



## **WIDAD GROUP BERHAD**

Registration No.:200901014295 (857363-U)  
(Incorporated in Malaysia)

### **INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> MARCH 2021**

<b>CONTENTS</b>	<b>PAGE</b>
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 – 2
Unaudited Condensed Consolidated Statement of Financial Position	3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash Flows	5 – 6
Explanatory Notes Pursuant to MFRS 134	7 – 9
Explanatory Notes Pursuant to Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad	10 – 16

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Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	17,217	24,621	17,217	24,621
Cost of sales	(7,614)	(13,984)	(7,614)	(13,984)
<b>Gross Profit</b>	<b>9,603</b>	<b>10,637</b>	<b>9,603</b>	<b>10,637</b>
Other income	154	200	154	200
Administrative expenses	(5,825)	(5,548)	(5,825)	(5,548)
<b>Operating Profit</b>	<b>3,932</b>	<b>5,289</b>	<b>3,932</b>	<b>5,289</b>
Finance income	69	42	69	42
Finance costs	(2,453)	(2,165)	(2,453)	(2,165)
<b>Profit before tax</b>	<b>1,548</b>	<b>3,166</b>	<b>1,548</b>	<b>3,166</b>
Tax expense	(610)	(1,021)	(610)	(1,021)
<b>Profit after tax</b>	<b>938</b>	<b>2,145</b>	<b>939</b>	<b>2,145</b>
<b>Profit after tax attributable to:</b>				
Owners of the Company	<b>938</b>	<b>2,145</b>	<b>939</b>	<b>2,145</b>
<b>Earnings per share (sen)</b>				
- Basic	0.04	0.09	0.04	0.09
- Diluted	0.03	0.07	0.03	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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	938	2,145	939	2,145
<b>Other comprehensive income net of tax, that will be reclassified subsequently to profit or loss</b>				
Fair value gain on cash flow hedge	1,927	-	1,927	-
Other comprehensive income for the financial period, net of tax	1,927	-	1,927	-
<b>Total comprehensive income for the financial period</b>	<b>2,865</b>	<b>2,145</b>	<b>2,866</b>	<b>2,145</b>

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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Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>31.3.2021</b>	<b>Audited 31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant & equipment	19,908	18,093
Right-of-use of assets	42,632	42,920
Investment in subsidiary (Refer Note A12)	128,820	-
Total Non-Current Asset	<u>191,359</u>	<u>61,013</u>
<b>CURRENT ASSETS</b>		
Contract assets	194,965	164,647
Trade receivables	18,363	35,253
Other receivables	12,633	26,113
Tax recoverable	4	3
Fixed deposits with licensed banks	67,863	59,995
Cash and bank balances	112,229	63,608
Total Current Assets	<u>406,057</u>	<u>349,619</u>
<b>TOTAL ASSETS</b>	<b><u>597,417</u></b>	<b><u>410,632</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company:</b>		
Share capital	180,368	78,300
Cash flow hedge reserve	(359)	(2,287)
Retained earnings	105,617	104,679
Total Equity	<u>285,626</u>	<u>180,692</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	176,581	70,163
Derivatives liabilities	291	1,352
Finance lease liabilities	30	325
Total Non-Current Liabilities	<u>176,902</u>	<u>71,840</u>
<b>CURRENT LIABILITIES</b>		
Contract liability	473	495
Trade payables	33,024	24,447
Other payables	4,174	8,987
Short term borrowings	84,109	107,345
Derivative short term liabilities	68	934
Finance lease liabilities	400	166
Tax payable	12,641	15,725
Total Current Liabilities	<u>134,889</u>	<u>158,100</u>
Total Liabilities	<u>311,791</u>	<u>229,940</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>597,417</u></b>	<b><u>410,632</u></b>
Net assets per share attributable to equity holders of parent (RM)	<u>0.12</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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	SHARE CAPITAL	CASH FLOW HEDGE	DISTRIBUTABLE RETAINED EARNINGS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2021</b>	78,300	(2,287)	104,679	180,692
Proceed from Issuance of ordinary shares pursuant to private placement	66,705	-	-	66,705
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	-	-	938	938
Total profit or loss and other comprehensive income for the period	-	1,928	-	1,928
<b>As at 31 March 2021</b>	<b>180,368</b>	<b>(359)</b>	<b>105,617</b>	<b>285,626</b>

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.

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Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>31.3.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	1,548	4,925
<b>Adjustments for non-cash movements:</b>		
Depreciation of property, plant and equipment	864	3,062
Interest expense	2,453	10,349
Interest income	(69)	(3,086)
Operating profit before working capital changes	<b>4,796</b>	<b>15,250</b>
<b>Changes in working capital:</b>		
Contract assets	(30,340)	(6,624)
Receivables	30,418	(17,025)
Payables	3,764	1,797
<b>Cash from operations</b>	<b>8,638</b>	<b>(6,602)</b>
Interest paid	(151)	(896)
Interest received	24	19
Income tax paid, net of refund	(3,695)	(6,979)
<b>Net cash from operating activities</b>	<b>4,816</b>	<b>(14,459)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries	(128,820)	-
Purchase of property, plant and equipment	(2,390)	(2,380)
Deposit for acquisition concession	-	(18,860)
(Placement)/Withdrawal of fixed deposits	(7,917)	40,352
Interest received	46	3,067
<b>Net cash from investing activities</b>	<b>(139,081)</b>	<b>22,180</b>
<b>FINANCING ACTIVITIES</b>		
Repayment Sukuk	-	(70,000)
Repayment of borrowings	(38,793)	(75,858)
Drawdown loan (overdraft)	125,120	191,349
Proceed from issuance of shares pursuant to private placement	102,068	13,029
Withdrawal/(Placement) in Designated Bank Accounts	-	878
Advance from/(Repayment to) Ultimate Holding Company	-	(18)
Advance from related companies	-	-
Repayment of finance lease liabilities	(61)	(346)
Interest paid	(2,302)	(9,453)
<b>Net cash used in financing activities</b>	<b>186,033</b>	<b>49,582</b>

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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>31/3/2021</b>	<b>31/12/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	51,767	57,302
Brought forward	69,056	11,754
<b>Carried forward</b>	<b>120,823</b>	<b>69,056</b>
<b>Cash and cash equivalents comprise the followings:</b>		
Cash and bank balances	112,229	63,608
Fixed deposits with licensed banks	67,863	59,995
Bank overdraft	(6,440)	(9,585)
	173,652	114,018
Fixed deposits pledged with licensed banks	(52,829)	(44,962)
	<b>120,823</b>	<b>69,056</b>

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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Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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 2021:-

- Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16, Interest Rate Benchmark Reform  
MFRS 139 and MFRS 7

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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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 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 RM'000			CURRENT YEAR TO DATE RM'000		
	IFM	CONSTRUCTION	TOTAL	IFM	CONSTRUCTION	TOTAL
Revenue	15,360	1,857	17,217	15,360	1,857	17,217
<b><u>Segment results</u></b>						
Other income			154			154
Depreciation			(864)			(864)
Finance Cost			(2,453)			(2,453)
Finance Income			69			69
Taxation			(610)			(610)
Segment profit			938			938

**Note: IFM – Integrated facilities management**

**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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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.

Consolidation of SHSB financial results and position will take effect from 1 April 2021.

**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 31 March 2021.

**A15 Significant Related Party Transactions**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31/03/2021	PRECEDING YEAR 31/03/2020	CURRENT YEAR 31/03/2021	PRECEDING YEAR 31/03/2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
- Rental income of office space	289	289	289	289
<b><u>Company</u></b>				
- Management fee charged to subsidiaries	500	500	500	500

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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**

	Individual Quarter			Cumulative Period		
	Current Year	Preceding Year	+/-	Current Year	Preceding Year	+/-
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Construction	1,857	11,162	-83%	1,857	11,162	-83%
- IFM	15,360	14,718	4%	15,360	14,718	4%
Total	17,217	25,880	-33%	17,217	25,880	-33%
Profit before tax ("PBT")	1,548	3,166	-51%	1,548	3,166	-51%

**Current Quarter and Year to-date**

The Group's revenue for the current quarter decreased by RM8.66 million or 33.5% compared to the same quarter preceding year mainly due to the lower recognition of revenue for the existing projects under the construction segment as projects are entering the end phase of completion.

Consequently, the Group reported PBT of RM1.55 million as compared to PBT of RM3.17 million in the corresponding quarter last year.

**(b) Comparison with Preceding Quarter's Results**

	31.03.2021 RM'000	31.12.2020 RM'000	Variance RM'000	Variance %
Revenue:				
- Construction	1,857	4,811	(2,954)	-61%
- IFM	15,360	19,133	(3,772)	-20%
Total revenue	17,217	23,944	(6,727)	-28%
Profit Before Tax ("PBT") / (Loss Before Tax)("LBT")	1,548	(1,908)	3,456	182%

For the quarter under review, the Group's revenue was lower by RM6.73 million or 28.1% attributable to lower revenue contribution from IFM segment, due to repayment of maintenance charge, which was earlier deducted by customer during MCO in March and April 2020, in November 2020.

However, the Group recorded PBT of RM1.55 million as compared to LBT of RM1.91 million in preceding quarter mainly due to expenses relating to proposed acquisitions amounting RM1.19 million was expensed off during the quarter.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**B2 Prospects**

Widad cautiously optimistic with its performance in 2021. Despite the uncertainties as the COVID-19 pandemic continues to remain challenging and uncertain, Widad remains focus to drive the business forward and record sustainable results within the challenging business environment.

**(a) Construction**

The construction sector experienced a slow growth in FYE 2020 mainly due to the COVID-19 pandemic outbreak. However, with the introduction by the government on economic stimulus packages, the sector is expected to rebound in 2021.

This segment has remaining contract value worth RM 270.00 million. Backed by its track record in securing high value civil and infrastructure contracts and consistent delivery of high quality service, On 18 April 2021, Widad was awarded a project to upgrade water treatment plant in Sg. Limau, Baling, Kedah worth RM89.8 million to be completed within 130 weeks. Further on 18 May 2021, the company obtained another project to upgrade water treatment plant in Sg. Bukit Selambau, Kuala Muda, Kedah worth RM129.4 million to be completed within 130 weeks

Widad is confident in enhancing its order book further by participating in tenders and also submission of few private initiative proposals to the government and its agency.

**(b) IFM**

Facilities management landscape in Malaysia is developing, yet highly competitive, on the back of increasing outsourcing culture and expansion of construction projects.

This segment has remaining order book worth RM 185.00 million derived from existing IFM contract and newly IFM project at Langkawi jetty ferry terminal worth RM 21.00 million for duration of 5 years.

**(c) Concession**

Widad had 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. Widad will commence consolidation of SHSB’s financial results and position in second quarter 2021.

**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 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**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:

	<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD</b>
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax</b>	<b>1,548</b>	<b>8,507</b>
Tax at applicable tax rate of 24%	<b>372</b>	<b>2,042</b>
Expenses not deductible for tax purpose	238	255
<b>Tax expenses</b>	<b>610</b>	<b>2,297</b>

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 Inovatif Mewah Sdn Bhd**

On 19 March 2021, MIDF Investment on behalf of the Board, announce that Widad had issued a letter of termination of the SSA dated 19 March 2020 ("**Letter of Termination**") to the IMSB and was accepted by the IMSB on even date. The termination of the Acquisition will not have any material impact on the existing business or financial position of the Company.

**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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**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 Private Placement Exercise (cont'd)**

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.

To date Widad issued 30,490,000 at RM0.4920 (first tranche) and 121,800,000 at RM0.4245 (second tranche) per Placement Shares

At this juncture, the Company is in the midst of securing placee for the implementation of the balance of 93,174,100 placement shares. Barring any unforeseen circumstances, the Private Placement is expected to be completed by the 2<sup>nd</sup> quarter of year 2021.

**B6 Group Borrowings**

	<b>CURRENT YEAR TO DATE 31/3/2021</b>
	<b>RM'000</b>
<b>Secured Short Term Borrowings</b>	
- Bank overdraft	6,440
- Term financing	77,669
- Lease liabilities	30
	<hr/>
<b>Secured Long Term Borrowings</b>	
- Term financing	176,581
- Lease liabilities	400
	<hr/>
<b>Total Group Borrowings</b>	<b>261,120</b>
	<hr/>
Total Assets	597,417
	<hr/>
<b>Percentage of Borrowings over Total Assets</b>	<b>44%</b>
	<hr/>

Out of the total borrowings, RM64.9 million is denominated in foreign currency borrowings.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**B7 Derivative Financial Instrument**

	<b>Contract</b>	<b>Fair Value</b>		<b>Cash Flow</b>	<b>Gains/(losses)</b>
	<b>Notional Value</b>	<b>Asset</b>	<b>Liability</b>	<b>Hedge</b>	<b>for the period</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cross-currency interest rate swap contract</b>					
- less than 1 year	34,778	25,933	25,642	291	-
- more than 1 year	30,201	40,917	40,849	68	-
<b>Total derivative</b>	<b>64,979</b>	<b>66,850</b>	<b>66,491</b>	<b>359</b>	<b>-</b>

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.

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 RM359,301 (2020: 2,286,545) 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.

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**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.

	<b>Current Quarter 31/3/2021</b>	<b>Preceding Year Corresponding Quarter 31/3/2020</b>
Profit/(loss) after tax for the period (RM'000)	938	2,145
Weighted average number of ordinary shares in issue ('000)	2,492,342	2,454,642
Basic earnings/(loss) per share (sen)	<u>0.04</u>	<u>0.09</u>

**(ii) Diluted earnings per share**

The diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares to be issued pursuant to the exercise of the warrant.

	<b>Current Quarter 31/3/2021</b>	<b>Preceding Year Corresponding Quarter 31/3/2020</b>
Profit/(loss) after tax for the period (RM'000)	938	2,145
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>0.03</u>	<u>0.07</u>

Interim financial report for the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2021. The figures have not been audited.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**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:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2021	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2020	CURRENT YEAR TO DATE 31/03/2021	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2020
	RM'000	RM'000	RM'000	RM'000
Finance income	69	42	69	42
Depreciation	(864)	(759)	(864)	(759)
Finance costs	(2,453)	(2,165)	(2,453)	(2,165)

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 31 March 2021.