



WIDAD GROUP BERHAD

200901014295 (857363-U)
(Incorporated in Malaysia)

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

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

Interim financial report for the 3rd quarter ended 30th September 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 30/9/2020 RM'000	PRECEDING YEAR 30/9/2019 RM'000	CURRENT YEAR 30/9/2020 RM'000	PRECEDING YEAR 30/9/2019 RM'000
Revenue	24,946	40,335	61,907	118,161
Cost of sales	(15,247)	(23,132)	(35,655)	(72,933)
Gross Profit	9,699	17,203	26,252	45,228
Other income	167	1,221	610	1,751
Administrative expenses	(5,274)	(5,921)	(15,221)	(15,734)
Operating Profit	4,592	12,503	11,641	31,245
Finance income	291	417	1,964	1,342
Finance costs	(2,552)	(2,631)	(6,772)	(7,373)
Profit before tax	2,331	10,289	6,833	25,214
Tax expense	(850)	(3,459)	(2,333)	(7,108)
Profit after tax / Total comprehensive income	1,481	6,830	4,500	18,106
Profit after tax / Total comprehensive income attributable to:				
- Owners of the Company	1,481	6,830	4,500	18,106
Earnings per share (sen)				
- Basic	0.06	0.28	0.18	0.74
- Dilluted	0.05	0.23	0.15	0.61

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 3rd quarter ended 30th September 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30/9/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant & equipment	16,135	17,398
Right-of-use of assets	43,281	44,257
Total Non-Current Asset	59,416	61,655
CURRENT ASSETS		
Contract assets	177,786	165,852
Trade receivables	25,866	38,293
Other receivables	21,380	8,525
Fixed deposits with licensed banks	61,250	82,802
Cash and bank balances	9,101	32,308
Total Current Assets	295,383	327,780
TOTAL ASSETS	354,799	389,435
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company:		
Share capital	65,271	65,271
Retained earnings	105,167	100,667
Total Equity	170,438	165,938
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term borrowings	67,369	87,910
Finance lease liabilities	-	453
Total Non-Current Liabilities	67,369	88,363
CURRENT LIABILITIES		
Contract liability	3,949	8,325
Trade payables	16,566	37,025
Other payables	10,587	13,451
Short term borrowings	68,139	54,199
Finance lease liabilities	523	344
Tax payable	17,228	21,790
Total Current Liabilities	116,992	135,134
Total Liabilities	184,361	223,497
TOTAL EQUITY AND LIABILITIES	354,799	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.

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Interim financial report for the 3rd quarter ended 30th September 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	-	4,500	4,500
As at 30 September 2020	65,271	105,167	170,438

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 3rd quarter ended 30th September 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/9/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	6,833	30,534
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	2,278	3,144
Interest expense	6,772	9,703
Interest income	(1,964)	(1,896)
Property, plant and equipment written off	-	28
Operating profit before working capital changes	13,919	41,513
Changes in working capital:		
Contract assets	(16,310)	(38,500)
Receivables	14,490	26,577
Payables	(23,323)	9,190
Cash from operations	(11,224)	38,780
Interest paid	(717)	(1,415)
Interest received	5	20
Income tax paid, net of refund	(6,894)	(10,633)
Net cash from operating activities	(18,830)	26,752
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(39)	(726)
Deposit for acquisition of concessions	(14,919)	-
Interest received	1,959	1,642
Net cash from investing activities	(12,999)	916
FINANCING ACTIVITIES		
Repayment SUKUK	(20,000)	(20,000)
Repayment of borrowings	(6,601)	2,442
Repayment of finance lease liabilities	(274)	(511)
Withdrawal/(Placement) in Designated Bank Accounts	642	17,879
Advance from/(Repayment) to Ultimate Holding Company	-	869
Advance from related companies	602	(453)
Interest paid	(6,055)	(8,288)
Withdrawal/(Placement) of fixed deposits	21,552	(8,509)
Net cash used in financing activities	(10,134)	(16,571)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(41,963)	11,097
CASH AND CASH EQUIVALENTS BALANCE BROUGHT FORWARD	11,754	657
CASH AND CASH EQUIVALENTS BALANCE CARRIED FORWARD	(30,209)	11,754

WIDAD GROUP BERHAD (857363-U)
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Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/9/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
CASH AND CASH EQUIVALENTS BALANCE	(30,209)	11,754
Presented by:		
Cash and bank balances	9,101	32,308
Fixed deposits with licensed banks	61,250	82,802
Bank overdraft	(39,075)	(19,676)
	31,276	95,434
Designated Bank Accounts	(235)	(878)
Fixed deposits with licensed banks	(61,250)	(82,802)
	(30,209)	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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Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 and methods of computation 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 and IC interpretation which is effective beginning financial year 2020:-

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform
- Amendments to MFRS 16 COVID-19 Related rent concessions

The adoption of the above amendments to MFRSs and IC interpretation do not have significant financial impact to the Group's result and 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.

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.

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

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

On 21 September 2020, the Group made payment of Sukuk principal due amounting RM20 million.

Other than as stated above, there is 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		
	IFM	CONSTRUCTION	TOTAL	IFM	CONSTRUCTION	TOTAL
Revenue	14,718	10,228	24,946	38,507	23,400	61,907
<u>Segment results</u>						
Other income			167			610
Depreciation			(759)			(2,278)
Finance Cost			(2,552)			(6,772)
Finance Income			291			1,964
Taxation			(850)			(2,333)
Segment profit			<u>1,481</u>			<u>4,500</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.

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

A11 Material Events Subsequent to the End of the Interim Period

Subsequent to the end of the interim period ended 30 September 2020, there were additional 27,912,900 new ordinary shares issued resulting from the conversion of warrant to ordinary shares.

Other than as mentioned above, there were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statement.

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 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 September 2020.

A15 Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30/9/2020 RM'000	PRECEDING YEAR 30/9/2019 RM'000	CURRENT YEAR 30/9/2020 RM'000	PRECEDING YEAR 30/9/2019 RM'000
<u>Group</u>				
- Rental income of office space	289	289	579	579
<u>Company</u>				
- Management fee charged to subsidiaries	750	750	2,500	2,500

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

B1 Review of Performance

(a) Comparison with preceding year corresponding period

	Individual Quarter			Cumulative Period		
	Current Year	Preceding Year	+/-	Current Year	Preceding Year	+/-
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Construction	10,228	24,400	-58%	23,400	65,699	-64%
- IFM	14,718	15,936	-8%	38,507	52,462	-27%
Total	24,946	40,336	-38%	61,907	118,161	-48%
Profit before tax ("PBT")	2,331	10,289	-77%	6,833	25,214	-73%

Current Quarter

The Group's revenue for the current quarter decreased by RM15.44 million or 38% from the same quarter preceding year mainly due to:

- (i) lower recognition of revenue for the existing projects under the construction segment as projects are entering the final phase of completion
- (ii) there was no provisional works during the current quarter under review (3Q2019 : RM1.5 million)

In line with the decrease in revenue, PBT reduced by RM7.96 million or 77% as compared to the corresponding quarter last year.

Financial period to-date

For the financial period ended 30 September 2020, the Group's revenue declined by RM56.25 million or 48% against the same period for the preceding year. This is mainly due to work stoppages as a result of movement control order imposed by the Government to contain the spread of COVID-19 virus. Additionally, the revenue recognition for the construction segment was lower as most projects are at the tail end stage.

Consequently, the Group's PBT decreased by RM18.38 million or 73% against same period previous year.

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Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

B1 Review of Performance (cont'd)

(b) Comparison with Preceding Quarter's Results

	30.9.2020	30.6.2020	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue:				
- Construction	10,228	2,010	8,218	409%
- IFM	14,718	10,330	4,388	42%
Total revenue	<u>24,946</u>	<u>12,340</u>	<u>12,606</u>	<u>102%</u>
PBT	<u>2,331</u>	<u>1,336</u>	<u>995</u>	<u>74%</u>

For the quarter under review, the Group's revenue increased by RM12.61 million or 102% mainly due to resumption of construction and IFM activities following the discontinuance of movement control order in middle of May 2020.

In line with the increase in revenue, PBT rose RM0.99 million or 74% against preceding quarter.

B2 Prospects

The Malaysian economy recorded smaller contraction of 2.7% in third quarter of 2020 (2Q 2020 : -17.10%), with construction sector recording a lower negative growth of 12.4% (2Q 2020 : -44.5%), signalling recovery ahead. However, the recent hike in COVID-19 cases in the country might hold back growth due to unavoidable reintroduction of conditional movement control order (CMCO) as a measure to contain the spread of Covid-19 virus.

Nonetheless, the Group is confident of its performance for the remaining period up to the end of the financial year 2020, on the back of its remaining orderbooks amounting RM408.68 million and expected completion of corporate proposals as explained in Note B5 in fourth quarter 2020.

The Group strives to operate under strict compliance to Standard Operating Procedures (SOP) to avoid spreading of the virus at sites and to minimize its impact on business activities.

B3 Variance of Actual Profit from Forecast Profit

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

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

B4 Taxation

Tax expenses comprise the following:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/2020	30/9/2019
	RM'000	RM'000
Profit before tax	6,833	10,289
Tax at applicable tax rate of 24%	1,640	2,469
Expenses not deductible for tax purpose	693	1,178
Overprovision tax	-	(188)
Tax expenses	2,333	3,459

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
- (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”).

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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)

1. Proposed Acquisition of Serendah Heights Sdn Bhd (cont'd)

(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”)

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.

On 15 June 2020, M&A Securities, on behalf of the Company had announced that the listing application and draft circular 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, announced 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.

M&A Securities on behalf of the Board announce on 2 October 2020, that Bursa Securities had vide its letter dated 1 October 2020 (received on 2 October 2020), approved the listing of 24,055,226 Consideration Shares to be issued pursuant to the Proposed Acquisitions.

The resolution set out in the Notice of Extraordinary General Meeting (“EGM”) dated 9 October 2020 which were tabled at the EGM of the Company held on 26 October 2020 were duly passed.

On 19 November 2020, M&A Securities on behalf of the Board, announced that the Company and the Vendors have mutually agreed to extend the period for 90 days (i.e. up to 19 February 2021) to fulfil the Condition Precedents. On even date, the parties to the SSA 1 have mutually agreed to the final adjusted purchase price of the Proposed Acquisition 1 of RM116,420,000.00 (“Final Adjusted Purchase Price”) from the original Purchase Consideration 1 of RM114,623,156.00. The Final Adjusted Purchase Price was derived from the increase in net asset from the audited accounts of YBKU as at 30 June 2019 to the audited accounts for the special audit period for the period between 1 July 2019 up to 31 December 2019.

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

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”).

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 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").

The resolution set out in the EGM dated 25 September 2020 which were tabled at the EGM of the Company held on 15 October 2020 were duly passed.

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

At this juncture, the Company is in the midst of securing placee for the Placement Shares.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

B6 Group Borrowings

	CURRENT YEAR TO DATE 30/9/2020
	RM'000
Secured Short Term Borrowings	
- Bank overdraft	39,075
- Sukuk	25,000
- Term financing	29,064
- Finance lease liabilities	523
Secured Long Term Borrowings	
- Sukuk	25,000
- Term financing	17,369
- Finance lease liabilities	-
Total Group Borrowings	136,031
Total Assets	364,570
Percentage of Borrowings over Total Assets	37%

The Group borrowings are wholly denominated in Ringgit Malaysia.

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, 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.

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

B7 Material Litigations (cont'd)

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

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: -

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

On 28 July 2020, WBSB has successfully granted by the High Court of Malaya Kuala Lumpur to strike out the Plaintiff’s suit with cost granted to WBSB for RM3,500-00 with liberty for Plaintiff to file afresh. There is no appeal filed by the Plaintiff as at the moment and the period of appeal has ended.

B8 Dividends

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

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.

	<u>30/9/2020</u>	<u>30/9/2019</u>
Profit after tax for the period (RM'000)	1,481	6,830
Weighted average number of ordinary shares in issue ('000)	2,454,642	2,454,642
Basic earnings per share (sen)	<u>0.06</u>	<u>0.28</u>

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

Interim financial report for the 3rd quarter ended 30th September 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

B9 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.

	<u>30/6/2020</u>	<u>30/6/2019</u>
Profit after tax for the period (RM'000)	1,481	6,830
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>0.05</u>	<u>0.23</u>

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 30/9/2020	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2019	CURRENT YEAR TO DATE 30/9/2020	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2019
	RM'000	RM'000	RM'000	RM'000
Finance income	291	417	1,964	1,342
Depreciation	(759)	(786)	(2,278)	(2,358)
Finance costs	(2,552)	(2,631)	(6,772)	(7,373)

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 September 2020.

BY ORDER OF THE BOARD
30 NOVEMBER 2020