



WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

INTERIM FINANCIAL REPORT FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023

CONTENTS	PAGE
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Unaudited Condensed Consolidated Statement of Financial Position	2
Unaudited Condensed Consolidated Statement of Changes in Equity	3
Unaudited Condensed Consolidated Statement of Cash Flows	4 – 5
Explanatory Notes Pursuant to MFRS 134	6 – 8
Explanatory Notes Pursuant to Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad	9 – 14

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	QUARTER ENDED		YEAR-TO-DATE	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	62,781	52,041	62,781	52,041
Cost of sales	(56,095)	(30,421)	(56,095)	(30,421)
Gross Profit	6,686	21,620	6,686	21,620
Other income	148	207	148	207
Administrative expenses	(7,734)	(6,641)	(7,734)	(6,641)
Other expenses	-	(7,225)	-	(7,225)
Operating profit / (loss)	(900)	7,961	(900)	7,961
Finance income	6,999	4,845	6,999	4,845
Finance costs	(5,468)	(3,565)	(5,468)	(3,565)
Profit before tax	631	9,241	631	9,241
Tax expense	(3)	(2,834)	(3)	(2,834)
Profit for the financial year	628	6,407	628	6,407
Other comprehensive gain/(loss), net of tax				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Fair value loss on cash flow hedge	-	(83)	-	(83)
Other comprehensive loss for the year, net of tax	-	(83)	-	(83)
Total comprehensive income for the financial year	628	6,324	628	6,324
Earnings per share (sen)				
- Basic	0.02	0.23	0.02	0.23
- Diluted	0.02	0.20	0.02	0.20

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)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.3.2023	Audited 31.12.2022
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	18,043	17,626
Right-of-use assets	41,423	41,747
Contract assets	453,207	382,231
Fixed deposit with licensed banks	5,863	9,477
Deferred tax assets	9,708	9,708
Goodwill	8,741	-
Total non-current assets	<u>536,985</u>	<u>460,789</u>
Current assets		
Contract assets	246,529	227,676
Trade receivables	36,601	26,042
Other receivables	18,083	17,922
Fixed deposit with licensed banks	5,208	157
Cash and bank balances	175,172	193,860
Total current assets	<u>481,593</u>	<u>465,657</u>
Total assets	<u>1,018,578</u>	<u>926,446</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	213,255	202,750
Retained earnings	169,970	169,343
	<u>383,225</u>	<u>372,093</u>
Non-controlling interest	-	-
Total equity	<u>383,225</u>	<u>372,093</u>
LIABILITIES		
Non-current liabilities		
Borrowings	412,825	312,272
Lease liabilities	838	516
Deferred tax liabilities	67,139	67,146
Total non-current liabilities	<u>480,802</u>	<u>379,934</u>
Current liabilities		
Contract liabilities	23,256	22,622
Trade payables	51,712	42,184
Other payables	10,687	10,066
Borrowings	60,103	84,601
Lease liabilities	18	456
Tax payable	8,775	14,490
Total current liabilities	<u>154,551</u>	<u>174,419</u>
Total liabilities	<u>635,353</u>	<u>554,353</u>
Total equity and liabilities	<u>1,018,578</u>	<u>926,446</u>
Net Tangible Assets per share (RM)	<u>0.13</u>	<u>0.13</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 2022 and the accompanying explanatory notes attached to these interim financial statements.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	DISTRIBUTABLE RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF THE COMPANY	NON- CONTROLLING INTEREST	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	202,750	169,343	372,093		372,093
Profit for the financial period	-	628	628		628
<u>Transaction with owners:</u> Issuance of ordinary shares upon exercise of warrants	10,504	-	10,504		10,504
Balance as at 31 March 2023	213,254	169,971	383,225	-	383,225

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

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WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31.3.2023	Audited 31.12.2022
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit / (Loss) before tax	628	(1,628)
Adjustments for;		
Depreciation of property, plant and equipment	600	2,401
Depreciation of right-of-use assets	334	1,306
Gain on disposal of right-of-use assets	-	(50)
Impairment loss on financial assets	-	960
Finance costs	5,468	18,346
Finance income	(32)	(470)
Finance income arising from concession contracts	(6,967)	(18,760)
Operating profit before working capital changes	31	2,105
Changes in working capital;		
Contract balances	11,506	(8,727)
Payables	(13,628)	20,842
Receivables	(9,737)	21,966
Cash generated from operations	(11,828)	36,186
Finance costs paid	-	(692)
Finance income received	5,529	39
Tax paid	(6,637)	(16,139)
Net cash flows from operating activities	(12,936)	19,394
INVESTING ACTIVITIES		
Acquisition of subsidiary (Refer Note A12)	(892)	(15,926)
Finance income received	-	432
Placement of maintenance reserve fund	(3,541)	(2,557)
Placement of Designated Accounts	19,228	(72,506)
Proceed from disposal of right-of-use assets	-	50
Purchase of property, plant and equipment	(1,018)	(598)
Purchase of right-of-use assets	(10)	(67)
Withdrawal of fixed deposit	(1,436)	18,073
Net cash flows from investing activities	12,331	(73,099)

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	Unaudited	Audited
	31.3.2023	31.12.2022
	RM'000	RM'000
FINANCING ACTIVITIES		
Finance cost paid	(5,468)	(12,425)
Issuance of Sukuk Wakalah, net of transaction costs	-	301,237
Drawdown of borrowings	76,055	49,244
Repayment of borrowings	(76,099)	(324,286)
Repayment of lease liabilities	(117)	(449)
Proceeds from issuance of shares pursuant to private placement and upon exercise of warrants, net of share issuance expenses	10,504	20,717
Net cash flow from financing activities	<u>4,875</u>	<u>34,038</u>
CASH AND CASH EQUIVALENTS		
Net changes	4,270	(19,667)
Balance brought forward	72,710	92,377
Carried forward	<u>76,980</u>	<u>72,710</u>
	Unaudited	Audited
	31.3.2023	31.12.2022
	RM'000	RM'000
Cash and cash equivalent comprise of:-		
Cash and bank balances	175,172	193,860
Fixed deposit with licensed bank	11,071	9,634
Bank overdraft	(10,159)	(12,379)
	<u>176,084</u>	<u>191,115</u>
Less:		
Designated Bank Account	(67,309)	(86,537)
Fixed deposit with licensed bank	(5,863)	(9,477)
Maintenance Reserve Fund	(25,932)	(22,391)
	<u>76,980</u>	<u>72,710</u>

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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 2022 ("FYE 2022") 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 2022.

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 2022.

A3 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 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.

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 30 March 2023, the Group paid first Sukuk annual principal payment amounting RM25 million. Other than the above, there is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

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 Quarter	IFM*	Construction	Concession	GROUP
Revenue	732	58,773	3,276	62,781
Segment results;				
Other income	-	-	-	148
Depreciation	-	-	-	935
Finance costs	-	-	-	(5,468)
Finance income #	-	-	-	6,999
Taxation	-	-	-	(3)
Profit after tax	-	-	-	628

Note

* IFM – Integrated Facility Management

Finance income includes lease rental under concession business

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.

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

On 6 January 2023, 7,000,000 ordinary shares of Palm Shore Holdings Sdn Bhd (“PSHSB”) was acquired by the Group. Subsequently, on 19 January 2023 the Group announced to Bursa that the acquisition of 100% equity interest in PSHSB was completed.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

A. EXPLANATORY NOTES PURSUANT TO MFRS 134**A12 Effect of changes in the Group Composition, Long Term Investments, Restructuring and Discontinued Operations (cont'd)**

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

	RM
Concession service receivables	100,700,690
Other receivables	989,914
Cash and bank balances	6,993,588
Borrowings	(76,099,108)
Other payables	(23,777,690)
Tax payable	(922,139)
Total identifiable net assets	<u>7,885,255</u>
Less: Cash and cash equivalent acquired	<u>(6,993,588)</u>
Net cash inflow/(outflow) from acquisition	<u>891,667</u>
Calculation of goodwill:	
Fair value of net identifiable assets	7,885,255
Fair value of consideration transferred	<u>(16,626,171)</u>
Goodwill	<u>8,740,916</u>

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 the end of the current quarter under review.

A15 Significant Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of office space	147	147	147	147
Company				
Management fee charged to subsidiaries	1,200	1,200	1,200	1,200

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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 Quarter's Results**

	Quarter Ended		Change
	31.3.2023	31.3.2022	
	RM'000	RM'000	%
<u>Revenue:</u>			
Construction	58,773	24,580	139%
IFM	732	24,907	(97)%
Concession	3,276	2,554	28%
Total revenue	<u>62,781</u>	<u>52,041</u>	21%
Gross Profit (GP)	6,686	21,620	(69)%
Profit before tax (PBT)	631	9,241	(93)%

Revenue for the quarter ended 31 March 2023 ("1Q2023") increased by 21% against preceding year corresponding quarter ("1Q2022"), mainly contributed by the construction segment. However, the IFM segment dropped significantly following expiry of contract to maintain the national palace in second quarter of FYE2022.

On the back of the revenue, the Group achieved profit amid lower amount and margin as compared to 1Q2022. This is mainly due to lower gross margin from construction projects.

(b) Comparison with Preceding Quarter's Results

	Quarter Ended		Change
	31.3.2023	31.12.2022	
	RM'000	RM'000	%
<u>Revenue:</u>			
Construction	58,773	25,330	132%
IFM	732	4,181	(83)%
Concession	3,276	2,533	29%
Total revenue	<u>62,781</u>	<u>32,044</u>	96%
Gross Profit (GP)	6,686	(14,861)	145%
Profit before tax (PBT)	631	(18,024)	104%

The Group revenue for 1Q2023 was 96% higher against 1Q2022. Construction segment continued its recovery momentum whereby it achieved 132% increase quarter-to-quarter. This segment contributed 94% of Group's revenue for 1Q2023 (1Q2022: 79%).

In terms of profitability, the Group achieved gross profit of RM6.69 million and net profit before tax of RM0.63 million, a recovery from loss position in 1Q2022. Previous quarter loss was due to downward revision of projects' estimated profits due to costs escalation.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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

B2 Prospects

The Group is optimistic of its prospects to improve its financial results for the financial year ending 2023, propelled by its remaining order books amounting RM1.52 billion, contributed by construction segment amounting RM0.66 billion and IFM/Concession segment amounting RM0.86 billion.

The Group continues to participate in public and private sector tenders and explore opportunities that could provide long term and stable revenue and cashflow stream. As explained in Note A12, the Group completed the acquisition of Palm Shore Holdings Sdn Bhd, a company that owns concession business to construct and maintain TLDM training camp in Johor. As at the date of this report, PSHSB has remaining concession period of another seventeen years.

The Group is continuously monitoring its business operations to ensure it is driven towards greater level of efficiency, productivity, competitiveness and good governance.

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:

	31.3.2023
	RM'000
Profit before tax	631
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	151
Tax effects in respect of; Income not subject to tax	(148)
Tax expense	<u>3</u>

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 income not subject to tax.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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

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

1. Proposed Private Placement Exercise

On 21 July 2022, on behalf of the Board of Directors of Widad Group Berhad (“Widad”), M&A Securities Sdn Bhd announced that the Company proposes to undertake a private placement of up to 259,250,000 new ordinary shares in Widad, representing not more than 9.42% of the issued ordinary shares in Widad (“**Proposed Private Placement**”)

On 3 August 2022, M&A Securities Sdn Bhd, on behalf of the Company announced that the listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Private Placement has been submitted on even date.

Further on 16 August 2022, M&A Securities Sdn Bhd, on behalf of the Company made an announcement that Bursa Securities had, vide its letter dated 16 August 2022, approved the listing of and quotation for up to 259,250,000 new ordinary shares to be issued pursuant to the Proposed 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 Proposed Private Placement;
- b) Widad and M&A Securities to inform Bursa Securities upon the completion of the Proposed 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 Proposed Private Placement is completed.

On 29 November 2022, the Board of Directors of Widad announce that the resolution for the proposed waiver of statutory pre-emptive rights of the shareholders was duly passed at the Extraordinary General Meeting held on even date.

On 15 February 2023, on behalf of the Board, M&A Securities announced that Bursa Securities had vide its letter dated 15 February 2023, approve an extension of time of 6 months up to 15 August 2023 to complete the implementation of the Private Placement.

To date Widad has issued 64,075,000 at price between RM0.3820 to RM0.40 per Placement Shares and the Company is in the midst of securing potential investors for the implementation of the balance of 195,175,000 placement shares.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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

B6 Group borrowings

	<u>31.3.2023</u>
	<u>RM'000</u>
<u>Secured</u>	
Term Loans	144,255
Revolving credit	36,618
Sukuk Wakalah	281,466
	<u>462,339</u>
<u>Unsecured</u>	
Term Loans	430
Bank overdraft	10,159
	<u>10,589</u>
Total borrowings	<u>472,928</u>
Total Assets	<u>1,018,578</u>
Borrowings over Total Assets (%)	<u>46%</u>
<u>Repayable:</u>	
Within one year	60,103
More than one year	412,825
	<u>472,928</u>

All borrowings are denominated in Ringgit Malaysia.

B7 Material Litigations

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

B8 Dividends

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

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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.

	Quarter Ended		Year-to-date	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit attributable to owners of the Company (RM'000)	628	6,407	628	6,407
Weighted average number of ordinary shares in issue ('000)	2,818,952	2,752,500	2,818,952	2,752,500
Basic earnings per share (sen)	0.02	0.23	0.02	0.23

(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		Year-to-date	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit attributable to owners of the Company (RM'000)	628	6,407	628	6,407
Weighted average number of ordinary shares in issue ('000)	2,818,952	2,752,500	2,818,952	2,752,500
Effects of warrants outstanding	355,402	453,702	355,402	384,567
Weightage number of ordinary shares assumed to be in issue	3,174,354	3,206,202	3,174,354	3,137,067
Diluted earnings per share (sen)	0.02	0.20	0.02	0.20

B10 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		YEAR-TO-DATE	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Finance income	32	4,845	32	4,845
Finance lease income*	6,967	-	6,967	-
Depreciation	-	(923)	-	(923)
Finance costs	(5,468)	(3,565)	(5,468)	(3,565)

* Finance lease income refers to lease rental charged under the concession.

WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

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

B11 Status of utilization of proceeds raised from corporate proposal

The total proceeds generated from the private placement during the quarter are as follows:

Proposed utilisation	Intended Timeframe	Actual proceeds raised	Actual utilisation	Balance unutilised
		RM'000	RM'000	RM'000
Future expansion of business/ repayment of bank borrowings	Within 12 months	18,374	18,374	-
Working capital requirement	Within 12 months	2,343	2,343	-
Estimated expenses for the Private Placement	Immediate	895	895	-
		21,612	21,612	-