONDING		CORRESPONDING
	QUARTER	QUARTER	PERIOD	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	68,835	101,001	186,996	289,020
Cost of sales	(50,192)	(85,598)	(123,125)	(214,364)
Gross Profit	18,643	15,403	63,871	74,656
Other income	485	-	2,236	342
Administrative expenses	(11,472)	(6,018)	(27,206)	(30,689)
Operating Profit	7,656	9,385	38,901	44,309
Reverse acquisition expenses	-	-	-	(7,172)
Finance income	554	-	1,896	2,012
Finance costs	(2,890)	(2,497)	(10,263)	(11,035)
Profit before tax	5,320	6,888	30,534	28,114
Tax expense	(11,425)	(2,153)	(18,533)	(8,858)
Profit after tax / Total comprehensive income	(6,105)	4,735	12,001	19,256
Profit after tax / Total comprehensive income attributable to:				
Owners of the Company	(6,105)	4,735	12,001	19,256
Earnings per share (sen)				
- Basic	(0.25)	0.23	0.49	0.92
- Diluted	(0.12)	N/A	0.24	N/A

The Unaudited Condensed Consolidated Statement 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 4th quarter ended 31st December 2019. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED AS AT 31/12/2019 RM'000	AUDITED AS AT 31/12/2018 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant & equipment	17,398	64,073
Right-of-use of assets	44,257	-
Total Non-Current Asset	61,655	64,073
CURRENT ASSETS		
Contract assets	164,278	136,490
Trade receivables	39,867	65,632
Other receivables	8,626	7,960
Tax recoverable	3	3,767
Fixed deposits with licensed banks	82,698	74,293
Cash and bank balances	32,308	25,350
Total Current Assets	327,780	313,492
TOTAL ASSETS	389,435	377,565
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company:		
Share capital	65,271	65,271
Retained earnings	100,667	88,666
Total Equity	165,938	153,937
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term borrowings	87,911	114,701
Finance lease liabilities	453	788
Total Non-Current Liabilities	88,364	115,489
CURRENT LIABILITIES		
Contract liability	8,325	17,462
Trade payables	37,026	34,302
Other payables	13,451	6,975
Short term borrowings	54,197	31,225
Finance lease liabilities	344	520
Tax payable	21,790	17,655
Total Current Liabilities	135,133	108,139
Total Liabilities	223,497	223,628
TOTAL EQUITY AND LIABILITIES	389,435	377,565
Net assets per share attributable to equity holders of parent (RM)	0.07	0.06

The Unaudited Condensed Consolidated 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 these interim financial statements.

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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	-	12,001	12,001
As at 31 December 2019	65,271	100,667	165,938

The Unaudited Condensed Consolidated 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 these interim financial statements.

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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 4th quarter ended 31st December 2019. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	CURRENT YEAR TO DATE 31/12/2019 RM'000	AUDITED AS AT 31/12/2018 RM'000
OPERATING ACTIVITIES		
Profit before tax	30,534	28,114
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	1,765	2,640
Depreciation of right-of-use of assets	1,379	-
Interest expense	10,263	11,034
Interest income	(1,896)	(2,012)
Property, plant and equipment written off	-	55
Unrealised loss(gain) on foreign exchange	13	2
Loss on disposal of property, plant and equipment	-	11
Operating profit before working capital changes	42,058	39,844
Changes in working capital:		
Contract assets	(36,925)	(39,594)
Receivables	25,099	(10,532)
Payables	9,200	(25,429)
Cash from operations	39,432	(35,711)
Interest paid	(1,415)	(929)
Interest received	20	597
Tax refund	7	
Income tax paid, net of refund	(10,640)	(10,238)
Net cash from operating activities	27,404	(46,281)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(726)	(11,863)
Adjustment arising from Reverse Acquisition	-	28,036
Interest received	1,876	1,415
Net cash from investing activities	1,150	17,588
FINANCING ACTIVITIES		
Repayment SUKUK	(20,000)	(20,000)
Repayment of borrowings	2,442	(6,037)
Repayment of finance lease liabilities	(511)	(556)
Proceed from issuance of shares pursuant to private placement	-	23,508
Withdrawal/(Placement) in Designated Bank Accounts	17,879	(4,500)
Advance from/(Repayment) to Ultimate Holding Company	-	51,389
Advance from related companies	-	1,013
Interest paid	(8,848)	(10,106)
Placement/withdrawal of fixed deposits	(8,406)	4,764
Net cash used in financing activities	(17,444)	39,475
NET CHANGES IN CASH AND CASH EQUIVALENTS	11,110	10,782

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/12/2019 RM'000	AUDITED AS AT 31/12/2018 RM'000
NET CHANGES IN CASH AND CASH EQUIVALENTS	11,110	10,782
CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL PERIOD	657	(10,124)
EFFECTS OF EXCHANGE RATE CHANGES	(13)	(1)
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD	11,754	657
Presented by:		
Cash and bank balances	32,308	25,350
Fixed deposits with licensed banks	82,698	74,292
Bank overdraft	<u>(19,676)</u>	<u>(5,936)</u>
	95,330	93,706
Designated Bank Accounts	(878)	(18,757)
Fixed deposits with licensed banks	<u>(82,698)</u>	<u>(74,292)</u>
	11,754	657

The Unaudited Condensed Consolidated 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 these interim financial statements.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 Widad Group Berhad ("Widad" or the "Company") and Widad Builders Sdn Bhd ("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 THIRD QUARTER ENDED 31 DECEMBER 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 business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

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

During the year ended 2019, the Group made a principal payment for Sukuk amounting to RM20 million.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter and period under review.

A8 Dividends Paid

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 THIRD QUARTER ENDED 31 DECEMBER 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	15,530	53,305	68,835	67,992	119,004	186,996
Segment results						
Other income			485			2,236
Depreciation			(786)			(3,144)
Finance Cost			(2,890)			(10,263)
Finance Income			554			1,896
Taxation			(11,425)			(18,533)
Segment profit			<u>(6,105)</u>			<u>12,001</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 were no changes in 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 31 December 2019.

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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
- Rental income of office space	193	128	773	321
- ICT consultation and services	235	-	235	-
<u>Company</u>				
- Management fee charged to subsidiaries	750	N/A	3,000	N/A
- Dividend received from subsidiaries	2,500	N/A	2,500	N/A
- Purchase and install fire suppression, CCTV and door access system from a related company	-	237	-	237

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

B1 Review of Performance

(a) Current quarter

	QUARTER ENDED			
	31/12/2019 RM'000	31/12/2018 RM'000	Variance RM'000	Variance %
Revenue:				
- Construction	53,305	73,593	(20,288)	(27.57%)
- Integrated Facilities Management (IFM)	15,530	27,408	(11,878)	(43.34%)
Total revenue	68,835	101,001	(32,166)	(31.85%)
Profit before tax	5,320	6,888	(1,568)	22.76%

For the current quarter under review, the Group recorded 31.85% lower revenue as compared to the corresponding quarter last year, mainly due to the following:

- i) reduction of revenue from IFM segment due to the completion of JB Sentral contract during the first quarter of 2019 (Q4 2018:RM20.00 million, Q4 2019:RM0 million); and
- ii) reduction of revenue from construction segment due to the completion of Makmal Sains project and Timah Tasoh project during the first quarter 2019 (Q4 2018:RM14.23 million, Q4 2019:RM0 million)

In tandem with the decrease in revenue, PBT dropped by RM1.57 million or 22.76% as compared to the corresponding quarter last year.

(b) Financial year to-date

	CUMULATIVE QUARTER ENDED			
	31/12/2019 RM'000	31/12/2018 RM'000	Variance RM'000	Variance %
Revenue:				
- Construction	119,004	190,282	(71,278)	(37.46%)
- Integrated Facilities Management (IFM)	67,992	98,738	(30,746)	(31.14%)
Total revenue	186,996	289,020	(102,024)	(35.30%)
Profit before tax	30,534	28,114	2,420	8.61%

For the twelve months ended 31 December 2019, the Group revenue decreased by RM102.02 million or 35.30% as compared to corresponding period last year. Lower revenue was attributable to completion of projects in both segments (as mentioned above) and slower construction activities.

Profit before tax registered RM2.42 million or 8.61 % higher compared to the corresponding period of the previous financial year. The PBT has increased mainly due to decrease of finance costs (2018: RM11.09 million, 2019: RM10.26 million) and administrative cost (2018: RM30.69 million, 2019: RM27.21 million) during the current period.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31/12/2019 RM'000	Immediate Preceding Quarter 30/9/2019 RM'000	Variance RM'000	Variance %
Revenue :				
- Construction	53,305	24,400	28,905	118.46%
- Integrated Facilities Management (IFM)	15,530	15,936	(406)	(2.55%)
	68,835	40,336	28,499	70.65%
Profit Before Tax (PBT)	5,320	10,289	(4,969)	(48.29%)

The Group's revenue for the current quarter increased RM28.49 million or 70.65% as compared to the preceding quarter. The Group recorded higher revenue due to the resumption of construction activities which slowed down in the previous quarter as a result of technical issues on site which require detailed studies and time to decide the next course of action.

Despite the increase in revenue, profit before tax decrease by RM4.96 million or 48.29% as compared to previous quarter mainly due to additional charges imposed by Lembaga Hasil Dalam Negeri upon completion of tax review for financial years 2015 to 2018.

B3. Prospects

(a) Construction

The construction sector is expected to grow by 3.7% in 2020 on account of acceleration and revival of mega projects as well as building of the affordable homes. However, the sector remains challenging due to uncertainties in external conditions arising from ongoing novel coronavirus (Covid-19) outbreak which affects the supply and delivery of raw materials.

This segment has remaining contract value worth RM648 million. Backed by its track record in securing high value civil and infrastructure contracts and consistent delivery of high quality service, Widad is confident in enhancing its order book further.

(b) IFM

Facilities management (FM) landscape in Malaysia is developing, yet highly competitive, on the back of increasing outsourcing culture and expansion of construction projects. The FM industry has undergone regulatory enhancement in 2019 to align itself to international standards.

This segment has remaining orderbook worth RM238 million to be performed until June 2022. Widad will continue to bid for IFM projects and is confident of securing contracts based on its experience in maintaining grade "A" building and outstanding service delivery as witnessed by various awards and recognitions obtained.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

B3. Prospects (Cont'd)

c) Corporate proposal - Concession

On 19 February 2020, the Company announced to Bursa that it had signed two conditional share sale agreements for the proposed acquisition of 100% equity interest in Serendah Heights Sdn Bhd ("SHSB") for the total consideration of RM127.02 million. SHSB is an investment holding company and through its subsidiary owns a concession to construct facilities and infrastructure and to carry out maintenance of a Universiti Teknologi MARA ("UiTM") Jasin in Melaka. The concession lasts for another 14 years ending 2034 and worth RM861.58 million.

On 27 November 2019, the Company entered into Head of Agreement ("HoA") with shareholders of Innovative Mewah Sdn Bhd ("IMSB") with a view to acquire 100% equity interest in IMSB. IMSB owns a concession to construct facilities and infrastructure and to carry out maintenance of a UiTM Seremban in Negeri Sembilan. IMSB has remaining concession period of another 14 years ending January 2034 valued at RM838.76 million.

Both proposals are expected to provide the Company with a stream of recurring earnings and cashflow over the remaining concession period.

B4. Variance of Actual Profit from Forecast Profit

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

B5. Taxation

Tax expenses comprise the following:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2019	31/12/2018
	RM'000	RM'000
Profit before tax	30,534	28,114
Tax at applicable tax rate of 24%	7,328	6,747
Expenses not deductible for tax purpose	4,879	4,371
Income not subject to tax	(1,320)	-
Under/(Over) provision in prior year	7,550	(2,281)
Deferred tax assets not recognised	96	21
Tax expenses	18,533	8,858

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial period. The effective tax rate for the current quarter was higher than the statutory tax rate mainly due to under provision of income tax in prior years, non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary differences.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

B6 Status of Corporate Proposals Announced But Not Completed

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement.

1. Proposed Acquisition of Serendah Heights Sdn Bhd (“SHSB”)

On 17 October 2019, Company had entered into a Heads of Agreement (“**HOA**”) with Prihatin Ehsan Holdings Sdn Bhd (“**PEHSB**”) and Training Camp Aabata Sdn Bhd (“**TCASB**”) in relation to the acquisition of 4,500,000 ordinary shares of SHSB representing 90% equity interest in SHSB.

Further, on behalf of the Board of Directors of Widad (“**Board**”), M&A Securities Sdn Bhd (“**M&A**”) announce that the Company had, on 19 February 2020 entered into the following:

- (a) the conditional share sale agreement with PEHSB and TCASB for the proposed acquisition of 4,500,000 SHSB shares, representing 90% equity interest in SHSB, for a purchase consideration of RM114.62 million, subject to adjustment, to be satisfied via a combination of RM103.16 million in cash and RM11.46 million in new Widad Shares (“**Consideration Shares**”), through the issuance and allotment of up to 24,131,150 Consideration Shares at an issue price of at least RM0.475 per Consideration Share, subject to the terms of the agreement (“**Purchase Consideration 1**”) (“**SSA 1**”); and
- (b) the conditional share sale agreement with Just Wisdom Sdn Bhd (“**JWSB**”) for the proposed acquisition of the remaining 500,000 SHSB Shares, representing 10% equity interest in SHSB, for a purchase consideration of RM12.40 million to be fully satisfied in cash (“**Purchase Consideration 2**”) (“**SSA 2**”).

(PEHSB, TCASB and JWSB are collectively referred to as the “**Vendors**” and Purchase Consideration 1 and Purchase Consideration 2 are collectively referred to as “**Total Consideration**”)

Subsequently on, 20 February 2020, M&A Securities on behalf of the Board clarified the following:

- (a) With reference to Section 2.6 of the Announcement, the final issue price for the Consideration Shares shall be determined based on the 5D-VWAMP from the date of the SSA, i.e. up to 26 February 2020 (not 24 February 2020 as announced). An announcement of the final issue price for the Consideration Shares will be made on 26 February 2020; and
- (b) An application will be submitted to Bursa Securities within 2 months from the date of the Announcement for the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities.

In addition to that, on 21 February 2020, M&A Securities, on behalf of the Board clarified further that the application for the change of shareholders in YBKU and SHSB has been submitted to Unit Kerjasama Awam Swasta on 21 November 2019.

Further details on the Proposed Acquisition will be provided at the appropriate time. Barring any unforeseen circumstances, the Proposed Acquisitions is expected to be completed by the 2nd quarter of year 2020.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

2. Proposed Acquisition of Innovative Mewah Sdn Bhd

On 27 November 2019, the Board of Directors of Widad announced that the Company had entered into a HOA with the shareholders of Innovative Mewah Sdn Bhd ("IMSB"), namely, Menang Development (M) Sdn Bhd ("MDSB"), Menang Industries (M) Sdn Bhd ("MISB") and Tentu Selesa Sdn Bhd ("TSSB") holding an aggregate of 100% equity interest or 69,300,100 ordinary shares ("Sale Shares") in IMSB (collectively referred to as "the Vendors") with a view to acquire 100% equity interest in IMSB ("Proposed Acquisition"), for a purchase consideration of RM122.00 million ("Purchase Consideration") to be satisfied via cash, subject to the terms and conditions of share sale and purchase agreement to be entered into between the parties ("Definitive Agreement").

Currently, Widad are in the midst of performing legal and financial due diligence audit.

B7 Group Borrowings

	CURRENT YEAR TO DATE 31/12/2019
	RM'000
Secured Short Term Borrowings	
- Bank overdraft	19,676
- Sukuk	20,000
- Term financing	14,521
- Finance lease liabilities	344
Secured Long Term Borrowings	
- Sukuk	50,000
- Term financing	37,911
- Finance lease liabilities	453
Total Group Borrowings	142,905
Total Assets	389,435
Percentage of Borrowings over Total Assets	37%

The Group borrowings are wholly denominated in Ringgit Malaysia.

WIDAD GROUP BERHAD

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(Incorporated in Malaysia)

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

B8 Material Litigations

Except for the following claims, there was no pending material litigation as at the date of this report.

- a) KMK Power Sdn Bhd (“KMKP”) and KMK Green Ventures (“KMKG”) VS Bumi Segar Indah Sdn Bhd (“BSI”) and WBSB

KMK Power Sdn Bhd (first plaintiff) and KMK Green Ventures Sdn Bhd (second plaintiff) (both plaintiffs are referred to as “the Plaintiffs”) have filed a Writ of Summons dated 6 November 2019 against Bumi Segar Indah Sdn Bhd (BSI) as the First Defendant and WBSB as Second Defendant. The Plaintiffs commenced the suit against BSI in relation to a contract known as “Cadangan Projek bagi Membina, Mengoperasikan dan Menyelenggara Stesen Pemindahan Sisa Pepejal Baru di Taman Beringin, Jinjang Utara, Kepong, Kuala Lumpur” (“the said Project”) and sought a declaration that WBSB’s transaction with BSI is void and other reliefs. WBSB has accepted the award of the contract for the said Project from BSI on 25 September 2019 for the design and build portion of the said Project only. WBSB are not aware of any understanding, arrangement and / or obligations arising between the Plaintiffs and BSI, and does not have any connection whatsoever, whether written or verbal, implied or express, between the Plaintiff and BSI. WBSB views that the Doctrine of Privity of Contract applies whereas a contract cannot confer rights or impose obligations upon any person who is not a party to the said contract. WBSB is not privy to any terms between the Plaintiffs and BSI.

Particulars of the Claims

The Plaintiffs have filed a writ of summons and statement of claim 6 November 2019 to claim for the following from the First Defendant and the Second Defendant: -

- (ii) Declaration and specific performances on the agreements between Plaintiffs and BSI;
- (iii) Declaration that the transaction between BSI and WBSB is void;
- (iv) specific damages inclusive loss of profit of RM35,752,028.60;
- (v) Injunctions; and
- (vi) other reliefs.

The Writ was served short-service to WBSB and WBSB has engaged a solicitor to handle the civil suit.

On 19 November 2019, WBSB has filed notice of appearance and the application to strike out the Plaintiffs’ claim on the basis there is no cause of action against WBSB.

Subsequent to the case management on 25 November 2019 and 16 January 2020 registrar has fixed the following:

- a) On 14 February 2020 - date instructed by court for KMK to file a reply to BSI defence and file a defence to BSI counter claim and file a reply to Widad defence.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B8 Material Litigations (Cont'd)**

- b) On 28 February 2020 - case management date before registrar
- (1) To update status of replies by KMK; and
 - (2) To update status should any party i.e. BSI or Widad to file an application to reply to the replies or defence to counterclaim by KMK and to update status of filing of application to amend summons by KMK.
- c) On 10 March 2020 - hearing date before high court judge for Widad application to strike out KMK writ of summons against Widad

B9 Dividends

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

B10 Earnings Per Share**(i) Basic earnings per share**

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 31/12/2019	Current Year to Date 31/12/2019
Profit after tax for the period (RM'000)	(6,105)	12,001
Weighted average number of ordinary shares in issue ('000)	2,454,642	2,454,642
Basic earnings per share (sen)	<u>(0.25)</u>	<u>0.49</u>

WIDAD GROUP BERHAD*(Formerly known as IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)**(Incorporated in Malaysia)*Interim financial report for the 4th quarter ended 31st December 2019. The figures have not been audited.**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019****B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B10 Earnings Per Share (Cont'd)****(ii) Diluted earnings per share**

The diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares to be issued pursuant to the exercise of the warrant.

	Current Quarter	Current Year to Date
	31/12/2019	31/12/2019
Profit after tax for the period (RM'000)	(6,105)	12,001
Weighted average number of ordinary shares to be issued pursuant to the exercise of the Warrants ('000)	2,945,570	2,945,570
Diluted earnings per share (sen)	<u>(0.21)</u>	<u>0.24</u>

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 31/12/2019	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2018	CURRENT YEAR TO DATE 31/12/2019	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018
	RM'000	RM'000	RM'000	RM'000
Finance income	554	-	1,896	2,012
Depreciation	(786)	(830)	(3,144)	(2,640)
Finance costs	(2,890)	(2,497)	(10,263)	(11,035)

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 31 December 2019.