



WIDAD GROUP BERHAD
Registration No.:200901014295 (857363 - U)

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1ST APRIL TO 30TH JUNE 2021**

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WIDAD GROUP BERHAD

Registration No.:200901014295 (857363 - U)

Interim financial report for the 2nd quarter ended 30th June 2021. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	QUARTER ENDED		PERIOD-TO-DATE	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	31,088	12,340	48,306	36,961
Cost of sales	(18,426)	(6,424)	(26,040)	(20,408)
Gross Profit	12,662	5,916	22,265	16,553
Other income	294	243	448	443
Administrative expenses	(7,472)	(4,399)	(13,297)	(9,947)
Operating Profit	5,484	1,760	9,417	7,049
Finance income	155	1,631	224	1,673
Finance costs	(2,256)	(2,055)	(4,709)	(4,220)
Profit before tax	3,383	1,336	4,932	4,502
Tax expense	(1,593)	(462)	(2,203)	(1,483)
Profit after tax	1,789	874	2,729	3,019
Profit after tax attributable to:				
Owners of the Company	1,789	874	2,729	3,019
Earnings per share (sen)				
- Basic	0.07	0.04	0.11	0.12
- Diluted	0.06	0.03	0.09	0.07

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

Registration No.:200901014295 (857363 - U)

Interim financial report for the 2nd quarter ended 30th June 2021. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	QUARTER ENDED		PERIOD-TO-DATE	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	1,789	874	2,729	3,019
Other comprehensive gain net of tax, that will be reclassified subsequently to profit or loss				
Fair value gain on cash flow hedge	223	-	2,150	-
Other comprehensive gain for the financial year, net of tax	223	-	2,150	-
Total comprehensive profit /(loss) for the financial year	2,012	874	4,879	3,019

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.

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WIDAD GROUP BERHAD

Registration No.:200901014295 (857363 - U)

Interim financial report for the 2nd quarter ended 30th June 2021. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	30.06.2021	Audited 31.12.2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant & equipment	19,364	18,093
Right-of-use of assets	42,363	42,920
Facilities and infrastructure development	186,589	-
Goodwill (Notes A12)	75,684	-
Fixed deposit	49,087	39,962
Total Non-Current Asset	<u>373,087</u>	<u>100,975</u>
CURRENT ASSETS		
Contract assets	193,542	164,647
Trade receivables	21,211	35,253
Other receivables	11,865	26,113
Tax recoverable	4	3
Fixed deposits with licensed banks	28,730	20,033
Cash and bank balances	109,123	63,608
Total Current Assets	<u>364,475</u>	<u>309,657</u>
TOTAL ASSETS	<u>737,563</u>	<u>410,632</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company:		
Share capital	178,367	78,300
Cash flow hedge reserve	(136)	(2,287)
Retained earnings	107,407	104,679
Total Equity	<u>285,638</u>	<u>180,692</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term borrowings	287,758	70,163
Derivatives liabilities	-	1,352
Finance lease liabilities	82	325
Total Non-Current Liabilities	<u>287,840</u>	<u>71,840</u>
CURRENT LIABILITIES		
Contract liability	473	495
Trade payables	33,434	24,447
Other payables	6,528	8,987
Short term borrowings	96,459	107,345
Derivative short term liabilities	136	934
Finance lease liabilities	314	166
Defererd Taxation	12,189	-
Tax payable	14,553	15,725
Total Current Liabilities	<u>164,086</u>	<u>158,100</u>
Total Liabilities	<u>451,925</u>	<u>229,940</u>
TOTAL EQUITY AND LIABILITIES	<u>737,563</u>	<u>410,632</u>
Net assets per share attributable to equity holders of parent (RM)	<u>0.11</u>	<u>0.07</u>

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

WIDAD GROUP BERHAD

Registration No.:200901014295 (857363 - U)

Interim financial report for the 2nd quarter ended 30th June 2021. The figures have not been audited.**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	DISTRIBUTABLE			TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	CASH FLOW HEDGE RM'000	RETAINED EARNINGS RM'000	
As at 1 January 2021	78,300	(2,287)	104,679	180,692
Net proceed from Issuance of ordinary shares pursuant to private placement	64,704	-	-	64,704
Issuance of ordinary shares upon exercise of warrants	23,901	-	-	23,901
Issuance of ordinary shares pursuant to proposed acquisition	11,462			11,462
Profit for the financial period	-	-	2,729	2,729
Total profit or loss and other comprehensive income for the period	-	2,150	-	2,150
As at 30 June 2021	178,367	(136)	107,407	285,638

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

WIDAD GROUP BERHAD

Registration No.:200901014295 (857363-U)
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Interim financial report for the 2nd quarter ended 30th June 2021. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30.6.2021	31.12.2021
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	4,932	4,925
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	1,701	3,062
Interest expense	4,709	10,349
Interest income	(224)	(3,086)
Operating profit before working capital changes	11,118	15,250
Changes in working capital:		
Facilities and infrastructure development exp.	4,964	-
Contract assets	(28,918)	(6,624)
Receivables	34,458	(17,025)
Payables	(4,657)	1,797
Cash from operations	16,965	(6,602)
Interest paid	(330)	(896)
Interest received	34	19
Income tax paid, net of refund	(7,818)	(6,979)
Net cash from operating activities	8,850	(14,459)
INVESTING ACTIVITIES		
Acquisition of subsidiaries for cash, net of cash acquired	(86,547)	-
Purchase of property, plant and equipment	(2,390)	(2,380)
Deposit for acquisition concession	-	(18,860)
(Placement)/Withdrawal of fixed deposits	(8,696)	40,352
Interest received	190	3,067
Net cash from investing activities	(97,443)	22,180
FINANCING ACTIVITIES		
Repayment Sukuk	-	(70,000)
Repayment of borrowings	(65,348)	(75,858)
Drawdown loan (overdraft)	125,120	191,349
Proceed from issuance of shares pursuant to private placement	88,604	13,029
Withdrawal/(Placement) in Designated Bank Accounts	-	878
Advance from/(Repayment to) Ultimate Holding Company	-	(18)
Repayment of finance lease liabilities	(95)	(346)
Interest paid	(4,378)	(9,453)
Net cash used in financing activities	143,902	49,582
NET CHANGES IN CASH AND CASH EQUIVALENTS	55,309	57,302

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Interim financial report for the 2nd quarter ended 30th June 2021. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30/6/2021	31/12/2020
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net changes	55,309	57,302
Brought forward	69,056	11,754
Carried forward	124,365	69,056
Cash and cash equivalents comprise the followings:		
Cash and bank balances	109,123	63,608
Fixed deposits with licensed banks	77,817	20,033
Bank overdraft	(8,917)	(9,585)
	178,023	74,056
Fixed deposits pledged with licensed banks	(53,658)	(44,962)
	124,365	29,095

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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WIDAD GROUP BERHAD

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021

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 2020 ("FYE 2020") 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 FYE 2020.

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 FYE 2020 except for the adoption of the following Amendments to MFRSs which is effective beginning financial year ending 2021.

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16, MFRS 139 and MFRS 7	Interest Reform	Rate	Benchmark
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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 2020 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 under review.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)****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 is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter and period under review.

A8 Dividend

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	CONCESSION	TOTAL	IFM	CONSTRUCTION	CONCESSION	TOTAL
Revenue	16,765	-	14,323	31,088	32,125	1,857	14,323	48,306
Segment results								
Other income				294				448
Depreciation				(833)				(1,693)
Finance Cost				(2,256)				(4,709)
Finance Income				155				224
Taxation				(1,593)				(2,203)
Segment profit				1,790				2,729

Notes:**IFM – Integrated facilities management****Concession – Construction and maintenance of facilities and infrastructure****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 that have not been reflected in the interim financial statement.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)****A12 Effect of changes in the Group Composition, Long Term Investments, Restructuring and Discontinued Operations**

The acquisition of Serendah Heights Sdn Bhd (SHSB) was completed on 18 March 2021 and 5,000,000 SHSB shares was transferred to Widad on 31 March 2021.

The following summarized the major classes of consideration transferred and the recognized amount of assets and liabilities assumed for the acquisition of SHSB;

	RM'000
Property, plant and equipment	25
Facilities and infrastructure development	191,553
Trade and other receivable	6,168
Cash and cash equivalents	30,811
Trade and other payables	(27,815)
Borrowing	(147,606)
Total identifiable assets and liabilities	53,136
<u>Goodwill arising from the business combination</u>	
Goodwill was recognized as a result of the acquisition are as follow:	
Fair value of consideration transferred - by cash	117,358
- by shares	11,462
Fair value of consideration	128,820
Fair value of identifiable assets acquired and liabilities assumed	(53,136)
Goodwill	75,684
<u>Net cash outflow arising from the acquisition</u>	
Purchase consideration settled by cash	117,358
Cash and bank balances acquired	(30,811)
	86,547

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 2021.

A15 Significant Related Party Transactions

	QUARTER ENDED		PERIOD-TO-DATE	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Rental income of office space	147	192	294	294
<u>Company</u>				
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 2nd QUARTER ENDED 30 JUNE 2021**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**

	Quarter Ended			Period-To-Date		
	Current Year	Preceding Year	+/-	Current Year	Preceding Year	+/-
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Construction	-	2,010	-	1,857	13,172	-86%
- IFM	16,755	10,330	62%	32,125	23,789	35%
- Concession	14,323	-	100%	14,323	-	100%
Total Revenue	31,088	12,340	152%	48,306	36,961	31%
Profit before tax ("PBT")	3,383	1,366	148%	4,932	4,502	10%

The Group's revenue for the current quarter and financial period to date increased by RM18.75 million or 152% and RM11.35 million or 31%, respectively as compared to the respective preceding year. The marked improvement was mainly contributed by the IFM segment and the consolidation of newly acquired concession business.

In tandem with the increased in revenue, the Group's PBT was higher against same period last year by RM2.02 million or 148% for current quarter and by RM0.43 million or 10% for period-to-date.

Included in the administrative cost is a one-off expense relating to the acquisition of SHSB, i.e stamp duty and professional fees, amounting to RM2.47 million. If not due to these expenses, the Group would have recorded a PBT of RM5.85 million for current quarter and RM7.40 million for financial period-to-date.

(b) Comparison with Preceding Quarter's Results

	30.6.2021	31.3.2021	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Construction	-	1,857	(1,857)	-100%
- IFM	16,765	15,360	1,405	9%
- Concession	14,323	-	14,323	100%
Total revenue	31,088	17,217	13,871	81%
PBT	3,383	1,548	1,835	119%

The Group's revenue was higher by RM13.87 million or 81% mainly attributable to improvement in IFM and contribution from Concession segment. On the back of the increased revenue, the Group recorded a PBT of RM3.38 million as compared to RM1.55 million in the preceding quarter. Meanwhile, the Construction segment operated minimally during the quarter due to disruptions following the imposed movement control orders by the Government.

WIDAD GROUP BERHAD

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021

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

B2 Prospects

Recent move by the Government to ease movement control orders and the gradual opening of the economic sectors is expected to support the rebound of economy for the financial year 2021. The journey towards recovery however depends on successful rollout of vaccination for all citizens and suppressing the COVID-19 positive cases.

Based on strong business fundamentals and barring any unforeseen circumstances, the Group is cautiously optimistic to continue recording decent financial results for the remaining financial year ending December 2021.

(a) Construction

As at the date of this report, this segment has remaining order book worth RM669.7 million comprising RM153.0 million from existing contracts and RM516.7 million from three new contracts, namely upgrading of water treatment plants in Sg. Limau, Baling, Kedah and in Bukit Selambau, Kuala Muda, Kedah, the construction of new secondary school for SMK Bukit Mahkota, Bangi, Selangor and construction of highway from Kota Bharu to Kuala Krai, Kelantan. These new contracts are to be completed within three years.

This segment continues to enhance its order book further by participating in tenders and also submission of few private initiative proposals to the Government and its agency.

(b) IFM

This segment has remaining order book worth RM185.9 million, derived from existing contract worth RM167.0 million and new contracts worth RM19.8 million to manage and maintain passenger jetties in Northern Peninsular for duration of 5 years beginning January 2021 and landscape maintenance services for Cyberview Sdn Bhd for three years beginning May 2021.

Subsequent to quarter end, Widad entered into a Collaboration Agreement with a Brunei incorporated company, Syarikat Kejuruteraan Setia Abadi Sdn Bhd ("SKSASB"), to form an unincorporated joint venture to perform and execute a contract that was awarded by The Ministry of Defence, Brunei to SKSASB in relation to the facilities management and maintenance of Royal Brunei Naval Base for a contract sum of Brunei Dollars (BND) 9.4 million or approximately RM29.1 million (RM3.1 : BND1).

(c) Concession

Widad completed the acquisition of Serendah Heights Sdn Bhd ("SHSB") on 19 March 2021 and 5,000,000 SHSB shares was transferred to Widad on 31 March 2021. As at the date of this report, the concession has a remaining book order amounting RM770.9 million, expiring in January 2034.

B3 Variance of Actual Profit from Forecast Profit

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

WIDAD GROUP BERHAD

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021

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

B4 Taxation

Tax expenses comprise the following:

	PERIOD-TO-DATE	
	30.6.2021 RM'000	30.6.2020 RM'000
Profit before tax	3,383	1,336
Tax at applicable tax rate of 24%	812	321
Expenses not deductible for tax purpose	1,391	141
Tax expenses	2,203	462

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial year. The effective tax rate for the current year to date was lower than the statutory tax rate mainly due to adjustment of overprovision of tax in prior year.

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 Palm Shore Holdings Sdn Bhd (PSHSB)

On 14 April 2021, M&A Securities Sdn Bhd ("M&A Securities"), on behalf of the Board announced that Widad Capital Sdn Bhd (WCSB), a subsidiary of Widad Group Berhad (WGB) entered into a Head of Agreement (HoA) with PSHSB and the shareholders of PSHSB (Vendors) to acquire 100% equity interest in PSHSB.

Subsequently, M&A Securities, on behalf of the Board, announced that WCSB and the Vendors have mutually agreed to extend the HOA by a further 2 months from 15 June 2021 to 14 August 2021 and a further 1 month from 14 August 2021 to 15 September 2021.

On 15 September 2021, WCSB and the Vendors have mutually agreed to further extend the HOA by a further 1 month to 14 October 2021 ("Expiry Date").

2. Proposed Private Placement Exercise

On 25 February 2020, M&A Securities Sdn Bhd ("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 ("Private Placement").

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

On 18 December 2020, M&A Securities announce that an application for extension of time of 6 months up to 2 July 2021 to complete the Private Placement has been submitted to Bursa Securities. Further to that, Bursa Securities had vide its letter dated 26 January 2021, resolve to approve the application of extension of time to complete the implementation of the Private Placement.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021

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

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

On 22 July 2021, on behalf of the Company, M&A Securities announced that Bursa Securities had approve an extension of time of 6 months (ie. up to 1 January 2022) to complete the implementation of the Private Placement.

To date Widad issued 30,490,000 at RM0.4920 (first tranche) and 121,800,000 at RM0.4245 (second tranche) per Placement Shares and the Company is in the midst of securing potential investors for the implementation of the balance of 93,174,100 placement shares

B6 Group Borrowings

	<u>30/6/2021</u> <u>RM'000</u>
Secured Short Term Borrowings	
- Bank overdraft	8,917
- Term financing	87,542
- Lease liabilities	314
	<hr/>
Secured Long Term Borrowings	
- Term financing	287,758
- Lease liabilities	82
	<hr/>
Total Group Borrowings	<u>384,613</u>
Total Assets	<u>737,563</u>
	<hr/>
Percentage of Borrowings over Total Assets	<u>52%</u>

Out of the total borrowings, RM56.74 million is denominated in foreign currency borrowings.

B7 Derivative Financial Instrument

	Contract Notional Value RM'000	Fair Value		Cash Flow Hedge RM'000	Gains/(losses) for the period RM'000
		Asset RM'000	Liability RM'000		
Cross-currency interest rate swap contract					
- less than 1 year	56,742	56,606	56,470	136	-
Total derivative	<u>56,743</u>	<u>56,606</u>	<u>56,470</u>	<u>136</u>	<u>-</u>

Simultaneously upon entering a foreign currency borrowing, the Group entered into a cross currency swap with credit-worthy Islamic financial institution in Malaysia to manage the exposure in foreign currency and profit rate risk arising from the said borrowing. The swap contract was entered to reap the benefit of lower profit rate regime and it is expected to minimise the Group's financial cost in future.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021

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

B7 Derivative Financial Instrument (cont'd)

The Group uses cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and profit rate fluctuations over the hedging period of the foreign currency borrowing. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in Other Comprehensive Income ("OCI") until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

The cash flow hedge of the borrowing was assessed to be highly effective and a net unrealised loss of RM136,400 (2020: RM2,286,545) relating to the hedging instrument is included in OCI. The unrealised loss recognised in OCI is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

B8 Material Litigations

There was no pending material litigation as at the date of this report.

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.

	Quarter Ended	
	30/6/2021	30/6/2020
Profit/(loss) after tax for the period (RM'000)	2,729	874
Weighted average number of ordinary shares in issue ('000)	2,562,613	2,454,642
Basic earnings/(loss) per share (sen)	0.11	0.04

WIDAD GROUP BERHAD

Registration No.:200901014295 (857363-U)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED 30 JUNE 2021**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)****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.

	QUARTER ENDED	
	30/6/2021	30/6/2020
Profit/(loss) after tax for the period (RM'000)	2,729	845
Weighted average number of ordinary shares to be issued pursuant to the exercise of the Warrants ('000)	3,121,915	2,945,570
Diluted earnings/(loss) per share (sen)	<u>0.09</u>	<u>0.03</u>

B11 Notes to the statement of comprehensive income

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

	QUARTER ENDED		PERIOD-TO-DATE	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Finance income	155	1,631	224	1,673
Depreciation	(833)	(759)	(1,693)	(1,518)
Finance costs	(2,256)	(2,055)	(4,709)	(4,220)

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 2021.

BY ORDER OF THE BOARD
29 SEPTEMBER 2021