



WIDAD GROUP BERHAD

200901014295 (857363-U)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL TO 30TH JUNE 2020

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WIDAD GROUP BERHAD (857363-U)
(Incorporated in Malaysia)

Interim financial report for the 2nd quarter ended 30th June 2020. 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	PERIOD		
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	12,340	32,469	36,961	77,825
Cost of sales	(6,424)	(20,214)	(20,408)	(49,800)
Gross Profit	5,916	12,255	16,553	28,025
Other income	243	215	443	530
Administrative expenses	(4,399)	(4,810)	(9,947)	(9,813)
Operating Profit	1,760	7,660	7,049	18,742
Finance income	1,631	650	1,673	925
Finance costs	(2,055)	(1,892)	(4,220)	(4,742)
Profit before tax	1,336	6,418	4,502	14,925
Tax expense	(462)	(1,352)	(1,483)	(3,649)
Profit after tax / Total comprehensive income	874	5,066	3,019	11,276
Profit after tax / Total comprehensive income attributable to:				
Owners of the Company	874	5,066	3,019	11,276
Earnings per share (sen)				
- Basic	0.04	0.21	0.12	0.46
- Dilluted	0.03	0.17	0.10	0.38

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 (857363-U)
(Incorporated in Malaysia)

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30/6/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant & equipment	16,553	17,398
Right-of-use of assets	43,606	44,257
Total Non-Current Asset	60,159	61,655
CURRENT ASSETS		
Contract assets	158,123	165,852
Trade receivables	24,051	38,293
Other receivables	21,222	8,522
Tax recoverable	1	3
Fixed deposits with licensed banks	77,139	82,802
Cash and bank balances	18,769	32,308
Total Current Assets	299,305	327,780
TOTAL ASSETS	359,464	389,435
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company:		
Share capital	65,271	65,271
Retained earnings	103,686	100,667
Total Equity	168,957	165,938
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term borrowings	87,369	87,910
Finance lease liabilities	226	453
Total Non-Current Liabilities	87,595	88,363
CURRENT LIABILITIES		
Contract liability	6,419	8,325
Trade payables	26,622	37,025
Other payables	14,503	13,451
Short term borrowings	34,647	54,199
Finance lease liabilities	383	344
Tax payable	20,338	21,790
Total Current Liabilities	102,912	135,134
Total Liabilities	190,507	223,497
TOTAL EQUITY AND LIABILITIES	359,464	389,435
Net assets per share attributable to equity holders of parent (RM)	0.07	0.07

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

WIDAD GROUP BERHAD (857363-U)
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Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

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 2020	65,271	100,667	165,938
Total profit or loss and other comprehensive income for the period	-	3,019	3,019
As at 30 June 2020	65,271	103,686	168,957

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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WIDAD GROUP BERHAD (857363-U)
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Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/6/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	4,502	30,534
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	1,518	3,144
Interest expense	4,220	9,703
Interest income	(1,673)	(1,896)
Property, plant and equipment written off	-	28
Operating profit before working capital changes	8,567	41,513
Changes in working capital:		
Contract assets	5,823	(38,500)
Receivables	15,464	26,577
Payables	(9,351)	9,190
Cash from operations	20,503	38,780
Interest paid	(573)	(1,415)
Interest received	4	20
Income tax paid, net of refund	(2,934)	(10,633)
Net cash from operating activities	17,000	26,752
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22)	(726)
Deposit for acquisition concession	(13,922)	-
Interest received	1,669	1,642
Net cash from investing activities	(12,275)	916
FINANCING ACTIVITIES		
Repayment SUKUK	-	(20,000)
Repayment of borrowings	(3,023)	2,442
Repayment of finance lease liabilities	(188)	(511)
Withdrawal/(Placement) in Designated Bank Accounts	626	17,879
Advance from/(Repayment) to Ultimate Holding Company	-	869
Advance from related companies	-	(453)
Interest paid	(3,648)	(8,288)
Placement/withdrawal of fixed deposits	5,663	(8,509)
Net cash used in financing activities	(570)	(16,571)
NET CHANGES IN CASH AND CASH EQUIVALENTS	4,155	11,097
CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL PERIOD	11,754	657
EFFECT OF EXCHANGES CHANGS		
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD	15,909	11,754

WIDAD GROUP BERHAD (857363-U)
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Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/3/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD	15,909	11,754
Presented by:		
Cash and bank balances	18,769	32,308
Fixed deposits with licensed banks	77,139	82,802
Bank overdraft	(2,607)	(19,676)
	93,301	95,434
Designated Bank Accounts	(253)	(878)
Fixed deposits with licensed banks	(77,139)	(82,802)
	15,909	11,754

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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WIDAD GROUP BERHAD (857363-U)
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Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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 2019 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 2019.

A2 Significant Accounting Policies

A2.1 Adoption of Amendments/Improvements to MFRS

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2019 except for the adoption of the following Amendments to MFRSs which is effective beginning financial year 2020:-

- | | |
|---|--|
| • Amendments to MFRS 3 | Definition of a Business |
| • Amendments to MFRS 101
Definition of | Presentation of Financial Statements –
Material |
| • Amendments to MFRS 108 | Accounting Policies, Changes in
Accounting Estimates and Errors –
Definition of Material |
| • Amendments to MFRS 9, MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform |

The adoption of the above amendments to MFRSs does not have significant financial impact to the Group's result position.

A3 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

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 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 Paid

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

A9 Segmental Reporting

Primary reporting basis by business segments:

	CURRENT YEAR QUARTER			CURRENT YEAR TO DATE		
	RM'000			RM'000		
	IFM	CONSTRUCTION	TOTAL	IFM	CONSTRUCTION	TOTAL
Revenue	10,330	2,010	12,340	23,789	13,172	36,961
<u>Segment results</u>						
Other income			243			443
Depreciation			(759)			(1,518)
Finance Cost			(2,055)			(4,220)
Finance Income			1,631			1,673
Taxation			(462)			(1,483)
Segment profit			874			3,019

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

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 transactions or events subsequent to the financial period ended 30 June 2020 till 21 August 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report) that has not been reflected in the financial statement for the current quarter and financial year-to-date.

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 financial period under review.

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 2020.

A15 Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2019 RM'000	CURRENT YEAR TO DATE 30/6/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2019 RM'000
Group				
- Rental income of office space	193	193	386	386
Company				
- Management fee charged to subsidiaries	750	750	1,500	1,500

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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			
	30/6/2020 RM'000	30/6/2019 RM'000	Variance RM'000	Variance %
Revenue:				
- Construction	2,010	18,457	(16,447)	-89.11%
- IFM	10,330	14,011	(3,681)	-26.27%
Total revenue	12,340	32,468	(20,128)	-61.99%
Profit before tax ("PBT")	1,336	6,418	(5,082)	-79.18%

The Group's revenue for the current quarter decreased by RM 20.13 mil or 61.99% to RM 12.34 mil from corresponding quarter in the preceding year. The decreased was mainly attributable to the construction segment due to the suspension of all construction activities during the Movement Control Order ("MCO") declared by the Government of Malaysia on 18 March 2020 and followed by Conditional Movement Control Order ("CMCO") period until 9 June 2020.

The revenue from IFM also decreased by RM 3.68 mil or 26.27% from corresponding quarter in the preceding year due to slower activities in March and April resulting from MCO.

In tandem with the decrease in revenue, PBT dropped by RM 5.08 million or 79.18% as compared to the corresponding quarter last year.

(b) Comparison with Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Variance RM'000	Variance %
	30/6/2020 RM'000	31/3/2020 RM'000		
Revenue:				
- Construction	2,010	11,162	(9,152)	-81.99%
- IFM	10,330	13,459	(3,129)	-23.25%
Total revenue	12,340	24,621	(12,281)	-49.88%
PBT	1,336	3,166	(1,830)	-57.80%

The Group's revenue for the current quarter decreased by RM 12.28 million or 49.88% as compared to the preceding quarter. Lower revenue was attributable to slower activities under IFM segment and the sudden suspension of all construction project until 9 June 2020 due to MCO and CMCO.

In tandem with the decrease in revenue, PBT dropped by RM 1.83 million or 57.80% as compared to previous quarter.

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B2 Prospects

In the second quarter of 2020 (2Q20), the economy contracted as containment measures implemented to curb the spread of the Covid-19 pandemic have slowed down economic activity. Outlook for year 2020 remains challenging and uncertain as the full impact of the Covid-19 pandemic has not been ascertained. Despite the uncertainties, Widad is cautiously optimistic with its performance in 2020.

(a) Construction

The construction sector experienced slower growth in first half of FY2020 mainly due to the COVID-19 pandemic outbreak. However, with the introduction by the government on economic stimulus packages, the sector is expected to rebound in second half of FY2020.

This segment has remaining contract value worth RM 439.00 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 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 order book worth RM 208.00 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.

(c) Corporate proposal – Acquisitions of Concession

On 19 February 2020, the Company announced to Bursa Securities that it had entered into conditional share sale agreements for the proposed acquisition of 100% equity interest in Serendah Heights Sdn Bhd ("SHSB") for the total consideration of RM127 million. SHSB is an investment holding company and through its wholly-owned subsidiary, YBK Usahasama Sdn Bhd owns a concession to construct facilities and infrastructure and to carry out maintenance of a university campus in Melaka. The concession lasts for another 13 years and 8 months ending 2034 worth RM836 million.

On 24 June 2020, the Company announced to Bursa Securities that it had entered into a conditional share sale agreement with the Vendors for the proposed acquisition of the Sale Shares, representing 100% equity interest in Innovative Mewah Sdn Bhd ("IMSB"), for a purchase consideration of RM 122.00 million. IMSB owns a concession to construct facilities and infrastructure and to carry out maintenance of a university campus in Negeri Sembilan. The company has remaining concession period of another 14 years ending January 2034 valued at RM838 million.

Both proposals are expected to provide the Group with a stream of recurring earnings and cash flow over the remaining concession period.

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B3 Variance of Actual Profit from Forecast Profit

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

B4 Taxation

Tax expenses comprise the following:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/6/2020	30/6/2019
	RM'000	RM'000
Profit before tax	1,336	6,418
Tax at applicable tax rate of 24%	321	1,540
Expenses not deductible for tax purpose	141	-
Overprovision tax	-	(188)
Tax expenses	462	1,352

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 certain non-deductible expenses.

B5 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

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 Securities”) 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, 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

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B5 Status of Corporate Proposals Announced But Not Completed (Cont'd)

- (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 Purchase 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.

On 26 February 2020, M&A Securities, on behalf of the Company announced that the final issue price for the Consideration Shares has been fixed at RM0.4765 per Consideration Share.

Subsequently, M&A Securities, on behalf of the Board, announce that Company had on 13 April 2020 submitted an application to Bursa Securities for an extension of time up to 15 June 2020 to submit the draft circular in relation to the Proposed Acquisitions. On 17 April 2020, Bursa Securities has resolved to grant the Company an extension of time up to 15 June 2020 to submit the draft circular in relation to the Proposed Acquisitions.

Further to the announcement dated 17 April 2020, M&A Securities, on behalf of the Company had announced that the listing application in relation to the Proposals has been submitted to Bursa Securities on 15 June 2020.

On 21 August 2020, M&A Securities on behalf of the Board, announce that the Company and the Vendors have mutually agreed to extend the period for 90 days (i.e. up to 19 November 2020) to fulfil the Condition Precedents.

Further details on the Proposed Acquisitions will be provided at the appropriate time. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 4th quarter of year 2020.

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B5 Status of Corporate Proposals Announced But Not Completed (Cont'd)

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").

On 26 March 2020, the Board had announced that Widad and the Vendors have mutually agreed to extend the HOA by a further 90 days to 24 June 2020.

Further, on behalf of the Board, MIDF Amanah Investment Bank Berhad ("MIDF Investment") had announced that Innovative City Holding Sdn Bhd ("ICHSB"), a wholly-owned subsidiary of Widad Concession Sdn Bhd, which in turn is a wholly-owned subsidiary of Widad, had, on 24 June entered into a conditional share sale agreement with the Vendors for the proposed acquisition of the Sale Shares, representing 100% equity interest in IMSB, for a purchase consideration of RM 122.00 million to be fully satisfied in cash ("Purchase Consideration") ("SSA").

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 4th quarter of year 2020.

3. Proposed Private Placement Exercise

On 25 February 2020, M&A Securities, on behalf of the Board announced that the Company proposes to undertake a private placement of up to 10% of the issued shares of the Company. The application to Bursa Securities in relation to the Proposed Private Placement is expected to be made in due time.

On 17 April 2020, Bursa Securities had resolved to grant the Company an extension of time up to 15 June 2020 to submit the draft circular in relation to the Proposed Private Placement.

Further to the announcement dated 17 April 2020, M&A Securities Sdn Bhd, on behalf of the Company had announced that the listing application in relation to the Proposals has been submitted to Bursa Securities on 15 June 2020.

On 2 July 2020, M&A Securities on behalf of the Board had announced additional information in relation to the Proposed Private Placement.

Subsequently, M&A Securities on behalf of the Board had announced that Bursa Securities on 3 July 2020 had approved the listing of and quotation up to 245,464,100 Placement Shares to be issued pursuant to the Private Placement on the ACE Market of Bursa Securities subject to the following conditions:

- a) Widad and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Private Placement;

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B5 Status of Corporate Proposals Announced But Not Completed (Cont'd)

- b) Widad and M&A Securities to inform Bursa Securities upon the completion of the Private Placement; and
- c) Widad to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Private Placement is completed.

At this juncture, the Company is in the midst of securing placee for the implementation. Further details on the Private Placement will be provided at the appropriate time. Barring any unforeseen circumstances, the Private Placement is expected to be completed by the 4th quarter of year 2020.

B6 Group Borrowings

	CURRENT YEAR TO DATE 30/6/2020 RM'000
Secured Short Term Borrowings	
- Bank overdraft	2,607
- Sukuk	20,000
- Term financing	32,040
- Finance lease liabilities	<u>383</u>
Secured Long Term Borrowings	
- Sukuk	50,000
- Term financing	17,369
- Finance lease liabilities	226
Total Group Borrowings	<u>122,625</u>
Total Assets	359,464
Percentage of Borrowings over Total Assets	<u>34%</u>

The Group borrowings are wholly denominated in Ringgit Malaysia.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7 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, Mengoperasi 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.

WBSB has filed for an application to strike out the Plaintiffs’ Writ of Summons and statement of claim on the basis that the Plaintiffs’ has no cause of action against WBSB as WBSB not a party to the contract and there was no conspiracy between WBSB and 1st Defendant to cause the purported breach of contract claimed by the Plaintiffs against the 1st Defendant.

As at the last possible date, the hearing for the application filed by WBSB for the striking out the plaintiffs’ Writ of Summons and Statement of Claim and the case management for the plaintiffs’ application to amend the statement of claim was fixed on 23 March 2020 but due to the MCO the hearing and case management has been postponed to a later date not yet to be fixed by the Court.

B8 Dividends

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

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(Incorporated in Malaysia)

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B9 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	Preceding Year
	30/6/2020	Corresponding
		Quarter
		30/6/2019
Profit after tax for the period (RM'000)	874	5,066
Weighted average number of ordinary shares in issue ('000)	2,454,642	2,454,642
Basic earnings per share (sen)	<u>0.04</u>	<u>0.21</u>

(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	Preceding Year
	30/6/2020	Corresponding
		Quarter
		30/6/2019
Profit after tax for the period (RM'000)	874	5,066
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>0.03</u>	<u>0.17</u>

WIDAD GROUP BERHAD (857363-U)
(Incorporated in Malaysia)

Interim financial report for the 2nd quarter ended 30th June 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

B10 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 30/6/2020	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2019	CURRENT YEAR TO DATE 30/6/2020	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2019
	RM'000	RM'000	RM'000	RM'000
Finance income	1,631	650	1,673	925
Depreciation	(759)	(788)	(1,518)	(1,572)
Finance costs	(2,055)	(1,892)	(4,220)	(4,742)

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 2020.

BY ORDER OF THE BOARD
28 AUGUST 2020