WIDAD GROUP BERHAD

Registration No.:200901014295 (857363 - U)

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2022

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

Interim financial statements for the 2nd quarter ended 30 June 2022. The figures have not been audited.

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

	QUARTER ENDED		YEAR-TO-DATE	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	49,494	31,088	101,535	48,306
Cost of sales	(31,138)	(18,426)	(61,558)	(26,040)
Gross Profit	18,356	12,662	39,977	22,266
Other income	266	294	473	448
Administrative expenses	(5,981)	(7,472)	(12,622)	(13,297)
Other expenses	(1,608)	-	(8,833)	-
Operating profit / (loss)	11,033	5,484	18,995	9,417
Finance income	4,910	155	9,755	224
Finance costs	(6,180)	(2,256)	(9,745)	(4,709)
Profit / (loss) before tax	9,763	3,383	19,005	4,932
Tax income / (expense)	(2,350)	(1,594)	(5,184)	(2,203)
Profit / (loss) for the financial year	7,413	1,789	13,821	2,729
Other comprehensive gain/(loss), net of tax				
Item that will be reclassified subsequently to profit or loss				
Fair value gain/(loss) on cash flow hedge	83	223	-	2,150
Other comprehensive gain/(loss) for the year, net of tax	83	223	-	2,150
Total comprehensive income/(loss) for the financial year	7,496	2,012	13,821	4,879
Earnings per share (sen				
- Basic	0.27	0.07	0.50	0.11
- Diluted	0.24	0.06	0.44	0.09

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 statements for the 2nd quarter ended 30 June 2022. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2022	Audited 31.12.2021
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	19,178	19,429
Right-of-use assets	41,933	42,548
Contract assets	397,173	411,795
Fixed deposit with licensed banks	33,917	22,551
Deferred tax assets	8,721	8,721
Total non-currrent assets	500,922	505,044
Current assets		
Contract assets	190,792	168,088
Trade receivables	39,508	42,489
Other receivables	13,366	7,351
Derivative financial asset	-	413
Fixed deposit with licensed banks	40,241	8,245
Cash and bank balances	151,382	134,020
Total current assets	435,289	360,606
Total assets	**936,211**	**865,650**
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	182,033	182,033
Cash flow hedge reserve	-	413
Retained earnings	189,291	175,470
Total equity	371,324	357,916
Non-current liabilities		
Borrowings	326,712	126,529
Lease liabilities	721	591
Deferred tax liabilities	72,377	72,377
Total non-current liabilities	399,810	199,497
Current liabilities		
Contract liabilities	21,353	20,085
Trade payables	18,268	17,654
Other payables	11,102	12,630
Borrowings	92,404	237,564
Lease liabilities	493	392
Tax payable	21,457	19,912
Total current liabilities	165,077	308,237
Total liabilities	564,887	507,734
Total equitiy and liabilities	**936,211**	**865,650**
Net Tangible Assets per share (RM)	**0.13**	**0.13**

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

Interim financial statements for the 2nd quarter ended 30 June 2022. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Group			
	Non-distributable		Distributable	
	SHARE CAPITAL	CASH FLOW HEDGE	RETAINED EARNINGS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	182,033	413	175,470	357,916
Profit for the financial period	-	-	13,821	13,821
Other comprehensive income for the quarter	-	(413)	-	(413)
Balance as at 30 June 2022	182,033	-	189,291	371,324

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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Interim financial statements for the 2nd quarter ended 30 June 2022. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30.6.2022	Audited 31.12.2021
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit / (Loss) before tax	19,005	68,048
Adjustments for;		
Bargain purchase on acquisition of subsidiaries	-	(115,032)
Deposit written off	-	440
Depreciation of property, plant and equipment	1,214	2,523
Depreciation of right-of-use assets	615	1,159
Impairment loss on contract assets	-	15,973
Finance costs	9,745	19,794
Finance income	(29)	(840)
Finance income arising from contract customer	(9,534)	(14,863)
Opeating profit before working capital changes	21,017	(22,798)
Changes in working capital;		
Contract balances	1,450	48,618
Payables	(915)	(7,774)
Receivables	(1,747)	11,433
Cash generated form operations	19,805	29,479
Finance costs paid	(5,499)	(3,738)
Interest received	29	43
Tax paid	(3,639)	(13,832)
Net cash flows from operating activities	10,696	11,952
INVESTING ACTIVITIES		
Acquisition of subsidiaries	-	(85,581)
Refund from proposed acquisition of subsidiaries	-	6,100
Interest received	-	678
Placement of maintenance reserve fund	1,269	(19,833)
Placement of Designated Accounts	-	(11,791)
Purchase of property, plant and equipment	(963)	(3,844)
Purchase of right-of-use assets	-	(44)
(Advance to)/Repayment from holding company	-	(13)
Withdrawal/(Placement) of fixed deposit	6,638	17,411
Net cash flows from investing activities	6,944	(96,917)

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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

	30.6.2022	Audited 31.12.2021
FINANCING ACTIVITIES	**RM'000**	**RM'000**
Repayment to holding company	-	(12)
Interest paid	-	(15,588)
Drawdown of borrowings	-	186,303
Repayment of borrowings	(266,295)	(152,210)
Repayment of lease liabilities	231	(251)
(Placement)/Withdrawal of Designated Bank Accounts	(63,281)	(1,373)
Proceeds from issuance of shares pursuant to private placement and upon exercise of warrants, net of share issuance expenses	-	92,271
Proceeds from issuance of Sukuk Wakalah	310,000	-
Net cash flow from financing activities	(19,345)	109,140
CASH AND CASH EQUIVALENTS		
Net changes	(1,704)	24,175
Balance brought forward	92,377	68,202
Carried forward	90,673	92,377

Cash and cash equivalent comprise of:

	30.6.2022	31.12.2021
	RM'000	**RM'000**
Cash and bank balances	151,382	134,020
Fixed deposit with licensed bank	74,158	30,796
Bank overdraft	(12,090)	(11,022)
	213,450	153,793
Less:		
Designated Bank Account	(77,313)	(14,032)
Fixed deposit with licensed bank	(24,111)	(27,550)
Maintenance Reserve Fund	(21,353)	(19,834)
	90,673	92,377

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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 2021 (“FYE 2021”) 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 2021.

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 2021.

A3 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 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.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A7 Debts and Equity Securities

On 30 March 2022, the Company's wholly-owned subsidiary, Widad Concession Sdn Bhd, issued a RM310 million Sukuk Wakalah.

Other than the above, 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 Quarter	IFM*	Construction	Concession	TOTAL
	RM'000	RM'000	RM'000	RM'000
Revenue	20,543	26,398	2,680	49,620
Segment results;				
Other income	-	-	-	266
Depreciation	-	-	-	(904)
Finance costs	-	-	(1,787)	(6,180)
Finance income #	-	-	4,742	4,910
Taxation	-	-	(1,363)	(2,350)
Profit after tax	-	-	1,420	7,413

Year to-date	IFM	Construction	Concession	TOTAL
	RM'000	RM'000	RM'000	RM'000
Revenue	45,449	50,978	5,234	101,661
Segment results;				
Other income	-	-	113	473
Depreciation	-	-	-	(1,827)
Finance costs	-	-	(3,788)	(9,745)
Finance income #	-	-	9,547	9,755
Taxation	-	-	(1,912)	(5,184)
Profit after tax	-	-	3,137	13,821

Note
* IFM – Integrated Facility Management
\# Finance income include 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

There were no changes in the Group composition during the quarter under review.

A13 Contingent Liabilities/Assets

There were no contingent liabilities/assets as at the end of the current quarter under review.

A14 Capital Commitment

There were no capital commitments as at the end of the current quarter under review.

A15 Significant Related Party Transactions

	QUARTER ENDED		PERIOD-TO-DATE	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Group				
Rental income of office space	147	289	294	578
Company				
Management fee charged to subsidiaries	1,200	750	2,400	1,500

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			Year-to-date		
	30.6.2022	30.6.2021	Change	30.6.2022	30.6.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue;						
Construction	26,398	-	100%	50,978	1,857	>100%
IFM	20,543	16,765	23%	45,449	32,125	41%
Concession	2,680	14,323	-81%	5,234	14,323	-63%
Total revenue	49,620	31,088	60%	101,661	48,305	110%
Gross Profit (GP)	18,356	12,662	45%	39,977	22,265	80%
Profit before tax (PBT)	9,763	3,383	189%	19,005	4,932	285%
GP Margin	37%	41%		39%	46%	
PBT Margin	20%	11%		19%	10%	

The Group's revenue for the current quarter and financial period ended 30 June 2022 improved markedly against same period last year due mainly to recommencement of construction works following the upliftment of movement control order in second half of financial year 2021.

In tandem with the increase in revenue, the Group's GP and PBT for 2Q2022 increased by 45% and 189% respectively against same quarter previous year. For the six months ended 30 June 2022, GP and PBT improved by 80% and 285% against same period previous year.

Included in the PBT for the current quarter and period ended 30 June 2022 is a one-off expenses related to the issuance of Sukuk Wakalah amounting RM1.61 million and RM8.83 million respectively.

(b) Comparison with Preceding Quarter's Results

	Quarter Ended		
	30.6.2022	31.3.2022	Change
	RM'000	RM'000	%
Revenue;			
Construction	26,398	24,580	7%
IFM	20,543	24,907	-18%
Concession	2,680	2,554	5%
Total revenue	49,620	52,041	-5%
Gross Profit (GP)	18,356	21,621	-15%
Profit before tax (PBT)	9,763	9,242	6%
GP Margin	37%	42%	
PBT Margin	20%	18%	

Against previous quarter, the Group's revenue is 5% lower due to drop in IFM segment revenue by 18% while construction and concession segments combined recorded 12% increase. GP is 15% lower against 1st quarter 2022, in tandem with reduction of revenue. However, PBT increased by 6% due to lower administrative expenses amounting RM5.88

million (1Q22: RM6.64 million) and lower sukuk issuance expenses amounting RM1.61 million (1Q22: RM7.22 million).

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

B2 Prospects

The Malaysian economy continues to record strong GDP growth of 8.9% in second quarter of 2022 (1Q2022: 5%) underpinned by policy support, normalizing economic activity and reopening of international borders. The construction industry in particular grew by 2.4% (1Q2022: -6.2%), its first positive growth since 2Q2021 contributed by large commercial, industrial and infrastructure projects. Bank Negara Malaysia (BNM) projected that the Malaysian economy will improve further in second half of 2022.

Barring any unforeseen circumstances, for the remaining financial year 2022, the Group is poised to maintain its first half year performance given the outstanding orderbook worth RM1.43 billion and an ongoing corporate proposal as explained in Note B5. Additionally, the Group is actively assessing and negotiating more acquisition of strategic businesses that may enhance the Group's income and cashflow.

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:

	30.6.2022 RM'000	30.6.2021 RM'000
Profit before tax	19,005	4,932
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	4,561	1,184
Tax effects in respect of;		
Income not subject to tax	(78)	-
Expenses not deductible for tax purposes	700	1,019
Tax expense	5,184	2,203

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.

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

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 October 2021 to 14 November 2021, further 1 month from 15 November 2021 to 14 December 2021, further 1 month from 15 December 2021 to 14 January 2022, further 3 months from 15 January 2022 to 14 April 2022 and further 1 month to 17 May 2022.

On behalf of the Board of Widad, M&A Securities Sdn Bhd announced that WCSB had, on 13 May 2022 entered into the followings;

1. Conditional share sale agreement with the Vendors for the proposed acquisition of 7,000,000 ordinary shares in PSHSB, representing 100% equity interest in PSHSB, for a purchase consideration of RM16,626,171.00, to be satisfied in cash, subject to adjustment and the terms of the agreement ("**Purchase Consideration**") ("**SSA**"); and

2. Letter of undertaking for the repayment of debt owing by PSHSB to the Vendors amounting to RM18,373,829.00 ("**Repayment of Vendors' Advances**") whereby, WCSB undertakes the Repayment of Vendors' Advances subject to the terms of the letter of undertaking ("**LOU**").

Purchase Consideration and Repayment of Vendors Advances are collectively referred to as "**Total Consideration**" amounting to RM35,000,000.00.

On 9 August 2022, on behalf of the Company, M&A Securities Sdn Bhd announced that the parties to the SSA have mutually agreed to extend the period for 60 days from 13 August 2022 (i.e. up to 13 October 2022) to fulfil the Conditions Precedent.

2. Proposed Private Placement Exercise

On 21 July 2022, on behalf of the Board of Directors of 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.

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

2. 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.

B6 Group Borrowings

Out of the total borrowings, RM20 million is denominated in foreign currency borrowings.

	30.6.2022
	RM'000
Secured	
Commodity Murabahah	20,343
Term Loans	50,576
Revolving credit	21,900
Sukuk Wakalah	313,668
	406,486
Unsecured	
Term Loans	540
Bank overdraft	12,090
	12,629
Total borrowings	419,116
Total Assets	936,211
Borrowings over Total Assets (%)	45%
Repayable:	
Within one year	92,404
More than one year	326,711
	419,116

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		Year-to-date	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Profit attributable to owners of the Company (RM'000)	7,413	1,789	13,821	2,729
Weighted average number of ordinary shares in issue ('000)	2,752,500	2,562,613	2,752,500	2,562,613
Basic earnings per share (sen)	0.27	0.07	0.50	0.11

(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	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Profit attributable to owners of the Company (RM'000)	7,413	1,789	13,821	2,729
Weighted average number of ordinary shares in issue ('000)	2,752,500	2,562,613	2,752,500	2,562,613
Effects of warrants outstanding	384,567	453,702	384,567	453,702
Weightage number of ordinary shares assumed to be in issue	3,137,067	3,016,315	3,137,067	3,016,315
Diluted earnings per share (sen)	0.24	0.06	0.44	0.09

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

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		YEAR-TO-DATE	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Finance income	181	155	221	224
Finance lease income*	4,729	-	9,534	-
Depreciation	(906)	(833)	(1,829)	(1,693)
Finance costs	(6,180)	(2,256)	(9,745)	(4,709)

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

B12 Status of utilization of proceeds raised from corporate proposal

The total proceeds generated from the private placement of RM133.5 million have been utilised 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	25,644	23,840	1,804
Working capital requirement	Within 12 months	43,932	43,932	-
Estimated expenses for the Private Placement	Within 1 month	2,585	2,585	-
		72,161	70,357	1,804