



WIDAD GROUP BERHAD

Registration No.: 200901014295 (857363-U)

INTERIM FINANCIAL REPORT FOR THE PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2023

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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	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	30,853	49,494	93,634	101,535
Cost of sales	(28,066)	(31,138)	(84,161)	(61,558)
Gross Profit	2,787	18,356	9,473	39,977
Other income	205	266	353	473
Administrative expenses	(7,728)	(5,981)	(15,462)	(12,622)
Other expenses	-	(1,608)	-	(8,833)
Operating profit / (loss)	(4,736)	11,033	(5,636)	18,995
Finance income	9,795	4,910	16,794	9,755
Finance costs	(4,709)	(6,180)	(10,177)	(9,745)
Profit / (loss) before tax	350	9,763	981	19,005
Tax income / (expense)	(6)	(2,350)	(9)	(5,184)
Profit / (loss) for the financial year	344	7,413	972	13,821
Other comprehensive gain/(loss), net of tax				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on cash flow hedge	-	83	-	-
Other comprehensive gain/(loss) for the year, net of tax	-	83	-	-
Total comprehensive income/(loss) for the financial year	344	7,496	972	13,821
Earnings per share (sen)				
- Basic	0.01	0.27	0.03	0.50
- Diluted	0.01	0.23	0.03	0.44

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

	30.6.2023	Audited
	RM'000	31.12.2022
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	17,483	17,626
Right-of-use assets	41,092	41,747
Contract assets	449,051	382,231
Fixed deposit with licensed banks	14,476	9,477
Deferred tax assets	9,708	9,708
Goodwill	8,741	-
Total non-current assets	<u>540,551</u>	<u>460,789</u>
Current assets		
Contract assets	265,544	227,676
Trade receivables	24,455	26,042
Other receivables	19,191	17,922
Fixed deposit with licensed banks	7,208	157
Cash and bank balances	156,438	193,860
Total current assets	<u>472,836</u>	<u>465,657</u>
Total assets	<u>1,013,387</u>	<u>926,446</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	243,254	202,750
Retained earnings	170,315	169,343
Total equity	<u>413,569</u>	<u>372,093</u>
Non-controlling interest	-	-
Total equity	<u>413,569</u>	<u>372,093</u>
LIABILITIES		
Non-current liabilities		
Borrowings	404,440	312,272
Lease liabilities	722	516
Deferred tax liabilities	67,139	67,146
Total non-current liabilities	<u>472,301</u>	<u>379,934</u>
Current liabilities		
Contract liabilities	23,890	22,622
Trade payables	40,946	42,184
Other payables	10,433	10,066
Borrowings	39,967	84,601
Lease liabilities	15	456
Tax payable	12,266	14,490
Total current liabilities	<u>127,517</u>	<u>174,419</u>
Total liabilities	<u>599,818</u>	<u>554,353</u>
Total equity and liabilities	<u>1,013,387</u>	<u>926,446</u>
Net Tangible Assets per share (RM)	<u>0.14</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.

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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	0	372,093
Profit for the financial period	-	972	972	0	972
<u>Transaction with owners:</u>					
Issuance of ordinary shares via private placement	3,000		3,000		3,000
Issuance of ordinary shares upon exercise of warrants	37,504	-	37,504		37,504
Balance as at 30 June 2023	243,254	170,315	413,569	-	413,569

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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Registration No.: 200901014295 (857363-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30.06.2023	Audited 31.12.2022
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit / (Loss) before tax	972	(1,628)
Adjustments for;		
Depreciation of property, plant and equipment	621	2,401
Depreciation of right-of-use assets	340	1,306
Gain on disposal of right-of-use assets	-	(50)
Impairment loss on financial assets	-	960
Finance costs	-	18,346
Finance income	10,177	(470)
Finance income arising from concession contract	(13,774)	(18,760)
Operating profit before working capital changes	(1,664)	2,105
Changes in working capital;		
Contract balances	(89,646)	(8,727)
Payables	17,550	20,842
Receivables	367	21,966
Cash generated form operations	(73,393)	36,186
Finance costs paid	-	(692)
Finance income received	8,912	39
Tax paid	(2,490)	(16,139)
Net cash flows from operating activities	(66,971)	19,394
INVESTING ACTIVITIES		
Deposit for proposed acquisition of a subsidiary	(34,722)	(15,926)
Finance income received	-	432
Placement of maintenance reserve fund	(4,130)	(2,557)
Placement of Designated Accounts	19,869	(72,506)
Proceed from disposal of right-of-use assets	-	50
Purchase of property, plant and equipment	(477)	(598)
Purchase of right-of-use assets	315	(67)
Withdrawal of fixed deposit	(12,051)	18,073
Goodwill on acquisition of a subsidiary	(8,741)	-
Net cash flows from investing activities	(39,937)	(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

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

	Unaudited	Audited
	30.06.2023	31.12.2022
	RM'000	RM'000
FINANCING ACTIVITIES		
Finance cost paid	(10,177)	(12,425)
Issuance of Sukuk Wakalah, net of transaction costs	-	301,237
Drawdown of borrowings	80,555	49,244
Repayment of borrowings	(16,510)	(324,286)
Repayment of lease liabilities	(235)	(449)
Proceeds from issuance of shares pursuant to private placement and upon exercise of warrants, net of share issuance expenses	40,504	20,717
Net cash flow from financing activities	<u>94,136</u>	<u>34,038</u>
CASH AND CASH EQUIVALENTS		
Net changes	(12,771)	(19,667)
Balance brought forward	72,710	92,377
Carried forward	<u>59,939</u>	<u>72,710</u>
	Unaudited	Audited
	30.06.2023	31.12.2022
	RM'000	RM'000
Cash and cash equivalent comprise of:-		
Cash and bank balances	156,438	193,860
Fixed deposit with licensed bank	21,685	9,634
Bank overdraft	(8,590)	(12,379)
	<u>169,532</u>	<u>191,115</u>
Less:		
Designated Bank Account	(74,585)	(86,537)
Fixed deposit with licensed bank	(8,487)	(9,477)
Maintenance Reserve Fund	(26,521)	(22,391)
	<u>59,939</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.

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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 statements 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 statements.

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, performance and cash flow 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.

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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	Total
	RM'000	RM'000	RM'000
Revenue	2,909	27,944	30,853
Segment results;			
Other income	-	-	205
Depreciation	-	-	(941)
Finance costs	-	-	(4,709)
Finance income #	-	-	9,795
Taxation	-	-	(6)
Profit after tax	-	-	344

Year to-date	IFM	Construction	Total
	RM'000	RM'000	RM'000
Revenue	6,916	86,717	93,634
Segment results;			
Other income	-	-	353
Depreciation	-	-	(2,770)
Finance costs	-	-	(10,177)
Finance income #	-	-	16,794
Taxation	-	-	(9)
Profit after tax	-	-	972

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.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134**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.

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

	<u>RM'000</u>
Concession service receivables	100,701
Other receivables	990
Cash and bank balances	6,993
Borrowings	(76,099)
Other payables	(23,778)
Tax payable	(922)
Total identifiable net assets	<u>7,885</u>
Less: Cash and cash equivalent acquired	<u>(6,993)</u>
Net cash inflow/(outflow) from acquisition	<u>892</u>
<u>Calculation of goodwill:</u>	
Fair value of net identifiable assets	7,885
Fair value of consideration transferred	<u>(16,626)</u>
Goodwill	<u>8,741</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	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Rental of office space	147	147	294	294
<u>Company</u>				
Management fee charged to subsidiaries	1,200	1,200	2,400	2,400

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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**

	Quarter			Year-to-date		
	30.6.2023	30.6.2022	Change	30.6.2023	30.6.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<u>Revenue:</u>						
Construction	27,944	26,398	6%	86,716	50,978	70%
IFM	2,909	23,223	-87%	6,918	50,683	-86%
Total revenue	30,853	49,621	-38%	93,634	101,661	-8%
Gross profit ("GP")	2,787	18,356	-85%	9,473	39,977	-76%
Profit before tax ("PBT")	350	9,763	-96%	981	19,005	-95%

The Group's revenue for the second quarter ("2Q23") and six months period ended 30 June 2023 ("YTD6-23") was lower against preceding year corresponding period by 38% and 8% respectively due mainly to drop in IFM segment revenue following end of a contract end June 2022.

On the back of the revenue, the Group managed to record gross profit and profit before tax in 2Q23 and YTD6-23. However, the profit margin was lower as compared to same period last year due to lower profit margin from construction projects, which contributed 91% and 93% to the Group's revenue in 2Q23 and YTD6-23 respectively.

(b) Comparison with preceding quarter's results

	30.6.2023	31.3.2023	Change
	RM'000	RM'000	%
<u>Revenue:</u>			
Construction	27,944	58,774	-52%
IFM	2,909	4,007	-27%
Total revenue	30,853	62,781	-51%
Gross profit ("GP")	2,787	6,686	-58%
Profit before tax ("PBT")	350	631	-45%

Construction activities were slowed down during the period due to disruption of supply of raw materials and review of project milestones for infrastructure projects in northern region and road works in east coast of peninsular Malaysia.

In tandem with the lower revenue, the Group recorded smaller gross profit and profit before tax.

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

B2 Prospects

Following the resolution of the six-state elections, mega projects at both federal and state levels could potentially see further developments moving forward. Amongst the projects are Mass Rapid Transit 3, Bayan Lepas Light Rail Transit (BLLRT) and nationwide flood mitigation projects. According to data from the Construction Industry Development Board (CIDB), the total value of construction works awarded until July 2023 was RM59.4 billion (July 2022: RM77.6 billion). Overall, construction industry is set to continue growth momentum in the second half of 2023. Accordingly, the Group endeavors to seize the opportunities arising from the potential growth in construction industry.

As for the Group, it has orderbooks totaling RM1.6 billion, comprising RM633.2 million from construction segment and RM940.0 million from IFM and concession segment. In April 2023, the IFM segment obtained a 2-year contract to provide asset maintenance services for infrastructure and buildings amounting to RM18.2 million.

The Group continues to actively participate in both government and private tenders, submit development proposals and explore business opportunities in order to enhance its orderbooks. In ensuring improved profitability, the Group steers the business operations towards efficiency, productivity and cost competitiveness.

B3 Variance of Actual Profit from Forecast Profit

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

B4 Taxation

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.

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.

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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 Private Placement Exercise (cont'd)

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.

On 26 July 2023, on behalf of the Board, M&A Securities announced that an application for extension of time of 6 months up to 14 February 2024 to complete the Private Placement has been submitted to Bursa Malaysia.

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.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B6 Group borrowings**

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term Loans	140,246	389	140,635
Revolving credit	14,953	-	14,953
Sukuk Wakalah	280,229	-	280,229
Bank overdraft	-	8,590	8,590
	<u>435,428</u>	<u>8,979</u>	<u>444,407</u>
Total Assets			<u>1,013,387</u>
Borrowings over Total Assets (%)			<u>44%</u>
Repayable;			
Within one year			39,967
More than one year			<u>404,440</u>
			<u>444,407</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.

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	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit attributable to owners of the Company (RM'000)	344	7,413	972	13,821
Weighted average number of ordinary shares in issue ('000)	2,895,678	2,752,500	2,895,678	2,752,500
Basic earnings per share (sen)	<u>0.01</u>	<u>0.27</u>	<u>0.03</u>	<u>0.50</u>

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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.

	Quarter Ended		Year-to-date	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit attributable to owners of the Company (RM'000)	344	7,413	972	13,821
Weighted average number of ordinary shares in issue ('000)	2,895,678	2,752,500	2,895,678	2,752,500
Effects of warrants outstanding ('000)	272,703	453,702	272,703	384,567
Weighted average number of ordinary shares assumed to be in issue ('000)	3,168,381	3,206,202	3,168,381	3,137,067
Diluted earnings per share (sen)	0.01	0.23	0.03	0.44

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	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Finance income	2,964	181	2,996	221
Finance lease income	6,831	4,729	13,798	9,534
Depreciation	(941)	(906)	(941)	(1,829)
Finance costs	(4,709)	(6,180)	(10,177)	(9,745)

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	-