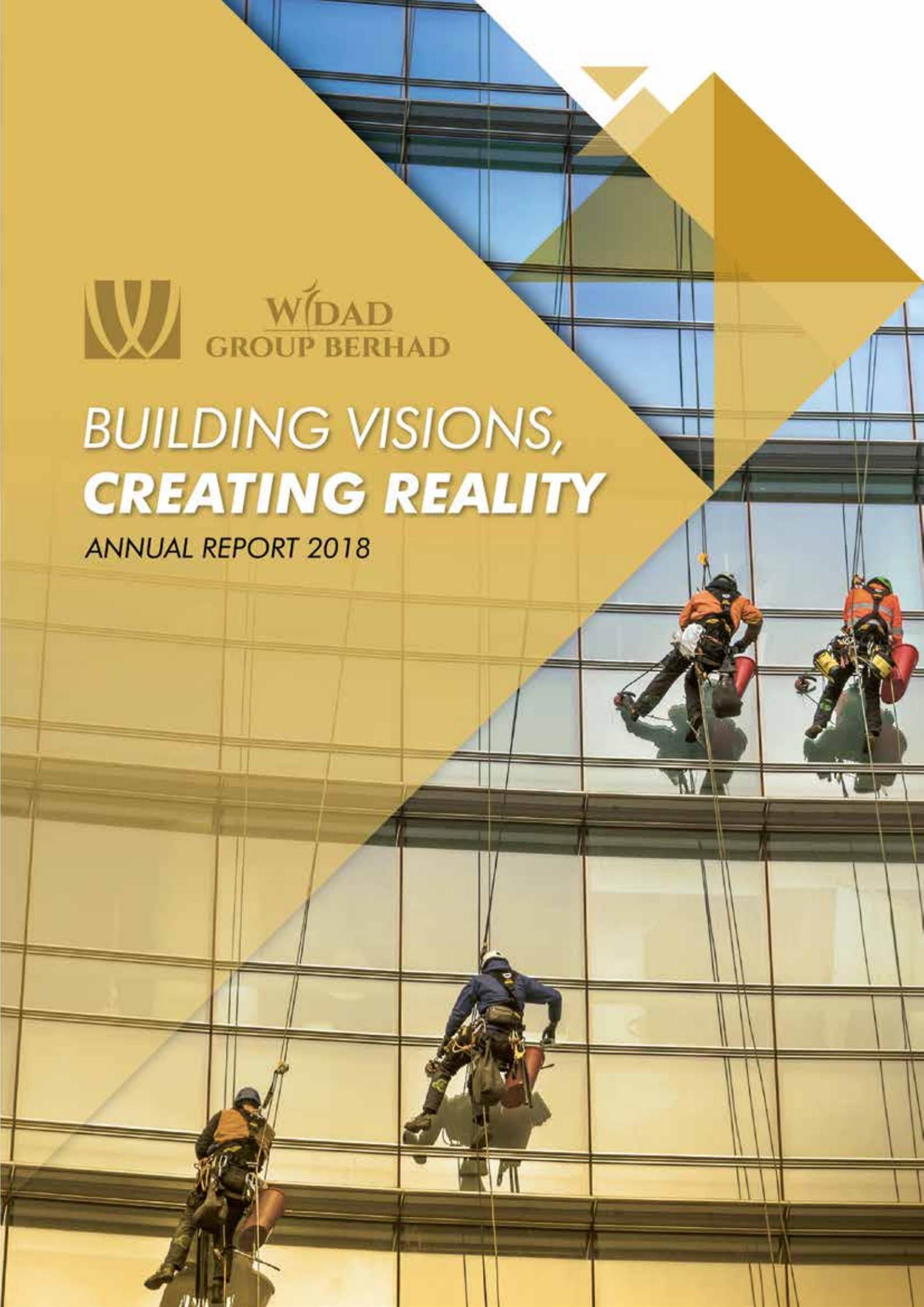




WIDAD
GROUP BERHAD

BUILDING VISIONS, **CREATING REALITY**

ANNUAL REPORT 2018





RATIONALE

The visual expresses our commitment and achievement in construction and integrated facility management business to create the first impression for this annual report.

We are committed to superior quality and results as we bring together the most effective processes, leading technologies and passionate people in the execution of our projects.

The tagline indicates our vision along with the betterment of future prospects in order to build a reality for the presence advancement.





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OUR VISION

Widad Group Berhad aspires to be at the forefront of nation building and economic development in the Southeast Asian region.

Through empowering people in our organization to unleash their full potential, we can enrich the lives of our stakeholders and contribute meaningfully to the industry and the region at large.

OUR MISSION

Our clients always come first. We strive to create a synergistic relationship that is sustainable and deliver peerless solutions. Our firm commitment to continuously develop the skills of our people will further strengthen the capabilities of our organization.



CORPORATE STRUCTURE



BRIDGING
PASSIONATE
PEOPLE AND
LEADING
TECHNOLOGIES



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY WILL BE HELD AT PETRA 2 ROOM, TOWER 4, LEVEL 2, ROYAL WIDAD RESIDENCE @ UTMKL, JALAN MAKTAB, 54100 KUALA LUMPUR ON FRIDAY, 28 JUNE 2019 AT 10.00 A.M FOR THE PURPOSE OF TRANSACTING THE FOLLOWING BUSINESSES: -

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of Directors’ Fees amounting to RM148,439.00 for the financial year ended 31 December 2018. **(Ordinary Resolution 1)**
3. To approve the payment of Directors’ fees and benefits up to RM400,000.00 from 01 July 2019 until the next AGM of the Company. **(Ordinary Resolution 2)**
4. To re-elect the following Directors retiring in accordance with Article 86 of the Company’s Constitution and being eligible, have offered themselves for re-election: -
 - (i) Dato’ Feizal Mustapha @ Feizal Bin Mustapha **(Ordinary Resolution 3)**
 - (ii) Dato’ Dr Mohd Rizal Mohd Jaafar **(Ordinary Resolution 4)**
 - (iii) Mr. Tung Ghee Meng **(Ordinary Resolution 5)**
 - (iv) Mr. Ong Kuan Wah **(Ordinary Resolution 6)**
 - (v) Ms. Cheng Ming Fui **(Ordinary Resolution 7)**
 - (vi) En. Nor Adha Bin Yahya **(Ordinary Resolution 8)**
5. To re-appoint Messrs. Grant Thornton Malaysia as Auditors for the financial year ending 31 December 2019 and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 9)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions: -

6. **AUTHORITY TO ISSUE SHARES** **(Ordinary Resolution 10)**

“THAT pursuant to Section 75 and Section 76 of the Companies Act 2016 and subject to the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution, does not exceed ten (10) percent of the total number of issued shares of the Company to the authority AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

(Ordinary Resolution 11)

"THAT subject always to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Widad Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 30 April 2019, which are necessary for the day-to-day operations of Widad Group provided that the transaction are in the ordinary course of business, and are carried out at arms' length basis on normal commercial terms which are not more favourable to the related party than those generally available to the public as well as are not detrimental to the minority shareholders' of the Company and such approval, shall continue to be in force until; -

- i) the conclusion of the next Annual General Meeting of the Company following the EGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the Proposed Shareholders' Mandate authority is renewed;
- ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2)(b) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

AND THAT the Board of Directors of the Company ("Board") be and is hereby authorised to do all acts, deeds, things and to execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary of expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution"

8. To transact any other business which may properly be transacted at an AGM for which due notice shall have been given.

BY ORDER OF THE BOARD

**LIM SECK WAH (MAICSA 0799845)
TANG CHI HOE (KEVIN) (MAICSA 7045754)
SHUHILAWATI BINTI TAJUDDIN (LS0010190)**
Company Secretaries

**Dated: 30 April 2019
Kuala Lumpur**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Tenth AGM, the Company shall be requesting the Record of Depositors as at 20 June 2019. Only a depositor whose name appears on the Record of Depositors as at 20 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The Form of Proxy shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes on Special Business

i. Ordinary Resolution 10 – Authority to issue shares

A general mandate has been granted by the shareholders of the Company at the Ninth AGM on 29 June 2018. The previous mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the total number of issued shares.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue and allot shares at any time to such persons/corporations in their absolute discretion for the purpose of funding future investment(s), working capital and/or acquisitions.

ii. Ordinary Resolution 11 – Proposed Renewal of Shareholders' Mandate

The explanatory note on Ordinary Resolution 11 is set out in the Circular to Shareholders dated 30 April 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Dato' Feizal Mustapha
@ Feizal Bin Mustapha**
Executive Chairman

**Dato' Dr Mohd Rizal
Mohd Jaafar**
Managing Director

Nor Adha Bin Yahya
Independent Non-Executive Director

Ong Kuan Wah
Independent Non-Executive Director

Tung Ghee Meng
Independent Non-Executive Director

Cheng Ming Fui
Independent Non-Executive Director

AUDIT COMMITTEE

Ong Kuan Wah
Chairman

Nor Adha Bin Yahya
Member

Tung Ghee Meng
Member

Cheng Ming Fui
Member

NOMINATION COMMITTEE

Nor Adha Bin Yahya
Chairman

Ong Kuan Wah
Member

Tung Ghee Meng
Member

Cheng Ming Fui
Member

REMUNERATION COMMITTEE

Nor Adha Bin Yahya
Chairman

Ong Kuan Wah
Member

Tung Ghee Meng
Member

Cheng Ming Fui
Member

COMPANY SECRETARY

Lim Seck Wah
(MAICSA 0799845)

Tang Chi Hoe (Kevin)
(MAICSA 7045754)

Shuhilawati Tajuddin
(LS0010190)

REGISTERED OFFICE

Level 15-2,
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

PRINCIPAL PLACE OF BUSINESS

WBG Penthouse
Widad Semantan (WISE)
No. 3, Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2094 0009
Fax : 03-2095 9090

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2,
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

AUDITORS

Grant Thornton Malaysia
(Member Firm of Grant Thornton
International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

STOCK EXCHANGE LISTING

Stock Name : WIDAD
Stock Code : 0162

PRINCIPAL BANKERS

Affin Islamic Bank Berhad
HSBC Bank (Malaysia) Berhad
United Overseas Bank
(Malaysia) Berhad

SPONSOR

Kenanga Investment Bank Berhad
Level 17, Kenanga Tower,
237, Jalan Tun Razak,
50400 Kuala Lumpur, Malaysia
Tel : 03-2172 2888

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Widad Group Berhad ("Widad") or ("the Group") or ("the Company"), I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended 31 December 2018 ("FYE 2018").

DATO' FEIZAL MUSTAPHA
Executive Chairman

Review of Business and Macroeconomic Trend

Over the course of 2018, increasing protectionist sentiments, unresolved trade tensions between China and the United States as well as the volatility in the prices of commodities, among others, have caused slowdown in economic growth across the advanced and developing economies. In its Global Economic Prospects report released in January 2019, the World Bank estimated that the global economy expanded at a slower pace of 3% in 2018. The global macroeconomic vulnerabilities and domestic headwinds have affected Malaysia unfavourably in 2018, with the country recording a gross domestic product growth of 4.6% as compared to 5.9% in 2017. Several one-off factors such as post-election policy uncertainty, supply-side shocks and the review of mega-infrastructure projects have affected the domestic economy in 2018. These challenges continued to put pressure on private sector activities. Malaysia's economic growth continued to be anchored by the private sector in 2018, although private investments only grew by 4.5% in 2018, as compared to 9.3% in 2017. Apart from services, all other sectors have either experienced a contraction or slowdown in 2018 when compared on a year-on-year basis.

CHAIRMAN'S STATEMENT (CONT'D)

Despite Malaysia's slower economic growth in 2018 and the weakness seen in certain sectors, the country's macroeconomic fundamentals remained solid. Foreign direct investments into Malaysia hit record high in 2018 at RM80.5bil, signalling the positive perception among foreign investors on the Malaysian economy.

Formerly known as Ideal Jacobs (Malaysia) Corporation Berhad, the Group changed its name to Widad Group Berhad in December 2018 after a reverse acquisition by Widad Builders Sdn Bhd ("WBSB") which was completed in FYE 2018. Following the completion of the corporate exercise, I am pleased to join Widad as its chairman beginning November 2018, bringing in my experience in regulatory, corporate finance and advisory fields of over 25 years. I continue to see tremendous potential in the Group and envisage to elevate Widad to greater heights.

Widad is committed to build its brand and deliver long-term value for its shareholders. All our projects have been well-planned and are continuously monitored to ensure optimal operational efficiency. In addition, our ongoing long-term projects also show that we have a solid financial footing in the years to come. Over the years, we have built a reputation of being reliable and professional corporate and business partner. Operationally, we are also investing in youth empowerment as 64.7% of our workforce are below the age of 40.

The achievements that we have obtained is a proof of our pledge to our continuous improvement and our capability. Widad has received global recognitions, which include the Middle East Business Leader Award, the Brand Laureate award and the Global Responsible Business Leadership award. Touted as among the top eight (8) Bumiputera companies in Malaysia, Widad has also received the Five (5) Star Rating standard by the Construction Industry Development Board for exemplary leadership, established brand presence, excellent management and technical capabilities, compliance to best practices, excellent integrated ICT system and project management, actively exporting services to international market. For the year 2018/2020, only 21 companies has been awarded with the 5 Stars rating and we are proud to count ourselves among them. Moving forward, on the back of these achievements and our internal strategies, I am highly confident that Widad is on the right trajectory to become a regional household name.

Review of Financial Performance

In FYE 2018, Widad posted a resilient financial performance, led by the continued revenue contribution from both of its construction and integrated facilities management segments. During the financial year in review, the Group successfully recorded an operating profit of RM46.32 million and a profit before taxation of RM28.11 million. Widad would have recorded a profit before taxation of RM35.22 million for the 12-month period, if not due to the one-off reverse acquisition expenses of RM7.11 million charged to its consolidated statement of profit or loss and other comprehensive income.

Widad registered a total turnover of RM289.02 million in FYE 2018, mainly because of the strong revenue generated by the Group's construction business. The Company mainly incur administrative expenses i.e. salaries and wages and depreciation expenses and finance costs mainly from Sukuk expenses and term loans, during the financial year in review.

On a segmental basis, Widad's construction business delivered a revenue contribution of RM190.28 million in FYE 2018, which represented 65.8% of total revenue for the 12-month period. Meanwhile, the integrated facilities management segment contributed a revenue of RM98.74 million or 34.2%.

Led by prudent financial management, the Group's financial position as at 31 December 2018 continues to be sturdy with stronger asset value and lower total liabilities. As at 31 December 2018, Widad's total assets grew to RM377.56 million from RM335.38 million a year earlier. Meanwhile, the Group's total liabilities decreased to RM223.63 million as compared to RM251.96 million a year earlier.


Widad's liquidity position also remained strong as at 31 December 2018, with total group borrowings of RM147.23 million against total assets of RM377.56 million. The Group's percentage of borrowings over total assets by end-FYE 2018 was only 39.0%.

Prospects Moving Forward

Over the mid-to-long-term period, the management aims to lead the Group into greater efficiency, productivity and competitiveness in order to generate more meaningful contribution to Widad's shareholders as well as the nation. Widad is expected to register stronger growth financially and in terms of market footprint, moving forward. Our parent company, Widad Business Group Sdn Bhd, is aggressively expanding its business portfolios into other sectors such as education, hospitality, aerospace and medical, among others, which I believe could directly contribute to Widad's growth. In view of this, we are confident that we will be able to record higher return on investments in the near future.

Widad continues to be optimistic about its business prospects in the construction and integrated facility management segments, on the back of its ongoing existing projects and potential to secure new contract in 2019. As at end-Feb 2019, the Group has participated in public and private-sector tenders worth close to RM1 billion. We expect the amount to grow further as the Group is also actively exploring opportunities in projects that could give long term and sustainable revenue.

Despite the current challenging business environment both locally and internationally, there are various promising opportunities in the region that can be tapped into for the Group's benefit. The Southeast Asian region boasts with dynamic geography, given its immense business potential and a young demography with a median age of 28.8 years.



With all basic infrastructures such as road connections, telecommunications line, electricity and railways are widely accessible within the region, Southeast Asia will be key in driving the global economy, especially within the larger Asia Pacific region. The rapidly increasing middle class population and higher purchasing power in the Southeast Asian region will essentially raise demand for goods and services, which in turn will benefit local businesses. Widad is in a prime position to capitalise on this emerging trend and the management is consistently exploring for business opportunities across the region. Widad's growth regionally will also grant our stakeholders the opportunity to prosper in Southeast Asia. Stakeholders can have every confidence that we have the necessary ingredients for success.

Appreciation

In closing, I would like to convey my sincere gratitude to all of our employees, investors, financiers, government agencies, customers and suppliers. Your continued contribution and unwavering support over the years have successfully led the Company to where it stands today.

Widad has recorded a healthy financial performance in FYE 2018, amid the increasing market challenges and economic slowdown. Driven by strong leadership and effective financial management, I look forward to embrace and overcome all challenges in this climate and to continue fulfilling my duty as the overseer of the Group.

DATO' FEIZAL MUSTAPHA



BOARD OF DIRECTORS



Front left to right :

- 1. CHENG MING FUI**
Independent Non-Executive Director
- 2. ONG KUAN WAH**
Independent Non-Executive Director
- 3. DATO' FEIZAL MUSTAPHA**
Executive Chairman

- 4. DATO' DR MOHD RIZAL MOHD JAAFAR**
Managing Director
- 5. NOR ADHA YAHYA**
Independent Non-Executive Director
- 6. TUNG GHEE MENG**
Independent Non-Executive Director



PROFILE OF DIRECTORS



DATO' FEIZAL MUSTAPHA

*Executive Chairman
Malaysian, Male, Aged 53*

Dato' Feizal was appointed to the Board of Widad Group Berhad ("Widad") as Executive Chairman on 23 November 2018.

He graduated from the University of Stirling, United Kingdom with a degree in Economics and also holds a Master's degree in Business Administration (Finance) from Cardiff University, United Kingdom. He is a Chartered Accountant member of the Malaysian Institute of Accountants, Fellow Member of Certified Practising Accountant Australia and a member of the Insolvency Practitioners Association of Malaysia.

Dato' Feizal has served with the Securities Commission Malaysia (SC) in various capacities in different areas of capital markets regulation, including corporate finance, corporate governance and market oversight, for nearly two decades. His last post at the SC was as the Senior General Manager and Head, Market Development.

He has also served as the Chairman of BDO in Malaysia, a global firm providing professional services in audit, advisory and tax. He joined the firm in 2012 and provided leadership and strategic direction in developing the service streams and business areas of the firm as a whole.

Currently, he also serves as the chairman of Exim Bank Berhad. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



DATO' DR MOHD RIZAL MOHD JAAFAR

*Non-Independent Executive Director/ Managing Director
Malaysian, Male, Aged 45*

Dato' Dr Rizal was appointed to the Board of Widad as the Managing Director of Widad on 29 August 2018.

He graduated from the University of Malaya with a degree in Accountancy and he holds a Master of Business Administration degree in Islamic Banking and Finance from the International Islamic University Malaysia. Dato' Rizal is also a Chartered Accountant under the Malaysian Institute of Accountants.

Dato' Dr Rizal started his career as a bank supervisor and served for 12 years at Bank Negara Malaysia, supervising the Islamic, Commercial and Investment Banking Institutions Department prior to joining Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") in 2010. He was involved in developing, driving and implementing transformation strategies and initiatives to rejuvenate and strengthen SME Bank. In 2013, he was promoted to the position of Group Chief Operating Officer of SME Bank, where he was responsible for the overall operations of SME Bank.

In 2015, he joined Widad Business Group Sdn Bhd as the Group Chief Executive Officer and is currently responsible for the strategic and day-to-day business direction and performance of the company.

Dato' Dr Rizal is also a member of the Board of Directors of Dataprep Holdings Berhad. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



MS. CHENG MING FUI

*Independent Non-Executive Director
Malaysian, Female, Aged 51*

Ms. Cheng was appointed to the Board of Widad as Independent Non-Executive Director on 4 September 2018. She is also a member of the Board's Nomination, Remuneration and Audit Committee.

She graduated from the University of Sheffield, United Kingdom, with a degree in Law. She was admitted to the Malaysian Bar as an advocate and solicitor in 1999.

Ms. Cheng has served as the managing partner and founding partner of various legal firms in Kedah in the last sixteen years. Currently she is the managing partner and managing partner of a Kedah-based legal firm providing consultation, litigation and drafting services for various complex transactions. Her current area of interests are matters involving land, corporate, commercial, banking, estate and taxation.

She does not hold any directorship in any other public company. She has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. She has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



MR. ONG KUAN WAH

*Independent Non-Executive Director
Malaysian, Male, Aged 50*

Mr. Ong was appointed to the Board of Widad as Independent Non-Executive Director on 4 September 2018. He is also a member of the Board's Nomination, Remuneration Committee as well as chairman of the Audit Committee.

He graduated from Royal Melbourne Institute of Technology, Australia with a degree in Accounting and also holds a graduate diploma in Computing from Monash University, Australia. Mr. Ong is a Chartered Accountant member of the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia.

After graduating in 1991, Mr. Ong started his career at Kassim Chan & Co. and several other medium-sized accounting firms. He specialises in audit and tax works and has over twenty years of experience in financial management, accounting, secretarial, liquidation, internal and external audit and Malaysian tax related matters. He also owns a practice specialising in audit and tax.

He is a member of the Board of Directors of Dataprep Holdings Berhad. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



MR. TUNG GHEE MENG

*Independent Non-Executive Director
Malaysian, Male, Aged 64*

Mr. Tung was appointed to the Board of Widad as Independent Non-Executive Director on 4 September 2018. He also serves as a member of the Board's Nomination, Remuneration and Audit Committee.

He graduated from the University of London with a degree in Law and was called to the Malaysian Bar in 1995. Mr. Tung specialises in corporate and commercial law and also has wide-ranging experience in various capacities such as auditor, accountant and company secretary.

Mr. Tung has been intimately involved with business development of South African companies in Malaysia. He is one of the co-founders of Malaysian South African Business Council formed in 1996. He is also the resident director of Murray & Robert Marine Malaysia Sdn Bhd, the local subsidiary of Murray & Roberts Limited, a South African conglomerate listed in the Johannesburg Stock Exchange.

He does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)



MR. NOR ADHA YAHYA

*Independent Non-Executive Director
Malaysian, Male, Aged 47*

Mr. Nor Adha was appointed to the Board as Independent Non-Executive Director on 26 November 2018. He also serves as the chairman of the Board's Nomination, Remuneration Committee and is a member of the Audit Committee.

He graduated from Universiti Putra Malaysia with a degree in Accounting and is a Chartered Accountant. Mr. Nor Adha is also a member of the Malaysian Institute of Accountants.

He has been Executive Director cum Chief Executive Officer of CKM Lands MRO Sdn Bhd. since 2014. Mr. Nor Adha Yahya served as Finance Director of Mizou Holdings Sdn Bhd from 2002 to 2012. Mizou Holdings was involved in providing maintenance services for projects under Dewan Bandaraya Kuala Lumpur (DBKL).

From 1994 to 1996, he started his career at Arthur Andersen & Co., an International Financial and Audit Services Firm principally involved in auditing and taxation services. From 1996 to 1999, he joined an international steel conglomerate as Finance & Accounts Executive and was initially based in Linz, Austria and in IJmuiden, Netherlands. From 2000 to 2013, he served as Director of KPNA Corporate Services Sdn Bhd which is principally involved in the activities of providing accounting and secretarial services to small and medium enterprise/companies in Klang Valley.

Currently, Mr. Nor Adha is a member of the Board of Directors of Dataprep Holdings Berhad. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT



Front left to right :

1. NOR AZLAN ZAINAL
Chief Financial Officer

2. IR MOHD SYASWAN SAMSUDIN
Chief Operating Officer, Construction

3. DATO' FEIZAL MUSTAPHA
Executive Chairman

4. DATO' DR MOHD RIZAL MOHD JAAFAR
Managing Director

5. DATO' JULAINI JUSOH
Chief Operating Officer, Integrated Facilities Management

6. SHUHILAWATI TAJUDDIN
Company Secretary



PROFILE OF KEY SENIOR MANAGEMENT



DATO' FEIZAL MUSTAPHA

*Executive Chairman,
Malaysian, Male, Aged 53*
WIDAD GROUP BERHAD

Dato' Feizal holds a Bachelor of Arts (Economics) from University of Stirling, UK, and a Master in Business Administration (Finance) from Cardiff University, UK. He is a Chartered Accountant member of the Malaysian Institute of Accountants, Fellow Member of Certified Practising Accountant Australia and a member of Insolvency Practitioners Association of Malaysia.

After nearly two decades with the Securities Commission Malaysia (SC) from 1999-2012, he served in various capacities in different areas of capital markets regulation, including corporate finance, corporate governance and market oversight. In 2012, Dato' Feizal joined BDO in Malaysia, where he provided leadership and strategic direction as Chairman.

A seasoned capital markets practitioner in the regulatory, corporate finance and financial advisory fields, Dato' Feizal was appointed to the board of WGB in 23 November 2018 as Executive Chairman.

Currently, he also serves as the chairman of Exim Bank Berhad. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.



DATO' DR MOHD RIZAL MOHD JAAFAR

*Managing Director,
Malaysian, Male, Aged 45*
WIDAD GROUP BERHAD

Dato' Dr Rizal holds a Bachelor of Accountancy (Hons) from Universiti Malaya and a Master of Business Administration in Islamic Banking and Finance from the International Islamic University Malaysia. He is also a Chartered Accountant under the Malaysian Institute of Accountants.

Dato' Dr Rizal started his career as a bank supervisor and served for 12 years at Bank Negara Malaysia, supervising the Islamic, Commercial, and Investment Banking Institutions Department prior to joining Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") in 2010.

He was involved in developing, driving and implementing transformation strategies and initiatives to rejuvenate and strengthen SME Bank. In 2013, he was promoted to the position of Group Chief Operating Officer of SME Bank. In 2015, he joined Widad Business Group Sdn Bhd as the Group CEO and was appointed to the board of Widad on 29 August 2018 as the Managing Director.

Dato' Dr Rizal is also a member of the Board of Directors of Dataprep Holdings Berhad. He has no family relationship with any Director and/or major shareholder of Widad and has no conflict of interest with Widad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)



DATO' JULAINI JUSOH

*Chief Operating Officer, Integrated Facilities Management,
Malaysian, Male, Aged 49*
WIDAD GROUP BERHAD

Dato' Julaini holds a Mechanical Engineering graduate from University of Science Malaysia. He began his career as a mechanical engineer with Sharp-Roxy (M) Sdn Bhd from 1994-1997. Between 1997-2001, he later moved to BMES Maintenance Services Sdn Bhd as Area Manager, and then took on the role as General Manager at Gemilang Maintenance Services Sdn Bhd (GMS) in 2001. At GMS, Dato' Julaini was promoted to Chief Operating Officer in 2009, and was responsible for the company's daily operations and financials. After a decade at GMS, he joined Widad Builders Sdn Bhd (WBSB) as Chief Operating Officer in 2011.

He was promoted to Managing Director at WBSB in 2012, where he was and still is actively involved in managing the facilities management for JB Sentral Building in Johor Bahru, and Istana Negara, Kuala Lumpur.

Under his direct management, WBSB has been awarded 'The Best Facilities Management (Building Category) 2014' by Public Works Department Malaysia for the JB Sentral Facilities Management Contract.

Dato' Julaini does not hold any directorship in any other public company. He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.



IR MOHD SYASWAN SAMSUDIN

*Chief Operating Officer, Construction,
Malaysian, Male, Aged 38*
WIDAD GROUP BERHAD

Ir Mohd Syaswan holds a Bachelor in Civil Engineering (Hons) in Universiti Teknologi Malaysia, Johor. Apart from being the Group's Construction division Chief Operating Officer, he is also the Executive Director of Widad Builders Sdn Bhd since 2010 and the Executive Director of Group Technical and Quality Assurance Division for WGB.

Prior to joining WGB, Ir. Mohd Syaswan worked at Cempaka Muda Sdn Bhd, where he served as a project engineer handling the day to day construction operations from 2003-2005. He then joined TN Perunding Consulting Engineers as Civil & Structural Design Engineer for two years (2005-2007), followed by Pembinaan BLT Sdn Bhd from 2007-2010, a wholly owned company under the Ministry of Finance.

Ir Mohd Syaswan does not hold any directorship in any other public company. He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)



MR. NOR AZLAN ZAINAL

*Chief Financial Officer,
Malaysian, Male, Aged 49*
WIDAD GROUP BERHAD

Mr. Nor Azlan holds a Bachelor of Accountancy (Hons) from Universiti Teknologi MARA in 1993. He is also a Chartered Accountant under the Malaysian Institute of Accountants. Nor Azlan began his career at Ernst & Young, until he was admitted to the Malaysian Institute of Accountants.

Subsequently, he joined Guolene Paper Products Sdn Bhd (a subsidiary of Hong Leong Group) Packaging Division in 1997 as an accountant before moving on to Golden Pharos Berhad in 1998 as Chief Financial Officer. In 2004, he co-founded and assumed the role as Chief Executive Officer of Right Balance Sdn Bhd, a diversified group with interests in oil and gas, transportation, and trading of wood products. In 2018, he joined Widad Business Group Sdn Bhd as Group CFO.

Mr. Nor Azlan does not hold any directorship in any other public company. He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.



MS. SHUHILAWATI TAJUDDIN

*Company Secretary,
Malaysian, Female, Aged 44*
WIDAD GROUP BERHAD

Ms. Shuhilawati is a licensed company secretary by the Companies Commission of Malaysia and also a member of the Institute of Chartered Secretaries and Administrators (ICSA) with London Chamber of Commerce & Industry (LCCI) qualification. From 2003, she has been working as a Senior Assistant to the Company Secretaries at Alor Setar Business Centre Sdn Bhd before joining Alfaiz Holdings Sdn Bhd and its group of companies as Internal Company Secretary in 2017. At present, she was hired as internal Company Secretary for Widad Business Group Sdn Bhd and its group of companies.

Ms. Shuhilawati does not hold any directorship in any other public company. She has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. She has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

SETTING THE STANDARDS OF A WORLD CLASS ORGANIZATION



OUR SOLUTIONS AND SERVICES

CONSTRUCTION, CIVIL & ENGINEERING

Widad Group Berhad has a long-built experience in delivering quality services across a wide-range of construction and infrastructure works. Backed by our efficient processes, latest technologies and strong in-house talent, Widad offers end-to-end construction services for our clients from planning and designing to financing and completing a project.

Over the years, we have successfully completed various construction and infrastructure works such as roads (single and dual carriageway), earthworks and water supply (rural and urban), to name a few - all complete with necessary mechanical and electrical systems.

Our strong track record in completing projects as scheduled and well within cost estimates, have earned the trust and support from our clients, among which include government agencies and well-known corporate names. Our ability to offer a diversified range of construction and civil engineering services, positions Widad as a one-stop centre for our existing and prospective clients. Below are the work scope for our construction and civil engineering segments are as follows:-



Civil Engineering Work Scope

- General Civil Engineering Work
- Bridges, Jetties & Marine Structures
- Water Retaining Structures
- Sewerage Systems
- Flood Mitigation Systems
- Irrigation & Drainage Systems
- Joint Boxes and Duct Construction
- Manholes for Cable Networks



OUR SOLUTIONS AND SERVICES (CONT'D)



PILING WORKS

- In situ concrete
- Precast reinforced concrete
- Steel
- Timber

BITUMINOUS ROAD SURFACE, ROAD SIGNS AND MARKINGS

- Guard rail barriers
- Milestones, etc

OTHERS

- Sub soil drainage
- Water distribution network
- Steel structural works
- Precast reinforced or non-reinforced concrete beams, kerbs, culverts & drains

Construction Work Scope

- Jungle Clearing & Land Preparation Works
- Mechanical Sanitation & Water Engineering Works



OUR SOLUTIONS AND SERVICES (CONT'D)

INTEGRATED FACILITIES MANAGEMENT

We are one of the leading Integrated Facilities Management ("IFM") services providers in Malaysia. With nearly 2 decades of experience in the domestic IFM scene, we have served various types of built environments that were in different stages of their asset lifecycle. The IFM services essentially emphasise on the coordination of space, infrastructure and people, often associated with the administration of among others, office blocks, schools, complexes, convention centres and hotels.

At Widad, we remain committed to deliver stellar, high quality IFM services to our clients from a diverse range of industries, while strictly complying to international quality management standards. The Group strives to sustain peak efficiency in our customers' facilities, by consistently exceeding customers' expectations, while maintaining the safety and comfort. Top-notch technologies and talent are central to our IFM services as we deliver a high level of competency across our services.

Widad's IFM services comprises 3 main categories as follows:

SCHEDULED MAINTENANCE

We consistently inspect the facilities of our customers on a timely and regular basis and follow best maintenance practices to ensure optimum cost, effectiveness and efficiency.

AD HOC MAINTENANCE

We offer round-the-clock coverage making use of our expertise and latest technology to ensure total customer satisfaction.

UPGRADING & RENOVATION

We advise our customer in designing, building as well as performing all upgrading works within the premises.

SCOPE OF SERVICES

Property Management

Interior & exterior building cleaning. Hard & soft landscaping. Security & monitoring. Pest & hygiene control. Garbage disposal services. Swimming pool maintenance.



Mechanical & Electrical

Air-conditioning system. Fire prevention system. Electrical & lighting system. Lifts, escalators & walkalators.

Civil & Structural

Civil engineering works. Building works. Mechanical sanitary & water engineering works. Jungle clearing & land preparation. Specialist civil engineering works.



OUR SOLUTIONS AND SERVICES (CONT'D)

TYPES OF MAINTENANCE

PROACTIVE MAINTENANCE

Involves usage of specialised tools and equipment to identify, repair and solve equipment problems at an early stage.

PREVENTIVE MAINTENANCE

Involves maintenance works performed on a planned schedule which includes inspection, servicing and cleaning.

PREDICTIVE MAINTENANCE

Involves using high end monitoring tools to detect any malfunctions early before any breakdown can occur.

CORRECTIVE MAINTENANCE

Involves immediate repair works due to equipment or machinery failure.



OTHER AREAS OF EXPERTISE

- Facilities Management
- Mobilization and Demobilization Management
- Transition Management
- Financial Management
- Utilities Management
- Quality Management
- Risk Management
- Health, Safety and Environmental Management
- Human Resource Management
- Customer Care Management
- Incident Response and Disaster Recovery Management
- Procurement Management
- Inventory Management
- Operation and Maintenance Management
- Information System Management
- Management Review and Reporting
- Warranty Management
- Energy Management and Conservation
- Waste and Redundant Materials
- Technical Library
- Security Management
- Event Management
- Asset Condition Appraisal



COMMITTED
TO SUPERIOR
QUALITY AND
RESULTS

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS

Our business

Widad is an investment holding company and through its subsidiaries, is primarily involved in construction and Integrated Facilities Management (IFM).

Widad's subsidiary, Widad Builders Sdn Bhd ("WBSB"), is registered with various government agencies and holds the G7 classification license issued by the Construction Industry Development Board Malaysia, which allows it to tender for government contracts valued in excess of RM10 million. Over the years, WBSB has garnered various awards in recognition of its commitment to high performance, quality service and human capital development.

Widad's revenue has been generated entirely in Malaysia, from contracts in states covering the northern (43%), central (37%) and southern (14%) region of Peninsular Malaysia and Sabah (6%).

Objectives and strategies

The Group is determined to become a competitive, foremost and world-class standards organization that provides construction and IFM services. Widad has outlined the following strategies to achieve its objectives.

- (i) Solidify order book to support growth through tendering of new projects, strategic acquisitions and strategic collaboration
- (ii) Diversify clientele portfolio in order to achieve a balanced public and private contracts
- (iii) Expanding customer base into other industries such as healthcare, education, hotel, commercial and industrial
- (iv) Realising synergies by offering composite package of construction and IFM services in future projects
- (v) Geographical expansion locally and regionally, either directly or in collaboration with strategic partners

Corporate development

On 18 August 2017, the Widad Group Berhad ("Widad" or "the Company") announced that it had entered into;

- (i) a conditional Sale and Purchase Agreement with Widad Business Group Sdn Bhd ("Vendor") in relation to a proposed reverse acquisition of the Company by the Vendor, which entailed the Company acquiring all the equity interest held by the Vendor in Widad Builders Sdn Bhd and its subsidiaries ("WBSB Group") for a purchase consideration of RM520 million; and
- (ii) a conditional Sale and Purchase Agreement with Oriental Dragon Incorporation Limited for the disposal of all its previous subsidiaries, namely Ideal Jacobs (HK) Corporation Ltd, Ideal Jacobs (Xiamen) Corporation, Xiamen Ideal Jacobs International Ltd Company and Suzhou Ideal Jacobs Corporation.

Upon completion of the acquisition and disposal on 10 July 2018, the Company ceased to be involved in manufacturing, fabrication and trading businesses.

On 4 December 2018, the Company assumed its present name to create a corporate identity which better defines the Company after completion of the reverse acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND CONDITIONS

Financial results

	2018 RM'000	2017 RM'000	Variance RM'000	%
Revenue	289,021	237,156	51,865	21.9%
Gross Profit	74,656	76,787	(2,131)	(2.8%)
Gross Profit Margin (%)	25.8%	32.4%		
Profit Before Tax	28,114	41,796	(13,682)	(32.7%)
Finance Cost	11,035	10,205	830	8.1%
Earnings Per Share (sen)	0.92	1.71		

For the financial year ended 31 December 2018 ("FYE 2018"), revenue reached a new high of RM289.0 million, an increase of 21.9% from a revenue of RM237.2 million for the financial year ended 31 December 2017 ("FYE 2017"). The significant increase in revenue was contributed by the construction segment, which experienced higher activities and commencement of new projects secured during the year, namely upgrading of school laboratory for schools in the northern region and construction of 301 units of single storey terrace house for government servants.

However, the gross profit registered a marginal decrease of 2.8% from RM 76.8 million in FYE 2017 to RM74.7 million in FYE 2018. In terms of gross profit margin, it was 25.8% for FYE 2018 as compared with 32.4% recorded in FYE 2017. This was mainly attributable to lower profit margin contributed by construction segment as compared to IFM segment.

For FYE 2018, profit before tax was RM28.1 million compared to RM41.8 million recorded in previous year. The Group's profit before tax would have recorded a higher profit before tax of RM35.2 million as compared with RM28.1 million should there be no one-off expenses of RM7.1 million relating to reverse acquisition expenses. Finance cost increased by 8.1% was in tandem to higher level of activities during the year.

Financial position

	FYE 31 December	
	2018	2017
Current ratio (times)	2.90	2.46
Current ratio (excluding fixed deposits*) (times)	2.21	1.77
Cash and bank and fixed deposit with banks (RM'000)	99,643	100,900
Total assets (RM'000)	377,565	335,380
Total borrowings (RM'000)	147,233	185,201
Shareholder's Equity (RM'000)	153,937	83,417

* The fixed deposits with the licensed banks have been pledged to banks for banking facilities, and hence are not available for general use.

Widad's financial position as at 31 December 2018 remained healthy.

Current ratio was 2.90 in FYE 2018, which is higher compared to 2.46 in FYE 2017. The improved ratio was due to higher contract assets and trade receivables, which is in tandem with higher level of activities. Total current liabilities reduced from previous year as a result of reduction of term loans.

Total assets grew 12.6% to RM377.6 million from RM335.4 million recorded in FYE 2017. This was mainly attributable to increase in contract assets and receivables as a result of higher construction activities.

Total borrowings reduced by RM38.0 million or 20.5% against FYE 2017 due mainly to repayment of Sukuk principal in September 2018 amounting RM20 million. The Group's borrowings over total assets was only 39.0% by end FYE 2018 as compared to 55.2% as at FYE 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES

CONSTRUCTION

Widad's construction business is principally focussed on infrastructure and civil works, which includes among others infrastructure works such as design, construction, completion, maintenance and upgrading of roads, bridges, sewerage treatment plants, water distribution systems and dams and civil works such as construction of low and high-rise buildings for a variety of uses. It acts as main contractor in substantially all of its projects. It made its first breakthrough in 2007 when it secured its then largest contract to design and build a water tank and pipe installation in Kedah.

Performance and operation highlights

	FYE 2018	FYE 2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue	190,283	129,943	60,340	46.4%
Gross Profit	30,339	28,645	1,694	5.9%
Gross Profit Margin	15.9%	22.0%		

The revenue from construction segment contributed 65.8% of total revenue for FYE 2018. It was higher by RM60.3 million or 46.4% against FYE 2017. The increase was as a result of higher activities experienced by its existing projects to construct sewerage treatment plant and construction of road and bridges and new contracts secured during the year.

In tandem with revenue growth, this segment contributed RM30.3 million or 40.6% of total gross profit.

The segment business activities during the year was 88% from existing contract to build sewerage treatment plants and pipe network in northern Malaysia and road and bridges works in central region. The remaining 12% was contributed by new contracts secured during the year worth RM92 million. They are;

- (i) Upgrading of school laboratory for schools in northern region worth RM21 million; and
- (ii) Construction of 301 units of single storey terrace house for government servants in Beringgis, Papar, Sabah worth RM71 million.

Looking ahead

The construction industry remains an important component within Malaysia's economy, despite the challenging market conditions. It serves as a catalyst for national wealth creation with a far-reaching multiplier effect on primary industries, secondary industries as well as service industries.

This segment has remaining contract value worth RM237 million. Backed by its track record in getting high value contracts, delivering high quality services, obtaining various recognitions and strong working relationships with relevant governmental bodies, Widad actively participates in tender bids and is confident in securing more construction projects in future.

On 29 March 2019, a subsidiary of Widad has also entered into a consortium agreement with Tranz-I Resources Sdn Bhd for the purpose of bidding for contracts in rail related business, as part of its business expansion plan.

On 18 April 2019, a subsidiary of Widad was appointed as a main contractor for a proposed construction of a 200-bed multidisciplinary private hospital worth RM190.5 million.

INTEGRATED FACILITIES MANAGEMENT ("IFM")

IFM is an interdisciplinary field dedicated to the co-ordination of space, infrastructure, people and organisations, and is often associated with the administration of, among others, office blocks, schools, convention centres and hotels. It involves the provision of management, operations and maintenance services which can be categorised into scheduled maintenance (proactive, preventive, predictive and corrective maintenance), ad-hoc maintenance and upgrading and renovation works. This segment inaugurated its business in 2011 when it secured contract to provide IFM services to National Palace.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Performance and operation highlights

	FYE 2018	FYE 2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue	98,738	107,213	(8,475)	(7.9%)
Gross profit	44,317	48,142	(3,825)	(7.9%)
Gross profit margin	44.9%	44.9%		

Revenue from IFM segment contributes 34.2% of total revenue for FYE 2018. It was lower by RM8.5 million or 7.9% against FYE 2017. The decrease was mainly due to lower upgrading and renovation works during the year.

Gross profit contributed by this segment was RM44.3 million or 59.4% of total gross profit.

To this end, this segment activities are derived from existing contracts awarded by the Malaysian Government to provide IFM services to National Palace located in Jalan Duta, Kuala Lumpur and JB Sentral in Johor.

Looking Ahead

According to the strategic analysis of the IFM market and the construction industry in Malaysia, as disclosed in our circular to shareholders dated 4 January 2018, IFM market is projected to grow by compounded annual growth rate of 8.1%. The growth is expected to come from continuous outsourcing and privatisation efforts by the government, expansion of construction industry and increasing green building practices in Malaysia.

Remaining contract value as at the date of reporting is RM321 million, to be delivered until June 2022. Leveraging upon its track record and outstanding performance as witnessed from various awards and recognition obtained, Widad is confident to secure more IFM contracts in future. It is also making all efforts to expand its IFM service offerings to education, commercial, healthcare and industrial end-users. Additionally, Widad is also exploring prospect in concession contracts.

Widad is committed to continue investing in resource expansion, such as developing its employees' capabilities and investing in software and other tools that can help expand its offerings.

RISKS

Being heavily relying on contracts from the public sector, we are exposed to unfavourable changes to government policies. To mitigate this risk, the Company is putting efforts to diversify its clientele portfolio to ensure steady revenue stream. The Company has participated in tenders from the government-linked companies, private sectors and commercial. In addition, opportunities in concession business are being identified and evaluated.

The Company relies on third party contractors to carry out certain works and services. Contractors' substandard performance of work quality, inability to supply sufficient labour and delays may disrupt Company's project delivery and hence adversely affect reputation. To mitigate this risk, Widad constantly evaluate contractors' performance and train its employees in the technical aspects of the outsourced function to ensure it has the expertise, which facilitates its control procedures over the outsourced function.

PROSPECTS

The construction and IFM businesses provide synergistic effects to one another whereby opportunities for future building construction projects are set to offer opportunities to undertake IFM works after completion of construction. The management regards that the ability to provide both construction and IFM services is our unique selling point that will distinguish Widad from its competitors.

Based on the outstanding order book worth more than RM500 million, total tender submitted worth close to RM1 billion and its ability to secure new contracts in FYE 2018, Widad is confident that its prospects are favourable and expect to deliver better performance in the ensuing financial year.

DIVIDEND POLICY

Widad presently does not have any formal dividend policy. The ability to pay dividends to shareholders is subject to financial performance, cash flow position, availability of distributable reserves and capital expenditure plans.

SUSTAINABILITY REPORT

Introduction

The Board of Directors acknowledges the importance of corporate social responsibility ("CSR") and strives to fulfil the expectation of its stakeholders by enhancing its social, environmental and economic performance while ensuring the sustainability and operational success of the company.

Sustainability is an integral part of the Group's business and the Group's corporate responsibility practices focus on five areas - Environment, Workplace, Services, Market Place and Community, which aims to deliver sustainable value to society at large.

I) Environment

The Group recognises the impact of its day to day business on the environment. As such, the Group is committed by implementing environmentally friendly work processes and raising the environmental awareness among its staff. The Group adopts the environmental focused practices in its construction and integrated facilities management processes. The Group strives towards compliance to Occupational, Safety, Health and Environment requirement as a testament to the Group's commitment to ensuring environmental sustainability. The subsidiaries of the Group's also hold the ISO certification issued by the Bureau Veritas Certification (Malaysia) Sdn. Bhd. (1) Provision of Comprehensive Building Facilities Management Services and (2) Head Office: Management and Administration Activities for Building Facilities Management Services which consist of ISO 50001:2011; ISO 9001:2015; ISO 14001:2015; and OHSAS 18001: 2007.

II) Workplace

The greatest asset at Widad are the people – the talents. The Group believes that employees are key resources that drive long term and sustainable organisational successes. With this in mind, the Group places priority on employee rights and opportunities, occupational health and safety, as well as talent development. As an equal opportunity employer, the Group does not tolerate discrimination of any kind, and employee performance is assessed on merit basis. The Group also fully complies with the employment laws in Malaysia, including but not limited to, Employment Act 1955, Employment (Restriction) Act 1968, Minimum Retirement Age Act 2012, Minimum Wages Order 1966 and Occupational Safety and Health Act 1994.

On workplace diversity, the Group respects the different cultures, gender and religions of the employees as we understand that the diversity and differences give us broader range of competence, skills and experience to enhance the capabilities to achieve business results which is important for the overall business sustainability. Thus, the Group is committed to provide the staff an environment of equal opportunity to strive while promoting diversity in the workforce.

The health and safety of employees are of paramount importance to the Group. In compliance with the Occupational Safety and Health Act 1994, we have health and safety policies in place to create a safe, pleasant and conducive working environment for the employees. The policies are regularly reviewed and updated to reflect the latest best practices in the industry.

Continuous talent development is another critical aspect of Group. In order to optimize employee talents and capabilities, various in-house trainings, external training programmes and seminars are provided periodically to all employees to enhance their knowledge and skill while promoting a motivated working team and fostering a closer relationship with each other.

The Group also encourages employees to participate in sports and fitness programmes outside working hours such as badminton, futsal and bowling.

III) Services

As an investment company which principally involves in construction and integrated facilities maintenance activities, the quality services, guaranteed customer satisfaction and strategic partnership always played a pivotal role at Widad. The quality services has not only pushed WGB forward and become more competitive and efficient but it has also broken down the barriers of the industry field. The Group also recognises the crucial role that these capabilities could play in ensuring corporate and community sustainability. The Group's service team deliver at their best to be more efficient and effective. This in turn, allows the services to be marketed and be well-known. This creates sustained excitement in the market for Widad's services and further contributes toward the overall sustainability of the Group. Widad shall continue to invest in construction and integrated facilities management activities with the aim to create value for stakeholders, to remain competitive and to ensure sustainability, as well as to benefit the society.

SUSTAINABILITY REPORT (CONT'D)

IV) Market Place

The Group is committed to ensure that the interests of all its stakeholders, customer and public alike are being taken care of. The Group emphasises on good corporate governance practices, transparency and accountability to meet shareholders' expectations.

The Group's corporate website, www.widadgroup.com, provides up-to-date and reliable information on the Group's business activities. Under the "Investor Relations" section, the stakeholders would find, amongst others, the Group's corporate information, latest financial information such annual reports, quarterly results, corporate governance, as well as announcements to Bursa Malaysia Securities Berhad and media articles.

V) Community

The Group recognizes the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society at large. The Group also strives towards the aim to ultimately create a sustainable integrated facilities management and construction activities. While the Group sustain for peak efficiency in customers' facilities as well as maintaining the safety and comfort, the integrated facilities management and construction business also provides job opportunity for the locals with the intention to introduce economic sustainability to the relevant public.

As part of its community service, the Group had organised a number of Corporate Social Responsibility Campaigns for example, Widad Life Savers Blood Donation (30 March 2018), Iftar Bersama Anak-Anak Syurga Anjuran Yayasan Royal Widad (8 June 2018) and Kayuhan Amal Chefs Funride @ Kuala Lumpur (7 July 2018). In addition, there was an event held for Majlis Makan Malam Sukan Widad & Istana Negara as well as Majlis Sambutan Hari Raya Aidilfitri 2018 which gathered the staff and also our Clients.

In summary, the Group shall continue to fulfill its corporate social responsibility to enhance the community sustainability.

Moving forward, we will tap into more opportunities to build a robust portfolio by integrating material Economic, Environmental, Social ("EES") considerations into our operations. Meanwhile, we will continue to embrace sustainable practices, technologies and behavior at individual and organisational levels, motivating employees, our partners and our networks to support our commitment to minimise EES risks and impact thus, contributing to the welfare of all stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board is committed to maintaining a sound Risk Management System (RMS) and internal control of the Group and is pleased to present the following Risk Management and Internal Control Statement (the "Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2018 and up to the date of approval of this statement by the Board. For the purpose of disclosure, this Statement takes into account the Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Risk Management and Internal Control Statement pursuant to **Paragraph 15.26(b) of the ACE Market Listing Requirements**.

Board's Responsibility

The Board acknowledges its overall responsibility for the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system.

Due to the limitations inherent in any system of risk management and internal control, such system put into effect by Management is designed to manage rather than eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Group has an on-going process for identifying, evaluating and managing the significant risks it faces. The Board regularly reviews the results of this process, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

Risk Management



The Board is dedicated to strengthen the Group's risk management by managing its key business risks within the Group and to implement appropriate processes and controls to manage these key business risks. During the year, Senior Management reviews the existence of new risks and assesses the relevance of the Group's existing risk profile. Significant risks that may affect the Group's business objectives have been continuously monitored and any new significant risk identified are subsequently evaluated and managed.

Whilst the Board maintains ultimate control over risk and control matters, the implementation of the RMS and internal control has been delegated to the Executive Management within an established framework. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards. Monthly Management Meetings are held to discuss key risks and the appropriate mitigating control. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings. This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively at the Group level.

Internal Audit Function

The Group's Internal Audit Function assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on page 52 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Other Key Elements of Internal Control

The key elements of the Group's internal control system are described below:

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisation structure with clear lines of reporting to Board Committees and Senior Management including defined lines of accountability within which senior management operates, such as roles and responsibilities, authority limits, review and approval procedures, etc.

- **Written policies and procedures**

Formal internal policies and procedures are regularly updated to manage changing business risks or to address operational deficiencies.

- **Planning, monitoring and reporting**

- The External Auditors and Audit Committee reviews the Group's quarterly financial performance together with Management. These are subsequently reported to the Board; and
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Senior Management for the monitoring of performance against strategic plan.

Assurance provided by the Group Managing Director and Group Chief Financial Officer

In line with the Guidelines, the Group Managing Director and Group Chief Financial Officer have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

Review of the Statement by External Auditors

Pursuant to paragraph 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2018 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management internal control.

Conclusion

The Board is of the view that the risk management and internal control systems are adequate and effective and have not resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This statement is made in accordance with the Board's resolution dated 27 February 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Widad Group Berhad is dedicated to ensuring that good corporate governance practices is applied throughout the Group in order to safeguard stakeholders' interest as well as for enhancing shareholders' value.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board shall strive to ensure that the Company and its subsidiaries ("Group") are well managed to achieve these objectives. This responsibility of the Board would be an active and not passive responsibility. The Board shall ensure that the management has in place the appropriate processes for risk management, internal control and the monitoring of performance against agreed benchmarks. The Board shall work with senior management as collaborators in advancing the interests of the Group. However, the Board shall not be too accepting of the management's views and shall test and question the management's assertions, monitor progress, evaluate management's performance and will, where warranted, take corrective action.

The Board delegates and confers some of its authorities and discretion to the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly/exclusively Non-Executive Directors.

The Chairman is responsible for the Group's business and strategy plan, setting goals to achieve the Group's mission and vision. He provides leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations and as required under the relevant legislations.

Some of the specific responsibilities of the Chairman include:

- i) Leading the Board in setting its values and ethical standards of the Company;
- ii) Ensuring Board proceedings are in compliance with good conduct and best practices;
- iii) Ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;
- iv) Arranging for regular evaluation of performance of Board Members, its Committees and individual Directors;
- v) To set the vision for the Group;
- vi) Giving emphasis on important issues challenged by the Group at Board meetings;
- vii) In conjunction with the Managing Director, to represent the Company and/or Group to external parties such as major shareholders, creditors, consumer groups and other stakeholders;
- viii) Guide the Group on long term strategic opportunities and represent the Group with key industry, civic and philanthropic constituents; and
- ix) Promote the highest standards of integrity, probity and corporate governance on the Group.

The duties of Executive Director / Managing Director include implementation of decisions and policies approved by Board, overseeing and running the Group's day to day business, and also coordinating business and strategic decisions. Each Executive Director / Managing Director is responsible for the respective business unit that there is no overlapping of each role and duty.

The role of Management is to support the Executive Director / Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations.

The Non-Executive Directors are independent from Management. Their roles are to provide a balance view, to constructively challenge Management, help develop the Company's strategy and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have direct access to the Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board assumes the following key responsibilities:

- Review and approve the strategies, business plans and significant policies after satisfying themselves that management has taken into account all the relevant and appropriate considerations in establishing the strategies, plans and policies;
- Ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;
- Monitor implementation, progress and performance of the strategies, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;
- Evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safe guard the Company's assets;
- Ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and information management systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;
- Ensure that the financial statements of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in conduct of business.
- Ensure that there is in place an appropriate investor relation and communication policy;
- Ensure that the Company's corporate disclosure are in compliance with the disclosure requirements as set out in the Bursa Malaysia Listing Requirements; and
- Ensure wider usage of information technology in communicating with stakeholders including establishing a dedicated section for corporate governance on the Company's website.

There is a clear division of responsibility between the Chairman and the Managing Director ("MD") so as to ensure that there is a balance of power and authority. The Board is led by Dato' Feizal Mustapha who is the Chairman, whilst the executive management of the Company is helmed by Dato' Dr Mohd Rizal Mohd Jaafar, the MD. The Chairman is primarily responsible for ensuring Board effectiveness whilst the MD is responsible for business plan and growth, operations and efficient management.

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social, health and safety, staff welfare and governance aspects are taken into consideration.

Responsibility Statements By Directors

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and Company at the end of the financial year and the financial performance and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2018, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on a going concern basis. The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Qualified and Competent Company Secretaries

The Directors have the unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

The Company Secretaries are qualified Chartered Secretaries, under the prescribed body as permitted by Companies Act 2016. The appointment and removal of the Company Secretaries are under the purview of the Board of Directors.

The Company Secretaries shall update the Board on the changes to the statutory and regulatory requirements from time to time at Board meetings. The Company Secretaries also notify the Directors and Principal Officers on the closed period for trading in the Company's securities, in accordance with Chapter 14 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Company Secretaries play an important role in the annual general and extraordinary general meetings in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised by the shareholders.

Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs so as to enable them to discharge their responsibilities. Prior to the Board meetings, the Directors are provided with the agenda together with the Board papers on issues to be discussed in a timely manner. The Board papers are sent out via emails or physical copies to all Directors at least 5 days before the Board Meetings. Exceptions may be made for certain ad-hoc or urgent instances when Directors consent to shorter notice.

To ensure effective functioning of the Board, the Directors are given access to information through the following means:

- Management may be invited to the Board and Board Committees' meetings to report or present areas within their responsibilities to ensure the Board is able to effectively discharge its responsibilities.
- Directors may obtain independent professional advice at the Company's expense, where necessary, after consulting with the Chairman, in furtherance of their duties.
- The Directors also have access to the advice and updates by the external auditors on any new Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

A record of the Board's deliberation of issues discussed and conclusion reached are recorded in the minutes of the meeting by the company secretary. Every Director has unhindered access to the advice and services of the Company Secretaries as and when required to enable them to discharge their duties effectively.

Board Charter

The Board has formalised and uploaded its Board Charter in the website of the Company at www.widadgroup.com. The Board Charter sets out the Board roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors' Code of Ethics, Whistleblowing and Diversity Policy

The Board of Directors has conducted themselves in an ethical manner while executing their duties and functions and have complied with the Company Directors' Code of Ethics. The said Code establishes a standard of ethical behaviour for the Directors to uphold sincerity, integrity, responsibility and social responsibility in line with the legislation, regulations and guidelines for administering the Company.

The Company has also adopted a Whistleblowing policy to safeguard the Company's interest and also to protect the whistleblower's interest. The policy spells out the types of misconduct, malpractice and irregularity, and how the reporting and investigations will be carried out. The Company expects all employees to observe the policy in the conduct of day to day business.

In addition, the Group adopted Diversity Policy aims to set a framework to achieve the objective of ensuring its board of directors has the diversity of perspectives, experience and skills necessary for effective management of the Group. The Group aims to maintain the composition of its Board in a way that provides the best mix of experience and skills to verse ongoing business operations.

The Directors' Code of Ethics, Whistleblowing and Diversity policy are published at the Company's website at www.widadgroup.com.

BOARD COMPOSITION

The Board currently has six (6) members, comprising four (4) Independent Non-Executive Directors and two (2) Non-Independent Executive Director. The presence of majority Independent Directors allow Board's deliberations and decisions to be made objectively in the best interest of the Company. The composition of the Board complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities and other relevant rules and regulations.

The Group is led by an effective Board which comprises members with skills from a diverse blend of professional backgrounds ranging from business, legal, finance and accounting experience. The Board views its current composition encompasses a balance mix of skills and strength in qualities which are relevant to enable the Board to discharge its responsibilities in an effective and competent manner.

The Board Committees comprise of Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The Board Committees exercises transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations.

The NC is responsible for identifying and recommending new nominees to the Board as well as committees of the Board. For new appointments to the Board, the NC shall consider diversity of skills, expertise, background and experience in evaluating the appointment of Directors. The Company believes in providing equal opportunity to all candidates based on merit. The Company has its Board Diversity policy in place for this purpose. There was resignation and new appointment of Director during the financial year due to corporate exercise conducted.

In addition, the NC assesses the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The evaluation process is conducted via questionnaires and is based on self-review and peer assessment. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. The NC reviews the outcome of the assessment and report to the Board, in particular, areas for improvement and also used as the basis of recommending relevant Director for re-election at the Annual General Meeting. This assessment is done on yearly basis.

In accordance with the Company's Articles of Association, an election of Directors shall take place each year at an Annual General Meeting ("AGM") and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed by the Board during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The NC is empowered by its terms of reference to carry out duties and responsibilities as follows:

- (i) Recommend to the Board, candidates for directorship and Board Committee membership take into consideration the candidates' skills, knowledge, expertise, experience, professionalism, integrity and women candidates shall be sought as part of its recruitment exercise;
- (ii) Consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other senior management or any director or shareholder;
- (iii) Determine the core competencies and skills required of Directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;
- (iv) Assess, review and recommend to the Board, candidates to fill the seats on Board Committees. In assessing suitability of candidates, the qualities to look for are competencies, commitment, contribution and performance;
- (v) Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary;
- (vi) Ensure that the positions of the Chairman and Managing Director are held by different individuals and the Chairman shall be a non-executive member of the Board. The NC shall ensure that the composition of the Board shall consist of at least a majority of independent directors should the Chairman be an executive member of the Board;
- (vii) Review the size and core competencies of Non-Executive Directors, Board balance and determine if additional Directors are required and also to ensure that at least 50% of the Board is independent;
- (viii) Assist the Board to do an annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent directors do not exceed a cumulative term of nine years. The Board is to recommend the director for shareholders' approval in the event it retains as an Independent director, the director who had served in that capacity for more than nine years;
- (ix) Assist the Board to implement a procedure to be carried out by the NC for annual assessment on the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director;
- (x) Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board Chairman and CEO. The NC should work with the Board to evaluate potential successors;
- (xi) Recommend Directors who are retiring by rotation under the Articles of Association to be put forward for re-election;
- (xii) Have due regard to the principles of governance and code of best practice;
- (xiii) Propose to the Board the responsibilities of non-executive Directors, including membership and Chairpersonship of Board Committees;
- (xiv) Review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference.

The Committee is satisfied with the current size of the Board and with the mix of qualifications, skills and experience among the Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The members of the Nomination Committee whom are Independent Non-Executive Directors are as follows:

	Position
Nor Adha Bin Yahya (Appointed on 28/11/2018)	Chairman
Ong Kuan Wah (Appointed on 04/09/2018)	Member
Tung Ghee Meng (Appointed on 04/09/2018)	Member
Cheng Ming Fui (Appointed on 04/09/2018)	Member
Koong Lin Loong (Resigned on 04/09/2018)	Chairman
Hing Kim Tat (Resigned on 04/09/2018)	Member
Tan Kean Huat (Resigned on 04/09/2018)	Member

None of the Independent Non-Executive Directors had served the Company for more than 9 years.

FOSTER COMMITMENT

Time Commitment

All Board members are required to notify the Chairman on any new directorships notwithstanding that the Listing Requirements of Bursa Securities allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. During the financial year ended 2018, the Board met 4 times to deliberate on a variety of matters of the Company. Additional meetings may be convened on an ad-hoc basis when urgent and important decisions are required to be made in between scheduled meeting. The attendance record of each Director is as follows:

	Attendance
Andrew Conrad Jacobs <i>Executive Chairman</i> (Resigned on 29/08/2018)	3/3
Dato' Meng Bin <i>CEO/MD</i> (Resigned on 29/08/2018)	3/3
Koong Lin Loong <i>Independent Non-Executive Director</i> (Resigned on 04/09/2018)	1/3
Hing Kim Tat <i>Independent Non-Executive Director</i> (Resigned on 04/09/2018)	3/3
Tan Kean Huat <i>Independent Non-Executive Director</i> (Resigned on 04/09/2018)	2/3
Rizvi Bin Abdul Halim <i>Independent Non-Executive Director</i> (Resigned on 04/09/2018)	3/3
Dato' Feizal Mustapha @ Feizal Bin Mustapha <i>Executive Chairman / Non-Independent Executive Director</i> (Appointed on 23/11/2018)	1/1
Dato' Dr Mohd Rizal Mohd Jaafar <i>MD</i> (Appointed on 29/08/2018)	1/1
Nor Adha Bin Yahya <i>Independent Non-Executive Director</i> (Appointed on 28/11/2018)	1/1
Ong Kuan Wah <i>Independent Non-Executive Director</i> (Appointed on 04/09/2018)	1/1
Tung Ghee Meng <i>Independent Non-Executive Director</i> (Appointed on 04/09/2018)	1/1
Cheng Ming Fui <i>Independent Non-Executive Director</i> (Appointed on 04/09/2018)	1/1

The agenda for each Board meeting and papers relating to the agenda items are circulated to all Directors at least 5 days before the meeting so as to provide sufficient time for the Directors to review the Board papers and seek clarification, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme within the stipulated timeframe required in the Listing Requirements.

The training programmes and seminars attended by the Directors during the financial year are:

Name	Training Course	Date
Dato' Feizal Mustapha @ Feizal Bin Mustapha	None. Newly appointed on 23 November 2018	-
Dato' Dr Mohd Rizal Mohd Jaafar	Mandatory Accreditation Programme for Directors of Public Listed Companies	12-13 Feb 2018
Nor Adha Bin Yahya	Mandatory Accreditation Programme for Directors of Public Listed Companies	12-13 Feb 2018
Ong Kuan Wah	Budget 2019 Seminar	21 Nov 2018
Tung Ghee Meng	Mandatory Accreditation Programme for Directors of Public Listed Companies	29-30 Nov 2018
Cheng Ming Fui	Mandatory Accreditation Programme for Directors of Public Listed Companies	3-4 Sep 2018

The Directors are aware of their obligation and will continue to attend suitable training to equip and enhance themselves with the knowledge to facilitate themselves in discharging their duties and responsibilities diligently with integrity.

REMUNERATION

The RC reviews and proposes, subject to the approval of our Board, the remuneration policy and the terms and conditions of service of each Director for his services as member of the Board as well as Committees of the Board. Nevertheless, the remuneration of Non-Executive Directors is a matter for the Board decision as a whole. Relevant Directors are required to abstain from deliberation and voting decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of our Group. Decisions and recommendations by RC shall be reported to our Board for approval.

The members of the RC comprise all Independent Non-Executive Directors as follows:

	Position
Nor Adha Bin Yahya (Appointed on 28/11/2018)	Chairman
Ong Kuan Wah (Appointed on 04/09/2018)	Member
Tung Ghee Meng (Appointed on 04/09/2018)	Member
Cheng Ming Fui (Appointed on 04/09/2018)	Member
Tan Kean Huat (Resigned on 04/09/2018)	Chairman
Koong Lin Loong (Resigned on 04/09/2018)	Member
Hing Kim Tat (Resigned on 04/09/2018)	Member

The Committee met one time during the financial year, attended by all its members throughout the period.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration Policy and Procedures

The Executive Directors' remuneration package is linked to the experience, scope of duty and responsibility, seniority, performance and industrial practices. The remuneration of Executive Directors consists of basic salary, among other bonus whereby the Non-Executive Directors receive fixed director fees.

The RC reviews and recommends the Executive Directors' remuneration package by assessing their KPI and also refers to market of similar industry and its size as a benchmark. An appropriate remuneration package is designed to retain and attract calibre Directors to discharge their duty with integrity, to grow and lead the Company.

Details of the Directors' remuneration in aggregate for financial year ended 2018 are tabulated as below:

Name	Fee (RM)	Salary and Other Emolument (RM)	Bonus (RM)	Company's Contribution (RM)	Total (RM)
Executive Director:					
Dato' Feizal Mustapha @ Feizal Bin Mustapha	-	63,410	-	7,600	71,010
Dato' Dr Mohd Rizal Mohd Jaafar	-	402,385	-	48,240	450,625
Independent Director:					
Nor Adha Bin Yahya	8,000	-	-	-	8,000
Ong Kuan Wah	16,000	-	-	-	16,000
Tung Ghee Meng	16,000	-	-	-	16,000
Cheng Ming Fui	16,000	-	-	-	16,000
Tan Kean Huat	24,000	-	-	-	24,000
Andrew Conrad Jacobs	20,439	-	-	-	20,439
Koong Lin Loong	24,000	-	-	-	24,000
Hing Kim Tat	24,000	-	-	-	24,000
TOTAL	148,439	465,795	-	55,840	670,074

The payment of Directors' fees will be subjected to the shareholders' approval at the AGM. The Company has sought mandate from shareholders' at the previous AGM to pay Directors' fees and any benefits to Directors up to a certain threshold.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Details of the remuneration of the top 4 Senior Management (including salary, bonus, benefits in-kind and other emoluments) in each successive band of RM 50,000 during the financial year 2018, are as follows:

Category	Total (RM'000)
Salary and Other Emolument	1,781
Company's Contribution	207

Remuneration Band	No. of Personnel
RM 50,001 – RM 100,000	1
RM100,001 – RM 150,000	1
RM200,001 – RM 250,000	1
RM1,050,001–RM 1,100,000	1
	4

Due to the confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on named basis in the bands of RM 50,000.

The Board is of the view that the disclosure of Senior Management's remuneration components will not be in the best interest of the Company given the competitive human resources environment, as such disclosure may give rise to recruitment and talent retention issues.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management processes/framework of the Group.

The AC is chaired by an Independent Director and consists of all Independent Directors. The Chairman of AC is not the Chairman of the board. None of the members of the AC were former key audit partners of Widad.

The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

The AC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company.

The External Auditors, Messrs. Grant Thornton Malaysia ("GTM") presented to the AC's its 2018 Audit Planning Memorandum on 28 November 2018 which outlined its audit objectives, engagement and reporting responsibilities, audit approach, recent development, proposed reporting schedules and proposed fees and their focus on key audit matters with reference to the approved standards on auditing issued by the Malaysian Institute of Accountants. Subsequently, GTM will brief the AC on its audit findings and the Audited Financial Statements. This formed part of the AC's assessment of the suitability, objectivity and independence of GTM on an annual basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

GTM has confirmed their independence to the AC in accordance with the Malaysian Institute of Accountants' By-Laws, International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

The AC and the Board are satisfied with the performance, competence and independence of GTM and the Board had recommended their re-appointment for the shareholders' approval at the forthcoming AGM.

The Chairman and members of the AC are financially literate and have carried out their duties and responsibilities in accordance with the terms of reference of the AC.

The Board is of the opinion that the AC has performed its functions satisfactorily as the Chairman and members have the required knowledge, experience and skills to understand and effectively deliberate on matters under the purview of the AC including the financial reporting process.

The AC assists the Board in overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of internal control and risk management that provide a reasonable assurance of effective and efficient operations, and compliance with the relevant laws and regulations as well as with internal procedures and guidelines. The Statement on Risk Management and Internal Control as included on pages 37 and 38 of this Annual Report provides the overview of the internal control framework adopted by the Company for the current financial year.

Due to the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The Board also recognises that a sound system of risk management and internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system provides only reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The internal audit function has been outsourced to an independent professional service firm to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. Details of the internal audit function is set out in the Statement on Risk Management and Internal Control and AC Report.

The Internal Auditor attends and reports at each AC meeting on reviews conducted during each quarter. The audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence.

The Board has obtained assurance from the Group Managing Director that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Company values dialogues with the investors and is constantly striving to improve the communication with the public. The Board believes that an effective investor relation is essential in enhancing shareholders' value and therefore ensures that shareholders are kept well informed of major development of the Company. Such information is disseminated via the Company's Annual Report, various disclosures and announcements to Bursa Securities and the Company's website at www.widadgroup.com.

The AGM is the principal forum for dialogue between the Company and the shareholders. The Board provides the opportunity for shareholders to raise questions pertaining issues in the financial performance and business plan. The Board takes the opportunity to present a comprehensive review of the progress and performance of the Company, and provides answers to the questions raised by the shareholders during the meeting.

CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location. The location of the AGM is customarily nestled in one of the hotels in Klang Valley which is easily accessible through public transportation.

Shareholders who are unable to attend the AGM are allowed to vote via proxy. All resolutions set out in the notice of the General Meetings are conducted via poll voting.

The Board is satisfied that throughout the financial year ended 31 December 2018, the Company has applied the principles and recommendations of the corporate governance set out in the Malaysian Code on Corporate Governance, where necessary and appropriate.

The Corporate Governance Overview Statement was approved by the Board of Directors on 27 February 2019.

AUDIT COMMITTEE REPORT

The principle objective of the Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee ("the Committee") is formed subsequent to the new Board in September 2018 which comprises of the following members:

	Position
Ong Kuan Wah (Appointed as Chairman on 28/11/2018)	Chairman; Independent Non-Executive Director
Tung Ghee Meng (Appointed on 04/09/2018)	Member; Independent Non-Executive Director
Cheng Ming Fui (Appointed on 04/09/2018)	Member; Independent Non-Executive Director
Nor Adha Bin Yahya (Appointed on 29/11/2018)	Member; Independent Non-Executive Director
Hing Kim Tat (Resigned on 04/09/2018)	Chairman; Independent Non-Executive Director
Tan Kean Huat (Resigned on 04/09/2018)	Member; Independent Non-Executive Director
Koong Lin Loong (Resigned on 04/09/2018)	Member; Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference for the Audit Committee can be viewed at the Group's website at www.widadgroup.com.

AUTHORITY

The Committee shall have unlimited access to financial and other relevant information and documents, to the external and internal auditors and to senior management of the Company. The Committee shall also have the authority to investigate any matter within its term of reference.

MEETINGS

Meetings shall be held at least 4 times a year or a frequency to be decided by the Committee. The quorum for each meeting shall be majority of members attended are independent. The Committee may invite the senior management or professionals to the meeting whenever deems fit, to present their findings and views.

There were four (4) meetings held during the financial year ended 31 December 2018 and the attendance record is as follows:

	Attendance
Hing Kim Tat (Resigned on 04/09/2018)	3/3
Koong Lin Loong (Resigned on 04/09/2018)	1/3
Tan Kean Huat (Resigned on 04/09/2018)	2/3
Ong Kuan Wah (Appointed as Chairman on 28/11/2018)	1/1
Tung Ghee Meng (Appointed on 04/09/2018)	1/1
Cheng Ming Fui (Appointed on 04/09/2018)	1/1

AUDIT COMMITTEE REPORT (CONT'D)

The key functions and responsibilities of the Committee are as follows:

- To review the quarterly and annual financial statements prior to submission to the Board, focusing on:
 - Any changes in or implementation of major accounting policies and practices;
 - Significant audit adjustments;
 - Going concern assumptions;
 - Compliance with accounting standards and other legal requirements.
- To oversee matters relating to external audit including the reviews of the audit plan, auditor's management letter and the audit report;
- To review the adequacy of the scope, functions, competency and resources of the internal audit functions;
- To review any related party transactions that may arise within the Company or the Group;
- To recommend to the Board the appointment of external auditors, review audit fee and any reasons of resignation or dismissal;
- To assess and review the capability and professionalism of the external auditors;
- To consider other issues, as authorised by the Board;
- To report to the Board of Directors all pertinent issues which are necessary to be reported;
- To review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company or Group;
- Consider major findings of internal investigations and management's response; and
- To perform any other work as may be directed by the Board from time to time.

SUMMARY OF ACTIVITIES DURING THE YEAR

The activities of the Committee for the financial year under review were as follows:

Transition Period

- New Audit Committee ("AC") is formed in September 2018 since the corporate restructuring held

Financial Reporting

- Reviewed the unaudited quarterly reports and annual financial statements prior to submission to the Board for consideration and approval and subsequent release to Bursa Malaysia Securities Berhad; and
- Reviewed and assessed the appropriateness of the Group's accounting policies, adequacy of financial reporting and disclosure requirements and reasonableness of judgments and projections made in connection with the preparation of the financial statements.

External Audit

- Considered the appointment of the external auditors and audit fees by evaluating the external auditor's competence, independence, objectivity and the scope of work to be conducted;
- Reviewed the external auditor's audit plan and areas of audit emphasis for financial year prior to the commencement of audit; and
- Reviewed and discussed the auditing issues, where applicable the impact of material adjustments and recommendations arising from the final audit with the external auditors.

AUDIT COMMITTEE REPORT (CONT'D)

Internal Audit

- Considered and approved the appointment of the outsourced internal audit function and their fees by evaluating their competency, independence and performance; and
- Reviewed the internal audit plan and internal audit reports and discussed the findings and recommendations by the internal auditors.

Other activities

- Reviewed the related party transactions and the basis of pricing entered into by the Group and the Company and the disclosure of such transactions in the annual report of the Company;
- Reviewed the circular to shareholders in connection with recurrent related party transactions of a revenue or trading nature; and
- Reviewed and recommended to the Board for approval of the Audit Committee Report, and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function of the Group to Messrs Afrizan Tarmili Khairul Azhar ("AFTAAS"). AFTAAS reports directly to the Committee. Its primary responsibility is to carry out periodic reviews of the systems of internal controls so as to provide reasonable assurance to the Audit Committee that such systems are adequate and effective.

During the financial year under review, a summary of the activities carried out by the internal audit function are as follows:

- Prepared the risk based internal audit plan for the review and approval of the Audit Committee.
- Carried out reviews in accordance with the risk based internal audit plan reviewed and approved by the Audit Committee. Details of the reviews carried out are as follows:

Entity	Business Process
Widad Group Berhad	Structural Management
Widad Group Berhad	Facilities Management

Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the Audit Committee for their review and approval.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total cost incurred for the outsourcing of the internal audit function for the financial year ended 31 December 2018 was RM17,500.



AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are disclosed in Note 5(a) to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

CHANGE OF NAME

On 4 December 2018, the Company changed its company name from Ideal Jacobs (Malaysia) Corporation Bhd. to Widad Group Berhad.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit/(loss) for the financial year	19,255,763	(367,526)

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:-

- (a) 1,150,075 new ordinary shares for cash arising from the exercise of employees' share options at a weighted average price of RM0.21 per ordinary share.
- (b) 1,782,608,695 new ordinary shares at an issue price of RM0.23 per ordinary share, in total RM410,000,000 as partial discharge of the purchase consideration for an acquisition of a subsidiary during the financial year.
- (c) 534,032,000 new ordinary shares at an issue price of RM0.25 per ordinary share for a total cash consideration of RM133,508,000 for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT (CONT'D)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting ("EGM") held on 28 February 2014, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The scheme which came into effect on 19 March 2014 is for a period of five years.

The option offered to take up unissued ordinary shares during the financial year is as follow:-

Grant date	Expiry date	Exercise price	Number of Share Option			
			Balance at 1.1.2018	Granted	Exercised	Balance at 31.12.2018
25 March 2014	24 March 2019	RM0.21	1,150,075	-	(1,150,075)	-

The salient features of the ESOS are disclosed in Note 28 to the financial statements.

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Dato' Feizal Mustapha @ Feizal Bin Mustapha (Executive Chairman) (Appointed on 23 November 2018)
Dato' Dr Mohd Rizal Mohd Jaafar (Chief Executive Officer/Managing Director) (Appointed on 29 August 2018)
Ong Kuan Wah (Independent Non-Executive Director) (Appointed on 4 September 2018)
Cheng Ming Fui (Independent Non-Executive Director) (Appointed on 4 September 2018)
Tung Ghee Meng (Independent Non-Executive Director) (Appointed on 4 September 2018)
Nor Adha Bin Yahya (Independent Non-Executive Director) (Appointed on 26 November 2018)
Andrew Conrad Jacobs (Executive Chairman) (Resigned on 29 August 2018)
Dato' Meng Bin (Chief Executive Officer/Managing Director) (Resigned on 29 August 2018)
Hing Kim Tat (Independent Non-Executive Director) (Resigned on 4 September 2018)
Koong Lin Loong (Independent Non-Executive Director) (Resigned on 4 September 2018)
Tan Kean Huat (Independent Non-Executive Director) (Resigned on 4 September 2018)
Rizvi Bin Abd Halim (Independent Non-Executive Director) (Resigned on 4 September 2018)

The name of the Directors of the subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Tan Sri Muhammad Ikmal Opat Bin Abdullah
Tan Sri Norazman Bin Hamidun
Dato' Julaini Bin Jusoh
Ir. Mohd Syaswan Bin Samsudin
Rosmawati Binti Ahmad (Retired on 30 September 2018)

INDENMITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for Directors and Officers of the Company and its subsidiaries during the financial year.

HOLDING COMPANY

The holding company is Widad Business Group Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Balance at 1.1.2018	Number of ordinary shares		Balance at 31.12.2018
		Bought	Sold	
Nor Adha Bin Yahya				
- Direct interest	-	550,000	-	550,000
- Indirect interest #	-	333,200	-	333,200

deemed interest by virtue of shares held by spouse

Other than as disclosed above, none of the other Directors had any direct interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Company and its subsidiaries are as follows:-

	Incurrd by the Company RM	Incurrd by the subsidiaries RM	Group RM
Fees	148,439	27,440	175,879
Salary	465,381	1,557,921	2,023,302
Defined contribution plans	55,840	184,088	239,928
Social security contribution	414	1,455	1,869
	670,074	1,770,904	2,440,978

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs Grant Thornton Malaysia, as remuneration for their services as Auditors of the Company and its subsidiaries for the financial year ended 31 December 2018 are amounted to RM45,000 and RM118,000 respectively.

There was no indemnity given to or insurance effected for the Auditors of the Company.

The Auditors, Messrs Grant Thornton Malaysia, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

.....
DATO' FEIZAL MUSTAPHA @
FEIZAL BIN MUSTAPHA

} DIRECTORS

.....
DATO' DR MOHD RIZAL
MOHD JAAFAR

Kuala Lumpur
9 April 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 63 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

.....
DATO' FEIZAL MUSTAPHA @
FEIZAL BIN MUSTAPHA

.....
DATO' DR MOHD RIZAL
MOHD JAAFAR

Kuala Lumpur
9 April 2019

STATUTORY DECLARATION

I, Dato' Dr Mohd Rizal Mohd Jaafar, being the Director primarily responsible for the financial management of Widad Group Berhad (formerly known as Ideal Jacobs (Malaysia) Corporation Bhd.), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
the above named at Kuala Lumpur in
the Federal Territory this day of
9 April 2019

)
)
)
)
DATO' DR MOHD RIZAL MOHD JAAFAR
(NO: CA21594)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Widad Group Berhad (formerly known as Ideal Jacobs (Malaysia) Corporation Bhd.), which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountant* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment losses on receivables

The risk

Refer to the Note 8 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk is the recoverability of billed trade receivables due to management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

We have reviewed the ageing of receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior years. We also assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses and recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant control procedures that management has in place.

Revenue recognition for construction contract

The risk

Refer to the Note 19 to the financial statements. There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policy to construction contracts entered into by the Group. The nature of these judgements result in them being susceptible to management override.

Contract revenue should include the amount agreed in the initial contract, plus revenue from alterations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (cont'd)

Revenue recognition for construction contract (cont'd)

Our response

We performed a range of audit procedures which included obtaining a sample of contracts or letter of awards, reviewing for change orders or variation orders, reviewing estimated profit and costs to complete and enquiry of key personnel regarding adjustments for job costing and potential contract losses.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):-

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
9 April 2019

FOO LEE MENG
(NO. 03069/07/2019(J))
CHARTERED ACCOUNTANT

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	64,073,228	54,506,738	13,497	11,929
Investment in subsidiaries	5(a)	-	-	520,000,000	20,509,538
Other investment	6	-	-	-	-
Total non-current assets		64,073,228	54,506,738	520,013,497	20,521,467
Current assets					
Contract assets	7	136,489,832	79,433,573	-	-
Trade receivables	8	65,632,441	35,243,575	-	-
Other receivables	9	7,959,580	65,296,264	42,816,639	61,699
Tax recoverable		3,767,025	-	-	-
Fixed deposits with licensed banks	10	74,292,620	79,056,353	-	-
Cash and bank balances	11	25,349,896	21,843,740	255,045	247,744
Total current assets		313,491,394	280,873,505	43,071,684	309,443
Total assets		377,564,622	335,380,243	563,085,181	20,830,910
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	12	65,270,741	10,000,000	563,493,864	21,189,342
Retained earnings/(Accumulated losses)		88,666,310	73,417,243	(1,692,784)	(1,325,258)
Share premium	13	-	-	-	-
ESOS reserve	14	-	-	-	115,007
Total equity		153,937,051	83,417,243	561,801,080	19,979,091
LIABILITIES					
Non-current liabilities					
Borrowings	15	114,700,722	136,905,051	-	-
Finance lease liabilities	16	787,786	923,569	-	-
Total non-current liabilities		115,488,508	137,828,620	-	-
Current liabilities					
Contract liabilities	7	17,462,111	-	-	-
Trade payables	17	34,302,160	22,581,039	-	-
Other payables	18	6,975,087	28,913,917	1,136,454	851,819
Borrowings	15	31,225,169	46,832,546	-	-
Finance lease liabilities	16	519,671	539,811	-	-
Tax payable		17,654,865	15,267,067	147,647	-
Total current liabilities		108,139,063	114,134,380	1,284,101	851,819
Total liabilities		223,627,571	251,963,000	1,284,101	851,819
Total equity and liabilities		377,564,622	335,380,243	563,085,181	20,830,910

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries. The audited financial statements of the Widad Builders Sdn. Bhd. and its subsidiaries as at 31 December 2017 is presented as the comparative following the reverse acquisition plan of the Company as explained in Note 2.1 to the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Revenue	19	289,020,543	237,156,406	5,505,558	20,904,219
Cost of sales		(214,364,388)	(160,369,063)	-	-
Gross profit		74,656,155	76,787,343	5,505,558	20,904,219
Other income		341,798	23,430	8,240,462	962,585
Administrative and operating expenses		(30,688,744)	(26,981,111)	(4,204,147)	(4,793,268)
Other expenses		(7,172,421)	-	(9,804,811)	(6,602,170)
Finance income	20	2,012,196	2,170,497	43,059	-
Finance costs	20	(11,034,660)	(10,204,585)	-	-
Profit/(Loss) before tax	21	28,114,324	41,795,574	(219,879)	10,471,366
Tax expense	22	(8,858,561)	(11,229,050)	(147,647)	-
Profit /(Loss) for the financial year		19,255,763	30,566,524	(367,526)	10,471,366
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the financial year		19,255,763	30,566,524	(367,526)	10,471,366
Earnings per share (sen)					
- Basic	23	0.92	1.71		

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries. The audited financial statements of the Widad Builders Sdn. Bhd. and its subsidiaries as at 31 December 2017 is presented as the comparative following the reverse acquisition plan of the Company as explained in Note 2.1 to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Attributable to owners of the Company						Non-controlling interests RM	Total equity RM
	Non - distributable			Distributable				
	Share capital RM	Share premium RM	ESOS reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM			
Balance at 1 January 2017	10,000,000	-	-	42,859,681	52,859,681		511,038	53,370,719
Acquisition of non-controlling interest	-	-	-	(8,962)	(8,962)		(511,038)	(520,000)
Total comprehensive income for the financial year	-	-	-	30,566,524	30,566,524		-	30,566,524
Balance at 31 December 2017	10,000,000	-	-	73,417,243	83,417,243		-	83,417,243
Issuance of ordinary shares								
- Acquisition of a subsidiary	31,762,741	-	-	-	31,762,741		-	31,762,741
- Public issue	23,508,000	-	-	-	23,508,000		-	23,508,000
Total transactions with owners	55,270,741	-	-	-	55,270,741		-	55,270,741
Adjustment arising from reverse acquisition	-	-	-	(4,006,696)	(4,006,696)		-	(4,006,696)
Total comprehensive income for the financial year	-	-	-	19,255,763	19,255,763		-	19,255,763
Balance at 31 December 2018	65,270,741	-	-	88,666,310	153,937,051		-	153,937,051
Company								
Balance at 1 January 2017	13,570,108	7,262,734	230,007	(11,796,624)	9,266,225		-	9,266,225
Transition to no par value regime	7,262,734	(7,262,734)	-	-	-		-	-
Exercise of ESOS	356,500	-	(115,000)	-	241,500		-	241,500
Total transactions with owners	7,619,234	(7,262,734)	(115,000)	-	241,500		-	241,500
Total comprehensive income for the financial year	-	-	-	10,471,366	10,471,366		-	10,471,366
Balance at 31 December 2017	21,189,342	-	115,007	(1,325,258)	19,979,091		-	19,979,091
Issue of ordinary shares								
- Acquisition of a subsidiary	408,440,000	-	-	-	408,440,000		-	408,440,000
- Public issue	133,508,000	-	-	-	133,508,000		-	133,508,000
Exercise of ESOS	356,522	-	(115,007)	-	241,515		-	241,515
Total transactions with owners	542,304,522	-	(115,007)	-	542,189,515		-	542,189,515
Total comprehensive loss for the financial year	-	-	-	(367,526)	(367,526)		-	(367,526)
Balance at 31 December 2018	563,493,864	-	-	(1,692,784)	561,801,080		-	561,801,080

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries. The audited financial statements of the Widad Builders Sdn. Bhd. and its subsidiaries as at 31 December 2017 is presented as the comparative following the reverse acquisition plan of the Company as explained in Note 2.1 to the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		28,114,324	41,795,574	(219,879)	10,471,366
Adjustments for:-					
Depreciation		2,640,450	2,214,987	5,525	12,254
Dividend income		-	-	(5,505,558)	(20,904,219)
Interest expenses		11,034,660	10,204,585	-	-
Interest income		(2,012,196)	(2,170,497)	(43,059)	-
Reversal of impairment loss on amount due from subsidiaries		-	-	-	(321,580)
Reversal of impairment loss on investment in subsidiaries		-	-	-	(368,119)
Impairment loss on amount due from subsidiaries		-	-	-	5,756,719
Impairment loss on other investment		-	-	-	108,821
Gain on disposal of subsidiaries		-	-	(7,490,462)	(2)
Bad debts written off		-	-	4,242,628	328,089
Property, plant and equipment written off		55,000	-	-	18,860
Unrealised loss/(gain) on foreign exchange		1,562	-	17,099	(272,884)
Loss on disposal of property, plant and equipment		10,775	-	-	-
Investment in a subsidiary written off		-	-	-	368,119
Operating profit/(loss) before working capital changes		39,844,575	52,044,649	(8,993,706)	(4,802,576)
Changes in working capital:-					
Contract balances		(39,594,148)	14,987,600	-	-
Payables		(10,532,416)	1,150,091	284,635	(129,588)
Receivables		(25,429,297)	(26,273,596)	47,359	(6,706)
Cash (used in)/generated from operations		(35,711,286)	41,908,744	(8,661,712)	(4,938,870)
Tax paid		(10,237,788)	(8,438,027)	-	-
Interest received		597,293	530,466	-	-
Interest paid		(928,740)	(107,439)	-	-
Net cash flows (used in)/from operating activities		(46,280,521)	33,893,744	(8,661,712)	(4,938,870)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash from reverse acquisition plan	5(b)	28,036,284	-	(110,000,000)	-
Acquisition of non-controlling interest		-	(520,000)	-	-
Transaction costs of an equity transaction		-	-	(1,560,000)	-
Purchase of property, plant and equipment	A	(11,863,450)	(121,200)	(7,093)	(3,199)
Proceed from disposal of subsidiaries		-	-	28,000,000	-
Dividend income		-	-	5,505,558	20,904,219
Interest received		1,414,903	1,640,031	43,059	-
Net cash flows from/(used in) investing activities		17,587,737	998,831	(78,018,476)	20,901,020

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(6,037,018)	(7,894,885)	-	-
Repayment of SUKUK		(20,000,000)	(1,368,350)	-	-
Proceed from issuance exercise of ESOS		-	-	241,515	241,500
Proceed from issuance of shares pursuant to private placement		23,508,000	-	133,508,000	-
(Placement)/Withdrawal in Designated Bank Accounts		(4,500,149)	22,395,710	-	-
Advance from/(Repayment to) ultimate holding company		51,388,997	(19,435,941)	-	-
Advance from related companies		1,013,321	11,433,987	-	-
Advance to subsidiaries		-	-	(47,044,927)	(16,394,837)
Refinance of finance lease liabilities		-	475,500	-	-
Repayment of finance lease liabilities		(555,923)	(632,296)	-	-
Interest paid		(10,105,920)	(10,097,146)	-	-
Withdrawal/(Placement) of fixed deposits		4,763,733	(47,659,000)	-	-
Net cash flows from/(used in) financing activities		39,475,041	(52,782,421)	86,704,588	(16,153,337)
CASH AND CASH EQUIVALENTS					
Net changes		10,782,257	(17,889,846)	24,400	(191,187)
Brought forward		(10,123,853)	7,765,993	247,744	403,676
Effects of exchange rate changes		(1,562)	-	(17,099)	35,255
Carried forward	B	656,842	(10,123,853)	255,045	247,744

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total purchase of property, plant and equipment	(12,263,450)	(121,200)	(7,093)	(3,199)
Acquired under hire purchase agreement	400,000	-	-	-
	(11,863,450)	(121,200)	(7,093)	(3,199)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position items:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed deposits with licensed banks	74,292,620	79,056,353	-	-
Cash and bank balances	25,349,896	21,843,740	255,045	247,744
Bank overdraft	(5,935,800)	(17,710,488)	-	-
	93,706,716	83,189,605	255,045	247,744
Less: Fixed deposits pledged with licensed banks	(74,292,620)	(79,056,353)	-	-
Designated Bank Accounts	(18,757,254)	(14,257,105)	-	-
	656,842	(10,123,853)	255,045	247,744

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries. The audited financial statements of the Widad Builders Sdn. Bhd. and its subsidiaries as at 31 December 2017 is presented as the comparative following the reverse acquisition plan of the Company as explained in Note 2.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and the principal place of business of the Company is located at WBG Penthouse, Widad Semantan (WISE), No 3, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are disclosed in Note 5(a) to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The holding company is Widad Business Group Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 April 2019.

2. BASIS OF PREPARATION

2.1 Reverse acquisition

On 18 August 2017, the Company announced that it had entered into a conditional sale and purchase agreement with Widad Business Group Sdn. Bhd. ("Vendor") for the acquisition by the Company of 10,000,000 ordinary shares in Widad Builders Sdn. Bhd. and its subsidiaries ("WBSB Group"), representing the entire equity interest of Widad Builders Sdn. Bhd. ("WBSB") held by the Vendor, for a purchase consideration of RM520 million ("Purchase Consideration"). The Purchase Consideration will be satisfied through a combination of cash amounted to RM110 million and the issuance of 1,782,608,695 new Company shares at an issue price of RM0.23 per consideration share. Upon completion of the reverse acquisition on 10 July 2018, the Company became the legal holding company of WBSB.

On the same day, the Company also completed the disposal of its subsidiaries, namely Ideal Jacobs (HK) Corporation Limited, Ideal Jacobs (Xiamen) Corporation, Xiamen Ideal Jacobs International Limited Company and Suzhou Ideal Jacobs Corporation.

In accordance with MFRS 3: Business Combinations, the aforementioned business combination between the Company and WBSB is treated as a reverse acquisition whereby for accounting purposes, the accounting acquirer is WBSB while the accounting acquiree is the Company. Under the reverse acquisition method of accounting, even though the consolidated financial statements of the combined entity is issued under the name of the legal holding company, that is, the Company, the consolidated financial statements represent a continuation of the historical financial statements of the legal subsidiary, that is, WBSB. Accordingly,

- (i) the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow relate to the period from 1 January 2017 to 31 December 2017 of the WBSB Group.
- (ii) the statements of financial position of WBSB Group as at 31 December 2017 has been presented as the comparative for the statements of financial position.

The accounting policies, estimates and judgements adopted in these financial statements are consistent with those adopted in the audited financial statements of the WBSB Group for the financial year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.2 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.3 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurement. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.5 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2018.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact to the financial statements, except for:

MFRS 9 Financial instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

Retrospective application is required but restatement of comparative information is not compulsory. The Group and the Company have applied this standard for financial year beginning on 1 January 2018 where no restatement of comparatives was made.

The effect of adopting MFRS 9 is on its classification and measurement which are described below:-

Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company except for the following is the changes in the classification of the Group's and of the Company's financial assets:

- Trade receivables, most of other receivables, cash and bank balances and fixed deposits with licensed banks are classified as loans and receivables as at 31 December 2017 which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

MFRS 9 Financial instruments (cont'd)

The effect of adopting MFRS 9 is on its classification and measurement which are described below (cont'd):-

Classification and measurement (cont'd)

Based on the assessment, the financial assets held by the Group and by the Company as at 1 January 2018 are reclassified to the following categories:-

	Measurement category		Carrying amount as at 1 January 2018	
	Original MFRS 139	New MFRS 9	Original MFRS 139 RM	New MFRS 9 RM
Group				
Total receivables	LAR*	AC*	35,243,575	35,243,575
Other receivables	LAR*	AC*	58,630,378	58,630,378
Fixed deposits with licensed banks	LAR*	AC*	79,056,353	79,056,353
Cash and bank balances	LAR*	AC*	21,843,740	21,843,740
Company				
Other receivables	LAR*	AC*	52,821	52,821
Cash and bank balances	LAR*	AC*	247,744	247,744

* LAR - Loans and receivables

* AC - Amortised cost

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss and fair value through other comprehensive income. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

Impairment

MFRS 9 impairment requirements are based on an expected credit loss ("ECL") model that replaces the incurred loss model under MFRS 139. The ECL model applies to financial assets that are measured at amortised cost or at FVOCI and issued financial guarantee contracts, which will include trade receivables and contract assets.

The Group and the Company have elected to use the simplified approach and to apply the provisional matrix approach to calculate the ECL for third party trade receivables and contract assets. For financial assets other than trade receivables and contract assets, the Group and the Company apply the three-stage general approach, ECL model, which takes into effect the 12-Month ECL for assets that are within Stage 1, and lifetime ECL for all financial instruments for which there have been significant increases in credit risk.

There is no impairment of financial assets on adopting MFRS 9 as at 1 January 2018 and 31 December 2018.

Hedge accounting

The requirement for general hedge accounting in MFRS 9 has been simplified and may result in more designation of hedge items for accounting purpose.

The Group and the Company do not use hedge accounting and there is no impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

MFRS 15 Revenue from contracts with customers

MFRS 15 supercedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:-

- (a) for contracts that were modified before the beginning of the earliest period presented, the Group and the Company do not retrospectively restate the contract for those contract modifications. Instead, the Group and the Company reflect the aggregate effect all of the modifications that occur before the beginning of the earliest period presented when:-
 - (i) identifying the satisfied and unsatisfied performance obligations;
 - (ii) determining the transaction price; and
 - (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.
- (b) for comparatives, the Group and the Company do not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group and the Company expect to recognise revenue.

The following is the change from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Construction contracts	If the outcome of a construction contract could be estimated reliably then, contract revenue was recognised in proportion to the stage of completion of the contract. The stage of completion was assessed with reference to surveys of work performed. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related costs are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MFRS and Amendments to MFRS effective 1 January 2019:-

Amendments to MFRS 9 Financial Instruments: Financial Instruments Prepayment Features with Negative Compensation*#

MFRS 16 Leases

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement*#

Amendments to MFRS 128 Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*#

IC Interpretation 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

MFRS and Amendments to MFRS effective 1 January 2020:-

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to Reference to the Conceptual Framework on MFRS Standards (MFRS 2*#, 3#, 6*#, 14*#, 101, 108, 134*#, 137, 138*# and IC Interpretation 12*#, 19*#, 20*#, 22 and 132*#)

MFRS effective 1 January 2021:-

MFRS 17 Insurance Contracts*#

Amendments to MFRSs - effective date deferred indefinitely

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*#

*Not applicable to the Group.

#Not applicable to the Company.

MFRS 16 Leases

The Group is required to adopt MFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of MFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

MFRS 16 replaces existing leases guidance, including MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards issued but not yet effective (cont'd)

MFRS 16 Leases (cont'd)

Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Leases in which the Group is a lessor

No significant impact is expected for other leases in which the Group is a lessor.

Transition

The Group plans to apply MFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting MFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply MFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with MFRS117 and IFRIC 4.

Overall, the Group and the Company expect no significant impact on their statements of financial position.

2.7 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

2.7.1 Key sources of estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements (cont'd)

2.7.1 Key sources of estimation uncertainty (cont'd)

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on the management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for expected credit losses of trade receivables and contract assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the repayment pattern of the customers, customers type and coverage by letters of credit.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Group and the Company did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements (cont'd)

2.7.1 Key sources of estimation uncertainty (cont'd)

Construction contracts

The Group recognises contract revenue and contracts costs by progress billing and cost estimation method. The stage of completion is measured by reference to the proportion of the expenses incurred to date to the estimated total contract costs.

The Group's management assesses the profitability of on-going contracts and the order backlog at least monthly. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Employee share options

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 28 to the financial statements.

Key sources of estimation uncertainty applied until 31 December 2017

Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

2.7.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by the management based on the specific facts and circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements (cont'd)

2.7.2 Significant management judgement (cont'd)

Revenue recognition from construction projects

Revenue is recognised when or as the control of the asset is transferred to our customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the physical proportion of contract work-to-date certified by the Group and the customers.

Significant judgment is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgments, management relies on past experience and the work of specialists.

Leases

In applying the classification of leases in MFRS 117, management considers some of its leases of prepaid land lease payment as operating lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group or the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.11 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiaries that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of existing equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.4 Reverse acquisition upon consolidation

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

- (a) The assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.
- (b) The assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with the applicable accounting standard.
- (c) The retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- (d) The amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree) determined in accordance with the applicable accounting standard. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent, including the equity interests of the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent issued in the reverse acquisition.
- (e) The non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests.

3.1.5 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.6 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. All repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Property, plant and equipment are depreciated based on the estimated lives of the assets shown as follows:-

Leasehold land and building	2%
Freehold land and building	2%
Furniture, fitting and office equipment	20% - 33%
Plant and machinery	10%
Renovation	10%
Motor vehicles	20%
Site cabin and signboard	10%

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

3.4.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

3.4.2 Classification and subsequent measurement of financial assets

Accounting policies applied from 1 January 2018:-

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); or
- fair value through other comprehensive income ("FVOCI").

In the period presented, the Group and the Company do not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method and are subject to impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade receivables, most of the other receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.2 Classification and subsequent measurement of financial assets (cont'd)

Accounting policies applied until 31 December 2017:-

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) loans and receivables; and
- d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

As at 31 December 2017, the Group and the Company carry only loans and receivables and available-for-sale on their statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's trade receivables, most of other receivables and cash and cash equivalents fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include investment in club membership.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.2 Classification and subsequent measurement of financial assets (cont'd)

Accounting policies applied until 31 December 2017 (cont'd):-

Available-for-sale financial assets (cont'd)

Interest is calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Company's right to receive payment is established.

Investment in club membership whose fair value cannot be reliably measured is measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

3.4.3 Financial assets - Impairment

Accounting policies applied from 1 January 2018:-

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss ("ECL") model". This replaces MFRS 139's "incurred loss model". Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group and the Company make use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use the historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.3 Financial assets - Impairment (cont'd)

Accounting policies applied from 1 January 2018 (cont'd):-

Trade and other receivables and contract assets (cont'd)

Refer to note to the financial statements for a detailed analysis of how the impairment requirements of MFRS 9 applied.

The Group and the Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. The Group and the Company did not provide detailed analysis of how the impairment requirements of MFRS 9 are applied because the impact is not significant.

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognised an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

Accounting policies applied until 31 December 2017:-

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group and the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.3 Financial assets - Impairment (cont'd)

Accounting policies applied until 31 December 2017 (cont'd):-

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3.4.4 Classification and subsequent measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and the Company's financial liabilities include trade and most of other payables, borrowings and finance lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.4.5 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset has expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and associated liability for amounts it may have to pay.

If the Group and the Company retain substantially all the risks and rewards of ownership of transferred assets, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with licensed banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft is shown in current liabilities in the statements of financial position.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customers under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the end of the reporting period. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the period in which they incurred.

When it is probable that the total contract will exceed contract revenue the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total costs incurred on construction contract plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as contract assets under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses) as well as the advance received from customers, the balance is shown as contract liabilities under current liabilities.

3.8 Equity, reserves and distributions to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings/Accumulated losses include all current and prior periods' accumulated profits/losses.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Revenue recognition

There is no change on the revenue recognition on adopting MFRS 15 Revenue from contracts with customers as at 1 January 2018.

3.9.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:

Construction

Revenue from construction contract is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance creates and enhances an asset that the customer controls as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on methods that best depict the Group's performance in satisfying the performance obligation, where the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

Services

Services are recognised in the accounting period in which the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for, the services.

3.9.2 Other revenue recognition

Revenue from other sources are recognised as follows:

Interest income

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Dividend income

Dividend income from investment is recognised when the shareholder's right to receive payment has been established provided it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Revenue recognition (cont'd)

3.9.2 Other revenue recognition (cont'd)

Rental income

Rental income is accounted on a straight-line basis over the lease terms.

Management fees income

Management fees are recognised when services are rendered.

3.10 Employees benefits

3.10.1 Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3.10.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

Obligations for contributions to defined contribution plans are recognised as expenses in the profit or loss as incurred.

3.10.3 Employees' share option scheme

Eligible employees of the Group and of the Company received remuneration in the form of share option as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the option at the date on which the option is granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of option that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for option that do not ultimately vest, except for option where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to accumulated losses upon expiry of the share option.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the option is exercised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.11.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax for current and prior years is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.11.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised business losses, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.11.3 Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group and the Company paid on purchases of business inputs can be deducted from output GST.

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax expense (cont'd)

3.11.3 Goods and Services Tax ("GST") (cont'd)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplies of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.13 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.14 Provisions

Provisions are recognised when there is a present, legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.16 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group and the Company are classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased assets is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group and the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.16.1 Finance lease

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group and the Company obtains ownership of the asset at the end of the lease term.

3.16.2 Operating lease

All other leases are treated as operating leases. Where the Group and the Company are a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Related parties

A related party is a person or entity that is related to the Group and the Company that are preparing its financial statements. A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

- (i) Has control or joint control over the Group and the Company;
- (ii) Has significant influence over the Group and the Company; or
- (iii) Is a member of the key management personnel of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

- (i) The entity and the Group or the Company are members of the same group;
- (ii) The entity is an associate of the Group or the Company;
- (iii) Both the Group or the Company and the entity are joint ventures of the same third party;
- (iv) The Group or the Company is a joint venture of a third entity and the entity is an associate of the same third entity;
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company for an entity related to the Group or the Company;
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity; or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building RM	Freehold land and building RM	Furniture, fitting and office equipment RM	Plant and machinery RM	Renovation RM	Motor vehicles RM	Site cabin and signboard RM	Total RM
Cost								
At 1 January 2017	48,800,000	5,594,276	998,349	436,550	3,080,844	4,368,545	80,580	63,359,144
Additions	-	-	14,900	-	-	45,000	61,300	121,200
Reclassification	-	-	25,552	-	(25,552)	-	-	-
At 31 December 2017/1 January 2018	48,800,000	5,594,276	1,038,801	436,550	3,055,292	4,413,545	141,880	63,480,344
Additions	-	-	46,813	-	11,816,637	400,000	-	12,263,450
Written off	-	-	-	-	-	(285,000)	-	(285,000)
Property, plant and equipment from acquisition of Widad Group Berhad	-	-	9,265	-	-	-	-	9,265
Disposal	-	-	-	(431,000)	-	(438,477)	-	(869,477)
At 31 December 2018	48,800,000	5,594,276	1,094,879	5,550	14,871,929	4,090,068	141,880	74,598,582
Accumulated depreciation								
At 1 January 2017	2,280,000	337,539	643,816	350,290	801,015	2,284,795	61,164	6,758,619
Charge for the financial year	976,000	113,767	129,675	43,159	284,292	662,307	5,787	2,214,987
At 31 December 2017/1 January 2018	3,256,000	451,306	773,491	393,449	1,085,307	2,947,102	66,951	8,973,606
Charge for the financial year	976,000	111,885	138,654	32,326	732,819	637,857	10,909	2,640,450
Written off	-	-	-	-	-	(230,000)	-	(230,000)
Disposal	-	-	-	(420,225)	-	(438,477)	-	(858,702)
At 31 December 2018	4,232,000	563,191	912,145	5,550	1,818,126	2,916,482	77,860	10,525,354
Net carrying amount								
At 31 December 2018	44,568,000	5,031,085	182,734	-	13,053,803	1,173,586	64,020	64,073,228
At 31 December 2017	45,544,000	5,142,970	265,310	43,101	1,969,985	1,466,443	74,929	54,506,738

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture, fitting and office equipment RM	Renovation RM	Total RM
Cost			
At 1 January 2017	85,717	33,478	119,195
Additions	3,199	-	3,199
Written off	(32,182)	(33,478)	(65,660)
At 31 December 2017/1 January 2018	56,734	-	56,734
Additions	7,093	-	7,093
At 31 December 2018	63,827	-	63,827
Accumulated depreciation			
At 1 January 2017	63,081	16,270	79,351
Charge for the financial year	8,906	3,348	12,254
Written off	(27,182)	(19,618)	(46,800)
At 31 December 2017/1 January 2018	44,805	-	44,805
Charge for the financial year	5,525	-	5,525
At 31 December 2018	50,330	-	50,330
Net carrying amount			
At 31 December 2018	13,497	-	13,497
At 31 December 2017	11,929	-	11,929

4.1 Assets held under finance lease

The net carrying amount of assets under finance lease are:-

	Group	
	2018 RM	2017 RM
Motor vehicles	1,068,229	1,382,050

4.2 Assets pledged as securities to financial institutions

The net carrying amount of assets pledged as securities for bank borrowings are:-

	Group	
	2018 RM	2017 RM
Leasehold land and building	44,568,000	45,544,000
Freehold land and building	5,031,085	5,142,970
	49,599,085	50,686,970

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2018 RM	2017 RM
Unquoted investment - at cost	520,000,000	20,302,538
<u>Contributions to subsidiaries</u>		
ESOS granted to employees of subsidiaries	-	207,000
	<u>520,000,000</u>	<u>20,509,538</u>

The movement of impairment loss during the financial year is as follows:-

	Company	
	2018 RM	2017 RM
At 1 January	-	368,119
Less: Reversal of impairment loss	-	(368,119)
At 31 December	<u>-</u>	<u>-</u>

Details of subsidiaries are as follows:-

Name	Principal place of business/Country of Incorporation	Effective interest		Principal activities
<u>Direct interest:</u>		2018	2017	
Ideal Jacobs (Xiamen) Corporation (“IJX”) *	PRC	-	100%	^
Ideal Jacobs (HK) Corporation Limited (“IJHK”) #	Hong Kong	-	100%	@
Widad Builders Sdn. Bhd.	Malaysia	100%	-	@@
<u>Indirect interest</u>				
Xiamen Ideal Jacobs International Limited Company (“XIJ”) */+	PRC	-	100%	@
Suzhou Ideal Jacobs Corporation (“SIJ”) */+	PRC	-	100%	^^
Widad Facility Management Sdn. Bhd. **	Malaysia	100%	-	\$
Widad Capital Sdn. Bhd. **	Malaysia	100%	-	Δ

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries (cont'd)

Details of subsidiaries are as follows:- (cont'd)

^ The principal activities of this subsidiary is engaged in research and development and manufacturing of components in industrial equipment and designing and manufacturing of Industrial Labels, Nameplates, and Laser/Die-Cut Products and fabrication of plastic parts.

^^ The principal activities of this subsidiary is engaged in designing and manufacturing of Industrial Labels, Nameplates, and Laser/Die-Cut Products and fabrication of plastic parts.

@@ The principal activity of this subsidiary is general trading, construction and providing full facility management and mechanical and electrical maintenance, care and improvement.

@ The principal activities of these subsidiaries are trading in general products.

Δ The principal activities of the Company are construction, providing facility management services and fund raising vehicle.

\$ The subsidiary is providing integrated facilities management activities.

* Subsidiaries audited by Grant Thornton International's member firm.

Subsidiaries not audited by Grant Thornton Malaysia.

+ Direct subsidiaries of IJX.

** Direct subsidiaries of WBSB.

(b) Reverse acquisition plan - Acquisition of subsidiaries and disposal of subsidiaries

During the financial year, the Company acquired 10,000,000 ordinary shares representing the entire issued and paid-up capital of WBSB for a purchase consideration of RM520,000,000 satisfied through combination of cash of RM110,000,000 and the issuance of 1,782,608,695 new ordinary shares in the Company, at an issue price of RM0.23 per share.

Upon completion of acquisition of WBSB, on the same day, the Company disposed its subsidiaries IJHK and IJX (including its subsidiaries) ("China subsidiaries") to Oriental Dragon Incorporation Limited for a cash consideration of RM28,000,000.

The goodwill amounting to RM982,851 which arose from the reverse acquisition plan had been recognised and expensed off. This expense is derived as follows:-

The fair value of the identifiable assets and liabilities of the Company as at 10 July 2018:-

	RM
Non-current assets	21,454,165
Current assets	34,665,069
Non-current liabilities	(36,457)
Current liabilities	<u>(25,302,887)</u>
Total identifiable net assets	30,779,890
Deemed purchase consideration of the Company by WBSB	<u>(31,762,741)</u>
Goodwill	<u>(982,851)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Reverse acquisition plan - Acquisition of subsidiaries and disposal of subsidiaries (cont'd)

The effect of the disposal of China subsidiaries on the financial position of the Group as at the date of disposal was as follows:-

	RM
Non-current assets	21,444,900
Current assets	34,611,940
Non-current liabilities	(36,457)
Current liabilities	(24,996,538)
	<hr/>
Total identifiable net assets	31,023,845
Goodwill	982,851
Loss on disposal	(4,006,696)
	<hr/>
Consideration received	28,000,000
	<hr/>

The net effect of the reverse acquisition plan on the financial position of the Group as at the date of completion was as follows:-

	RM
Consideration received from disposal of China subsidiaries	28,000,000
Cash and cash equivalent acquired	36,284
	<hr/>
Net cash from reverse acquisition plan	28,036,284
	<hr/>

6. OTHER INVESTMENT

	Company 2017 RM
Available-for-sale investment	
At cost	108,821
Less: Impairment loss	
At 1 January	-
Addition	108,821
	<hr/>
At 31 December	108,821
	<hr/>
	-
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

6. OTHER INVESTMENT (CONT'D)

	Company 2018 RM
Fair value through profit or loss	
At cost	-
Less: Impairment loss	
At 1 January	108,821
Written off	(108,821)
At 31 December	-
	-

This represents investment in club membership and denominated in RMB. This investment is held in trust by an ex-Director.

7. CONTRACT ASSETS/(LIABILITIES)

	Group 2018 RM	2017 RM
Contract assets		
- construction contracts	136,489,832	79,433,573
Contract liabilities		
- customers deposit	17,462,111	-

Contract assets and contract liabilities represent the amount due from/(to) customers in the previous financial year.

Construction contracts

The construction contracts represent the timing differences in revenue recognition and the milestone billings.

Contract assets primarily relate to the rights to consideration for work completed on construction contracts but not yet billed as at the reporting date.

Contract liabilities consist of advance billings in excess of revenue recognised, typically resulting from the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

Customers deposit

Customers deposit related to deposit made by customers for the construction projects.

Significant changes to the Group's contract assets and contract liabilities balances during the financial year are as follows:-

	Group 2018 RM
Decrease in revenue recognised in previous period arising from contract modification	4,832,544
Contract assets at the beginning of the period not transferred to the trade receivables due to change in time frame	6,329,815

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

Comparative information under MFRS 111

	Group 2017 RM
Cost incurred on contract to date	196,962,533
Attribute profits	<u>56,905,498</u>
	253,868,031
Progress billing received and receivables	<u>(174,434,458)</u>
	<u>79,433,573</u>
This represents:	
Amount due from customer on contract	<u>79,433,573</u>

8. TRADE RECEIVABLES

	2018 RM	Group 2017 RM
Trade receivables	29,149,296	15,405,753
Retention sum	26,841,117	19,837,822
Amount due from holding company	<u>9,642,028</u>	<u>-</u>
	<u>65,632,441</u>	<u>35,243,575</u>

Trade receivables are bear no interest and the normal trade credit terms granted by the Group to the trade receivables ranging from 1 to 60 days (2017: 1 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In prior financial year, included in trade receivables of the Group amounting of RM9,642,028 due from a company in which a person connected to a subsidiary's director has interest.

9. OTHER RECEIVABLES

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Non-trade receivables	28,103	2,103,709	-	15,165
Amount due from holding company	2,983,222	54,363,861	-	-
Amount due from subsidiaries	-	-	42,813,939	6,262,692
Amount due from a related company	149,703	1,163,024	-	-
Less: Provision for expected credit losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,254,890)</u>
	3,161,028	57,630,594	42,813,939	22,967
Advances to employees	-	-	-	529
Accrued revenue	-	4,399,245	-	-
Accrued interest	-	569,999	-	-
Deposits	3,418,501	429,785	2,700	29,325
GST recoverable	189,968	1,253,091	-	-
Prepayments	<u>1,190,083</u>	<u>1,013,550</u>	<u>-</u>	<u>8,878</u>
	<u>7,959,580</u>	<u>65,296,264</u>	<u>42,816,639</u>	<u>61,699</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

9. OTHER RECEIVABLES (CONT'D)

The movement of provision for expected credit losses during the financial year is as follow:-

	Company	
	2018 RM	2017 RM
At 1 January	6,254,890	819,751
Add: Provision for expected credit losses	-	5,756,719
Less: Written off	(6,254,890)	(321,580)
At 31 December	-	6,254,890
Individually impaired	-	6,254,890

There is no changes on impairment of financial assets on adopting MFRS 9 as at 1 January 2018.

In prior financial year, included in non-trade receivables of the Company amounting of RM5,854 due from a company in which an ex-Director has interest. The amounts are unsecured and bear no interest.

In prior financial year, included in non-trade receivables of the Group amounting of RM2,085,582 due from a company in which a person connected to a subsidiary's Director has interest. The amounts are unsecured and bear no interest.

Related company refer to members of Widad Business Group Sdn. Bhd.'s group of companies.

Amount due from holding company/subsidiaries/a related company are unsecured and bear no interest.

10. FIXED DEPOSITS WITH LICENSED BANKS

Group

The fixed deposits with licensed banks have been pledged to banks for banking facilities, and hence, are not available for general use.

The average effective profit rates for fixed deposits with licensed banks are ranging from 3.00% to 4.00% (2017: 2.00% to 4.00%) per annum.

11. CASH AND BANK BALANCES

Group

Cash and bank balances of a subsidiary is maintained in Designated Bank Accounts amounting to RM18,757,254 (2017: RM14,257,105) for which utilisation is restricted for the payments of principal and interest or future profit in respect of the Sukuk Murabahah Programme.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

12. SHARE CAPITAL

Group	No. of ordinary shares		Amount	
	2018 Unit	2017 Unit	2018 RM	2017 RM
Issued and fully paid:-				
At 1 January	136,851,075	10,000,000	10,000,000	10,000,000
Shares issued at 27 March 2018 pursuant to exercise of ESOS	1,150,075	-	-	-
Issuance of ordinary shares				
- acquisition of WBSB	1,782,608,695	-	31,762,741	-
- private placement	534,032,000	-	23,508,000	-
At 31 December	2,454,641,845	10,000,000	65,270,741	10,000,000

Company

Issued and fully paid:-				
At 1 January	136,851,075	135,701,075	21,189,342	13,570,108
Shares issued at 27 March 2018 (2017: 20 October 2017) pursuant to exercise of ESOS	1,150,075	1,150,000	356,522	356,500
Transition to no par value regime (Note 13)	-	-	-	7,262,734
Issuance of ordinary shares				
- acquisition of WBSB	1,782,608,695	-	408,440,000	-
- private placement	534,032,000	-	133,508,000	-
At 31 December	2,454,641,845	136,851,075	563,493,864	21,189,342

The private placement is intended to raise a fund to enable the Company to satisfy the cash portion of the purchase consideration amounted to RM110,000,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally to the Company's residual assets.

13. SHARE PREMIUM

	Company	
	2018 RM	2017 RM
At 1 January	-	7,262,734
Transfer to no par value regime	-	(7,262,734)
At 31 December	-	-

The new Companies Act, 2016 ("The Act"), which came into operation on 31 January 2018, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM7,262,734 for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

14. ESOS RESERVE

	Company	
	2018 RM	2017 RM
At 1 January	115,007	230,007
Share based compensation pursuant to ESOS exercised	(115,007)	(115,000)
At 31 December	-	115,007

The ESOS reserve represents the equity-settled share option granted to employees of certain subsidiaries and the Company's Directors. The share option reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share option and is reduced by the expiry or exercise of the share option. The salient terms and key assumptions in deriving the fair value of the ESOS are disclosed in Note 28 to the financial statements.

15. BORROWINGS

	Group	
	2018 RM	2017 RM
<u>Secured:</u>		
Sukuk Murabahah Programme ("SUKUK")	90,000,000	110,000,000
Term loans	49,990,091	56,027,109
Bank overdraft	5,935,800	17,710,488
	145,925,891	183,737,597
<u>Repayable</u>		
- within 1 year	31,225,169	46,832,546
- more than 1 year but less than 5 years	89,620,953	110,657,384
- above 5 years	25,079,769	26,247,667
	114,700,722	136,905,051
	145,925,891	183,737,597

The interest rates of the Group for the bank overdraft are 6.90% to 7.01% (2017: 7.20%) per annum.

The profit rates of the Group for the SUKUK are 4.70% to 5.20% (2017: 4.70% to 5.20%) per annum.

The interest rates of the Group for the term loans are 6.85% to 7.10% (2017: 6.85% to 7.10%) per annum.

The SUKUK of the Group are secured by way of:-

- (a) a pledge of fixed deposits and Designated Bank Accounts;
- (b) corporate guarantee by a subsidiary;
- (c) assignment of the proceeds receivables;
- (d) fixed and floating charges over all assets; and
- (e) shares of a subsidiary.

The borrowings of the Group (other than SUKUK) are secured by way of:-

- (a) a pledge of fixed deposits;
- (b) a first party legal charge over the freehold and leasehold land and buildings;
- (c) a jointly and severally guarantee by the subsidiaries' directors, subsidiaries' ex-directors and a person connected to subsidiaries' director;
- (d) corporate guarantee by ultimate holding company;
- (e) assignment of the proceeds receivables; and
- (f) assignment of the proceeds rentals.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. FINANCE LEASE LIABILITIES

	Group	
	2018 RM	2017 RM
Minimum lease payments		
- within 1 year	568,799	597,755
- more than 1 year but less than 5 years	829,296	894,850
- above 5 years	25,582	104,081
	854,878	998,931
Less: Future finance charges	1,423,677 (116,220)	1,596,686 (133,306)
	1,307,457	1,463,380
Present value:-		
- within 1 year	519,671	539,811
- more than 1 year but less than 5 years	770,428	849,474
- above 5 years	17,358	74,095
	787,786	923,569
	1,307,457	1,463,380

The effective interest rate of the Group for finance lease liabilities are 4.47% to 5.63% (2017: 4.47% to 5.63%) per annum.

The finance lease liabilities of the Group are secured by legal charge over the assets of the Group as disclosed in Note 4 to the financial statements and secured against personnel guarantee by:

	Group	
	2018 RM	2017 RM
Subsidiaries' directors	755,776	607,634
Subsidiaries' ex-director	291,351	590,075
	1,047,127	1,197,709

17. TRADE PAYABLES

The normal credit terms granted by the suppliers are ranging from 30 to 90 days (2017: 30 to 90 days). However, the term vary according to negotiation with the suppliers.

18. OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-trade payables	1,730,849	27,368,693	1,035,454	-
Amount due to holding company	8,358	-	-	-
Accrual of expenses	5,171,426	1,481,584	101,000	851,819
Deposit received	64,400	18,500	-	-
GST payables	54	45,140	-	-
	6,975,087	28,913,917	1,136,454	851,819

Amount due to holding company is unsecured, bears no interest and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

19. REVENUE

Revenue comprise the following:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revenue from contracts with customers	289,020,543	237,156,406	-	-
Revenue from other sources				
- dividend income from subsidiaries	-	-	5,505,558	20,904,219
	289,020,543	237,156,406	5,505,558	20,904,219

Disaggregation of the Group's revenue from contracts with customers:-

	2018 RM	2017 RM
<u>Geographical market</u>		
Malaysia	289,020,543	237,156,406
<u>Major products and services line</u>		
Constructions	190,282,532	129,943,023
Integrated facility management	98,738,011	107,213,383
	289,020,543	237,156,406
<u>Timing of revenue recognition</u>		
At a point in time	98,738,011	107,213,383
Over time	190,282,532	129,943,023
	289,020,543	237,156,406

Group

The remaining contractual billings to customer from its construction activities and intergrated facility management is amounted to RM237,861,287 and RM321,495,344 respectively and will be billed progressively upon the fulfillment of contractual milestones not withstanding if control of the assets has not been transferred to the customers. The contractual billing period for construction activities and intergrated facility management is between 2 to 21 months and 3 to 42 months respectively.

20. FINANCE INCOME/FINANCE COSTS

Finance income

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income:-				
- Fixed deposits profit	1,414,903	1,640,031	43,059	-
- Hibah	597,293	530,466	-	-
	2,012,196	2,170,497	43,059	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

20. FINANCE INCOME/FINANCE COSTS (CONT'D)

Finance costs

	Group	
	2018 RM	2017 RM
Interest expenses:-		
- bank overdraft interest	928,740	107,439
- finance lease interest	64,421	76,780
- SUKUK coupon	5,361,140	5,475,000
- term loans interest	4,680,359	4,545,366
	11,034,660	10,204,585

21. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other items, the followings:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration:				
- Statutory audit	163,000	103,000	45,000	68,000
- Other services	18,800	-	4,800	14,800
- Other auditors:				
- Other services	-	-	-	76,000
Bad debts written off	-	-	4,242,628	328,089
Depreciation	2,640,450	2,214,987	5,525	12,254
Impairment loss on other investment	-	-	-	108,821
Investment in a subsidiary written off	-	-	-	368,119
Loss/(Gain) on foreign exchange				
- realised	-	-	-	21,562
- unrealised	1,562	-	17,099	(272,884)
Loss on disposal of property, plant and equipment	10,775	-	-	-
Property, plant and equipment written off	55,000	-	-	18,860
Provision for expected credit losses - subsidiaries	-	-	-	5,756,719
Rental expenses:				
- Premises	268,131	424,828	-	51,973
- Office equipment	13,060	36,769	-	3,570
- Motor vehicle	35,470	179,997	-	-
Gain on disposal of subsidiaries	-	-	(7,490,462)	(2)
Rental income	(340,450)	(19,080)	-	-
Reversal of impairment loss on				
- amount due from subsidiaries	-	-	-	(321,580)
- investment in a subsidiary	-	-	-	(368,119)
Reverse acquisition expenses	7,105,084	-	5,545,084	-

22. TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current year provision	11,139,552	11,594,701	147,647	-
Over provision in prior year	(2,280,991)	(365,651)	-	-
Total tax expenses	8,858,561	11,229,050	147,647	-

Malaysian income tax is calculated at the statutory tax rate 24% (2017: 24%) of the estimated taxable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

22. TAX EXPENSE (CONT'D)

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory income tax rates of the Group and of the Company are as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax	28,114,324	41,795,574	(219,879)	10,471,366
Tax at Malaysia statutory tax rate of 24% (2017: 24%)	6,747,438	10,030,938	(52,771)	2,513,128
Tax effects in respect of:-				
Change in tax rate for the first tranche of chargeable income	-	(30,480)	-	-
Income not subject to tax	-	-	(3,119,045)	(5,248,032)
Expenses not deductible for tax purposes	4,370,828	1,594,243	3,319,463	2,734,904
Over provision in prior year	(2,280,991)	(365,651)	-	-
Deferred tax assets not recognised	21,286	-	-	-
Total tax expense	8,858,561	11,229,050	147,647	-

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items (stated at gross) for certain subsidiaries due to uncertainty of future taxable income of the subsidiaries.

	Group	
	2018 RM	2017 RM
Unutilised capital allowances	10,440	-
Unabsorbed business losses	78,253	-
	88,693	-

23. EARNINGS PER SHARE

Basic earnings per ordinary share

The calculation of basic earnings per share was based on the profit attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued calculated as follows:-

	Group	
	2018	2017
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	19,255,763	30,566,524
Weighted average number of ordinary shares in issue	2,102,975,183	1,782,608,695
Basic earnings per ordinary share (sen)	0.92	1.71

Diluted earnings per ordinary share

The diluted earnings per share is not calculated as there are no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

24. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and allowances	14,299,941	9,403,862	901,630	593,063
Social security contribution	154,165	133,502	2,594	1,451
Defined contribution plans	1,759,583	1,645,465	101,710	48,040
Other benefits	511,397	48,509	123,214	86,089
	16,725,086	11,231,338	1,129,148	728,643

Included in the employees benefits expense are Directors' remuneration.

The details of remuneration received by Directors of the Group and of the Company during the financial year are as follows:-

Group	2018 RM	2017 RM
<u>Existing Directors</u>		
Directors of the Company		
Directors' fee	56,000	-
Salaries, wages and other emoluments	465,381	-
Defined contribution plans	55,840	-
Social security contribution	414	-
	577,635	-
Directors of the subsidiaries		
Directors' fee	27,440	884,640
Salaries, wages and other emoluments	1,557,921	1,041,921
Defined contribution plans	184,088	57,913
Social security contribution	1,455	842
	1,770,904	1,985,316
<u>Past Directors</u>		
Directors' fee	92,439	-
	2,440,978	1,985,316
Company		
<u>Existing Directors</u>		
Directors' fee	56,000	249,578
Salaries, wages and other emoluments	465,381	-
Defined contribution plans	55,840	-
Social security contribution	414	-
	577,635	249,578
<u>Past Directors</u>		
Directors' fee	92,439	21,000
Salaries, wages and other emoluments	-	289,305
Defined contribution plans	-	34,645
	92,439	344,950
	670,074	594,528

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

25. RELATED PARTY DISCLOSURES

Related party transactions

The Group and the Company have the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

	2018 RM	2017 RM
Group		
Management fees charged from holding company	10,826,894	21,400,000
Rental income charged to a related company	322,000	-
Rental charged from subsidiaries' directors	13,200	243,792
Company		
Dividend received from an ex-subsidiary	5,505,558	20,904,219
Licensing fee paid to an ex-corporate shareholder	-	405,837
Management fee charged to a subsidiary	750,000	-

Related party balances

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Notes 8, 9 and 18 to the financial statements.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and of the Company.

The remuneration of key management personnel of the Group and of the Company are as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and allowances	192,678	-	136,739	-
Defined contribution plans	23,148	-	16,404	-
Social security contribution	1,269	-	576	-
	217,095	-	153,179	-
Directors' remuneration (Note 24)	2,440,978	1,985,316	670,074	594,528
	2,658,073	1,985,316	823,793	594,528

26. RENTAL COMMITMENTS

The future contractual rental commitments are as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Within one year	-	152,400	-	-
Later than one year but not more than five years	-	62,700	-	-
	-	215,100	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

27. LICENSING FEES COMMITMENTS

In prior financial year, the Company enters into a licensing agreement with its corporate shareholder, Ideal Jacobs Corporation, and an annual payment of USD100,000 shall be made before 31 October of each year until the licensing agreement has been terminated.

28. ESOS

At an EGM held on 28 February 2014, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The scheme which came into effect on 19 March 2014 is for a period of five years.

The salient features of the ESOS are as follows:-

- The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed fifteen percent (15%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.
- Any employee or Director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date to offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than two (2) years and must be a confirmed employee.
- The option price shall be determined at a discount of not more than ten percent (10%) from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.
- The shares under option shall remain unissued until the option is exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at the date which precedes the date of the exercise of the option.
- The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further five (5) years.

The option offered to take up unissued ordinary shares of RM0.10 each during the financial year are as follows:-

Grant date	Expiry date	Exercise price	Number of Share Option			
			Balance at 1.1.2018	Granted	Exercised	Balance at 31.12.2018
25 March 2014	24 March 2019	RM0.21	1,150,075	-	(1,150,075)	-
			Balance at 1.1.2017	Granted	Exercised	Balance at 31.12.2017
		RM0.21	2,300,075	-	(1,150,000)	1,150,075

The fair value of the share option granted was RM0.10 and was estimated at the grant date using Black-Scholes Model, taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the Black-Scholes Model for the ESOS granted on 25 March 2014:-

Weighted average share price (RM)	0.23
Weighted average exercise price (RM*)	0.21
Expected volatility (%)	41
Risk-free interest rate (%) p.a.	3.60
Expected life of option (years)	5

The exercise life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over period similar to the life of the option is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. OPERATING SEGMENT

Business segment

For management purposes, the Group is organised into business units based on their services, which comprises the following:-

- (a) Integrated facility management Scheduled maintenance, ad-hoc maintenance and upgrading and renovation to ensure optimum effectiveness and efficiency and cater to its customers' requirements and preferences.
- (b) Constructions Infrastructure and civil works such as construction of low and high-rise buildings for a variety of uses, sewerage treatments plants and etc.
- (c) Other Other non-reportable segments comprise operations related to investment holding.

The management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on negotiated basis.

2018	Integrated facility management RM	Constructions RM	Other RM	Elimination RM	Total RM
Revenue:-					
External customers	98,738,011	190,282,532	-	-	289,020,543
Inter-segment	65,500,297	-	-	(65,500,297)	-
	164,238,308	190,282,532	-	(65,500,297)	289,020,543
Results:-					
Interest income					2,012,196
Finance costs					(11,034,660)
Depreciation					(2,640,450)
Other non-cash expenses (a)					(67,337)
Tax expense					(8,858,561)
Segment profit					19,255,763
Assets:-					
Additions to non-current assets (b)					12,263,450
Unallocated segment assets					377,564,622
Liabilities:-					
Unallocated segment liabilities					223,627,571

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

	Integrated facility management RM	Constructions RM	Other RM	Elimination RM	Total RM
2017					
Revenue:-					
External customers	107,213,383	129,943,023	-	-	237,156,406
Inter-segment	50,346,497	-	-	(50,346,497)	-
	<u>157,559,880</u>	<u>129,943,023</u>	<u>-</u>	<u>(50,346,497)</u>	<u>237,156,406</u>
Results:-					
Interest income					2,170,497
Finance costs					(10,204,585)
Depreciation					(2,214,987)
Tax expense					(11,229,050)
Segment profit					<u>30,566,524</u>
Assets:-					
Additions to non-current assets (b)					121,200
Unallocated segment assets					<u>335,380,243</u>
Liabilities:-					
Unallocated segment liabilities					<u>251,963,000</u>

Notes:

(a) Other non-cash expenses consist of the following items:-

	2018 RM	Group 2017 RM
Unrealised loss on foreign exchange	1,562	-
Property, plant and equipment written off	55,000	-
Loss on disposal of property, plant and equipment	10,775	-
	<u>67,337</u>	<u>-</u>

(b) Additions to non-current assets consist of:-

	2018 RM	Group 2017 RM
Property, plant and equipment	12,263,450	121,200

(c) It was not practicable to separate out the segment results for its business segments as the Directors of the Company are of the opinion that excessive costs would be incurred.

(d) Unallocated assets and liabilities were jointly used by all segments.

(e) Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. OPERATING SEGMENT (CONT'D)

Information about major customers

The followings are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segments
	2018 RM	2017 RM	
- Customer A	98,738,011	107,213,383	Integrated facility management
- Customer B	110,094,675	67,788,451	Constructions
- Customer C	49,981,773	26,190,112	Constructions
- Customer D	-	29,000,000	Constructions

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments measured at amortised cost ("AC"):-

Group 2018	Carrying amount RM	AC RM
Financial assets		
Trade receivables	65,632,441	65,632,441
Other receivables	6,579,529	6,579,529
Fixed deposits with licensed banks	74,292,620	74,292,620
Cash and bank balances	25,349,896	25,349,896
	171,854,486	171,854,486
Financial liabilities		
Trade payables	34,302,160	34,302,160
Other payables	6,975,033	6,975,033
Borrowings	145,925,891	145,925,891
Finance lease liabilities	1,307,457	1,307,457
	188,510,541	188,510,541
Company 2018		
Financial assets		
Other receivables	42,816,639	42,816,639
Cash and bank balances	255,045	255,045
	43,071,684	43,071,684
Financial liability		
Other payables	1,136,454	1,136,454

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments (cont'd)

The financial instruments classification in prior period are in accordance with MFRS 139 as follows:-

- (i) Loans and receivables ("L&R"); and
- (ii) Other liabilities measured at amortised cost ("AC").

	Carrying amount RM	L&R RM	AC RM
Group 2017			
Financial assets			
Trade receivables	35,243,575	35,243,575	-
Other receivables	58,630,378	58,630,378	-
Fixed deposits with licensed banks	79,056,353	79,056,353	-
Cash and bank balances	21,843,740	21,843,740	-
	<u>194,774,046</u>	<u>194,774,046</u>	<u>-</u>
Financial liabilities			
Trade payables	22,581,039	-	22,581,039
Other payables	28,868,777	-	28,868,777
Borrowings	183,737,597	-	183,737,597
Finance lease liabilities	1,463,380	-	1,463,380
	<u>236,650,793</u>	<u>-</u>	<u>236,650,793</u>
Company 2017			
Financial assets			
Other receivables	52,821	52,821	-
Cash and bank balances	247,744	247,744	-
	<u>300,565</u>	<u>300,565</u>	<u>-</u>
Financial liability			
Other payables	851,819	-	851,819

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

30. FINANCIAL INSTRUMENTS

30.2 Reconciliation of liabilities arising from financing activities

Group	1 January 2018 RM	New lease RM	Cash flows RM	31 December 2018 RM
Borrowings*	166,027,109	-	(26,037,018)	139,990,091
Amount due to holding company	-	-	8,358	8,358
Finance lease liabilities	1,463,380	400,000	(555,923)	1,307,457
	167,490,489	400,000	(26,584,583)	141,305,906

	1 January 2017 RM	New lease RM	Cash flows RM	31 December 2017 RM
Borrowings*	175,290,344	-	(9,263,235)	166,027,109
Finance lease liabilities	1,620,176	475,500	(632,296)	1,463,380
	176,910,520	475,500	(9,895,531)	167,490,489

* The borrowings exclude bank overdraft as it related to operating activities.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

31.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

31.1 Credit risk (cont'd)

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables	65,632,441	35,243,575	-	-
Other receivables	6,579,529	58,630,378	42,816,639	52,821
Fixed deposits with licensed banks	74,292,620	79,056,353	-	-
Cash and bank balances	25,349,896	21,843,740	255,045	247,744
	<u>171,854,486</u>	<u>194,774,046</u>	<u>43,071,684</u>	<u>300,565</u>

Following are the areas where the Group and the Company are exposed to credit risk:

(i) Trade receivables, other receivables and contract assets

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's and the Company's debt recovery process are as follows:-

- (a) Above 90 days past due after credit term, the Group and the Company will start to initiate together with treasury team a structured debt recovery process which is monitored by the finance team; and
- (b) The Group and the Company will commence a legal proceeding against the customers which having dispute.

The Group and the Company use an allowance matrix to measure ECLs who are having dispute with the trade receivables for all segments.

The Group and the Company assessed the risk of loss based on the following factors:

- (a) overall past trend payments of customers; and
- (b) financial performances of each individual customers.

None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd): -

31.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):

- (i) Trade receivables, other receivables and contract assets (cont'd)

Comparative information under MFRS 139

The ageing analysis of trade receivables of the Group are as follows:

	Group 2017 RM
Neither past due nor impaired	26,688,285
Past due, not impaired	
Past due 1-30 days	2,670,243
Past due 31-60 days	4,869,346
Past due 61-90 days	1,015,701
	<u>8,555,290</u>
	<u>35,243,575</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting RM8,555,290 were past due but not impaired. The Directors are of the opinion that the receivables are collectible in view of long-term business relationship with the customers and these relate to a number of independent customers for whom there is no recent history of default.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

- (ii) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd): -

31.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):

(iii) Intercompany loans and advances

The Group and the Company provide advances to the subsidiaries, related companies and holding company and monitors the ability of the subsidiaries, related companies and holding company to repay the advances on an individual basis.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Group and the Company consider loans and advances to subsidiaries, related companies and holding company to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the subsidiaries', related companies' or holding company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries, related companies and holding company are not able to pay when demanded. The Group and the Company consider the loan or advances to be credit impaired when the subsidiaries, related companies and holding company are unlikely to repay their loan or advance to the Group or the Company in full, the loan or advance is overdue for more than a year, or the subsidiaries, related companies and holding company are continuously loss making and having deficit in shareholders' funds.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication that the intercompany amounts are not recoverable.

In respect of trade and other receivables, the Group and the Company have no significant concentration of credit risk with any single counterparty or any group of counterparties having similar characteristics, except for 90% (2017: 85%) of the Group's trade receivables as at the reporting date was due from four (2017: three) customers.

31.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim to maintain a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd): -

31.2 Liquidity risk (cont'd)

Analysis of financial instruments by contractual maturities

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Group					
2018					
Trade payables	34,302,160	34,302,160	34,302,160	-	-
Other payables	6,975,033	6,975,033	6,975,033	-	-
Borrowings	145,925,891	159,607,141	36,893,919	97,633,453	25,079,769
Finance lease liabilities	1,307,457	1,423,677	568,799	829,296	25,582
	188,510,541	202,308,011	78,739,911	98,462,749	25,105,351
2017					
Trade payables	22,581,039	22,581,039	22,581,039	-	-
Other payables	28,868,777	28,868,777	28,868,777	-	-
Borrowings	183,737,597	199,178,847	52,072,546	120,858,634	26,247,667
Finance lease liabilities	1,463,380	1,596,686	597,755	894,850	104,081
	236,650,793	252,225,349	104,120,117	121,753,484	26,351,748
Company					
2018					
Other payables	1,136,454	1,136,454	1,136,454	-	-
2017					
Other payables	851,819	851,819	851,819	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

31.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's investments in fixed rate debt securities and finance lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company maintain fixed rate borrowings and floating debt based on assessment of their existing exposure and desired interest rate profile. Thus, the interest rate risk exposure is minimal.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

31.3 Interest rate risk (cont'd)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date are as below:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed rate instruments				
<u>Financial asset</u>				
- Fixed deposits with licensed banks	74,292,620	79,056,353	-	-
<u>Financial liabilities</u>				
- Borrowings	90,000,000	110,000,000	-	-
- Finance lease liabilities	1,307,457	1,463,380	-	-
	91,307,457	111,463,380	-	-
Net financial liabilities	(17,014,837)	(32,407,027)	-	-
Floating rate instrument				
<u>Financial liability</u>				
- Borrowings	55,925,891	73,737,597	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

Fair value sensitivity analysis for floating rate instruments

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 (2017: 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group		Company	
	Effect on profit/(loss) for the year			
	RM	RM	RM	RM
2018 (+/-25bp)	(139,815)	139,815	-	-
2017 (+/-25bp)	(184,344)	184,344	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

31.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's and the Company's exposure to foreign currency risk, the Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group and the Company. The currency giving rise to this risk is primarily Singapore Dollar ("SGD"), United State Dollar ("USD") and Renminbi ("RMB").

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year is as follows:-

	SGD RM	Denominated in USD RM	RMB RM
Group and Company 2018			
Cash and bank balances	290	432	-
2017			
Cash and bank balances	289	82,036	563

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss with regards to the Group's and the Company's financial assets and the RM/SGD exchange rate, RM/USD exchange rate and RM/RMB exchange rate assuming all other things being equal.

A +/-1% (2017: +/-1%) change in the RM/SGD, RM/USD and RM/RMB exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the RM had strengthened against the SGD, USD and RMB, then the impact would be as follows:-

	SGD RM	Denominated in USD RM	RMB RM
2018	3	4	-
2017	3	820	6

If the RM had weakened against the SGD, USD and RMB, then the impact on profit for the financial year would be the opposite.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposure to currency risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

32. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at reporting date approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of the Group's and the Company's investment in club membership due to lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique.

32.1 Fair values hierarchy

No fair value hierarchy had been disclosed for financial assets and financial liabilities as the Group and the Company do not have financial instruments measured at fair value.

33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes during the financial year ended 31 December 2018 and financial year ended 31 December 2017.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Reverse acquisition plan - acquisition of WBSB and disposal of IJHK and IJX (including its subsidiaries):

On 10 July 2018, the Company completed the acquisition of 10,000,000 ordinary shares in WBSB for a purchase consideration of RM520 million ("purchase consideration").

The purchase consideration will be satisfied through a combination of cash and the issuance of 1,782,608,695 new Company shares ("consideration shares") at an issue price of RM0.23 per share with the remaining pay in cash RM110 million.

Upon completion of acquisition, on the same day, the Company disposed its subsidiaries, IJHK and IJX (including its subsidiaries) to Oriental Dragon Incorporation Limited for a cash consideration of RM28,000,000.

(b) Change of name

On 4 December 2018, the Company changed its company name from Ideal Jacobs (Malaysia) Corporation Bhd. to Widad Group Berhad.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

Total number of Issued Shares : 2,454,641,845
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per ordinary share

SIZE OF SHAREHOLDINGS

as at 29 March 2019

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	7	86	0.00
100 – 1,000 shares	276	203,789	0.00
1,001 – 10,000 shares	791	5,426,500	0.22
10,001 – 100,000 shares	957	35,031,800	1.43
100,001 – below 5% of issued shares	246	374,487,642	15.26
5% and above of issued shares	5	2,039,492,028	83.09
	2,282	2,454,641,845	100.00

DIRECTORS' SHAREHOLDINGS

as at 29 March 2019

No. Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Dato' Feizal Mustapha @ Feizal Bin Mustapha	-	-	-	-
2. Dato' Dr Mohd Rizal Mohd Jaafar	-	-	-	-
3. Tung Ghee Meng	-	-	-	-
4. Ong Kuan Wah	-	-	-	-
5. Cheng Ming Fui	-	-	-	-
6. Nor Adha Bin Yahya	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

as at 29 March 2019

No. Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Widad Business Group Sdn Bhd	1,701,358,695	69.31	-	-
2. Tan Sri Muhammad Ikmal Opat Bin Abdullah	22,248,800	0.91	1,701,358,695 ⁽¹⁾	69.31

Notes

⁽¹⁾ Deemed interest by virtue of his interest in Widad Business Group Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

as at 29 March 2019

NO. NAME	NO. OF SHARES HELD	PERCENTAGE (%)
1. WIDAD BUSINESS GROUP SDN BHD	967,328,695	39.41
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	488,883,333	19.92
3. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	233,280,000	9.50
4. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	220,000,000	8.96
5. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	130,000,000	5.30
6. BI NOMINEES (TEMPATAN) SDN BHD WIDAD BUSINESS GROUP SDN BHD	52,000,000	2.12
7. ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	50,000,000	2.04
8. CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT-KENANGA INVESTORS BERHAD FOR WIDAD BUSINESS GROUP SDN BHD	48,750,000	1.99
9. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MASNAWI BIN ATON	29,216,000	1.19
10. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH	21,522,000	0.88
11. FOO CHONG LEE	17,436,400	0.71
12. HEAH THEARE HAW	16,000,000	0.65
13. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	12,366,667	0.50
14. M & A NOMINEE (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MENG BIN	8,856,000	0.36
15. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING	6,400,000	0.26
16. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING	5,241,500	0.21
17. MOHD ROSLI BIN SANDERI	4,663,000	0.19
18. MAYBANK NOMINEES (TEMPATAN) SDN BHD - EYO SZE GUAN	4,612,000	0.19
19. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WEE CHENG KWAN	3,395,000	0.14

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

as at 29 March 2019 (cont'd)

NO. NAME	NO. OF SHARES HELD	PERCENTAGE (%)
20. MAYBANK NOMINEES (TEMPATAN) SDN BHD - LEE KHAR HUEI	3,300,000	0.13
21. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN	2,818,700	0.11
22. GAM TONG KEONG	2,400,000	0.10
23. MENG BIN	2,299,075	0.09
24. CHIN KEAN PING	2,126,100	0.09
25. ISMAIL BIN ABDUL RAHMAN	2,000,000	0.08
26. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG	1,880,000	0.08
27. CHEW KUAN FAH	1,700,000	0.07
28. SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD FARIS BIN ABDUL HALIM	1,685,900	0.07
29. AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN	1,670,000	0.07
30. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YEW BENG	1,500,000	0.06

ANALYSIS OF WARRANTHOLDINGS

AS AT 29 MARCH 2019

No. of Warrants in issue : 490,928,369
 Exercise price of the Warrants : RM0.35
 Expiry date of the Warrants : 5 August 2023

SIZE OF WARRANTHOLDINGS

as at 29 March 2019

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 warrants	88	2,903	0.00
100 – 1,000 warrants	348	159,190	0.03
1,001 – 10,000 warrants	631	2,848,840	0.58
10,001 – 100,000 warrants	421	16,568,600	3.37
100,001 – below 5% of issued warrants	173	141,769,736	28.88
5% and above of issued warrants	6	329,579,100	67.14
	1,667	490,928,369	100.00

DIRECTORS' WARRANTHOLDINGS

as at 29 March 2019

No. Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Dato' Feizal Mustapha @ Feizal Bin Mustapha	-	-	-	-
2. Dato' Dr Mohd Rizal Mohd Jaafar	38,000,000	7.74	-	-
3. Tung Ghee Meng	-	-	-	-
4. Ong Kuan Wah	-	-	-	-
5. Cheng Ming Fui	-	-	-	-
6. Nor Adha Bin Yahya	-	-	-	-

SUBSTANTIAL WARRANTHOLDERS

as at 29 March 2019

No. Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Widad Business Group Sdn Bhd	263,587,639	53.69	-	-
2. Tan Sri Muhammad Ikmal Opat bin Abdullah	5,000,000	1.02	263,587,639 ⁽¹⁾	53.69
3. Dato' Dr Mohd Rizal Mohd Jaafar	38,000,000	7.74	-	-
4. Chew Hun Seng	30,000,000	6.11	-	-
5. CGS-CIMB Securities (Hong Kong) Limited	28,913,200	5.89	-	-

Notes

⁽¹⁾ Deemed interest through warrant holdings in Widad Business Group Sdn Bhd by virtue of Section 8 of the Companies Act 2016.

ANALYSIS OF WARRANTHOLDINGS

AS AT 29 MARCH 2019 (CONT'D)

THIRTY (30) LARGEST WARRANTHOLDERS

as at 29 March 2019

NO.	NAME	NO. OF SHARES HELD	PERCENTAGE [%]
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	162,100,000	33.02
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	40,800,000	8.31
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD RIZAL MOHD JAAFAR	38,000,000	7.74
4.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW HUN SENG	30,000,000	6.11
5.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	29,765,900	6.06
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (HONG KONG) LIMITED	28,913,200	5.89
7.	LEE PEI MEI	14,000,000	2.85
8.	CHIN KEAN PING	12,425,220	2.53
9.	WIDAD BUSINESS GROUP SDN BHD	10,521,739	2.14
10.	BI NOMINEES (TEMPATAN) SDN BHD - WIDAD BUSINESS GROUP SDN BHD	10,400,000	2.12
11.	ABB NOMINEE (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD	10,000,000	2.04
12.	MASNAWI BIN ATON	8,920,000	1.82
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH	5,000,000	1.02
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING	4,288,500	0.87
15.	FOO CHONG LEE	3,487,280	0.71
16.	SEOW KOK LEONG	2,479,400	0.51
17.	GAN BO TAN	1,855,000	0.38
18.	HEAH THEARE HAW	1,700,000	0.35
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN	1,687,540	0.34
20.	MOHD ROSLI BIN SANDERI	1,670,000	0.34

ANALYSIS OF WARRANTHOLDINGS

AS AT 29 MARCH 2019 (CONT'D)

THIRTY (30) LARGEST WARRANTHOLDERS

as at 29 March 2019 (cont'd)

NO. NAME	NO. OF SHARES HELD	PERCENTAGE (%)
21. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAN AZUAN BIN AWANG	1,491,000	0.30
22. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG	1,173,000	0.24
23. LEE CHIN LOONG	1,165,000	0.24
24. M & A NOMINEE (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MENG BIN	1,009,420	0.21
25. HSBC NOMINEES (ASING) SDN BHD - BNP PARIBAS SECS SVS PARIS FOR GLOBAL PRIME PARTNERS LTD	1,002,000	0.20
26. HASMA BINTI BASIR	1,000,000	0.20
27. CIMB INVESTMENT BANK BERHAD - EXEMPT AN CLR (CKOF520) FOR CIMB SECURITIES LIMITED	1,000,000	0.20
28. PETER TING WEI CHEE	1,000,000	0.20
29. KENANGA NOMINEES (TEMPATAN) SDN BHD - RAKUTEN TRADE SDN BHD FOR MOHD HISHAM BIN HAJA NAJMUDDEEN	1,000,000	0.20
30. SAMSULBAHARI BIN MOHD NOOR	900,000	0.18

OTHER DISCLOSURE REQUIREMENTS

1. AUDIT FEES AND NON-AUDIT FEES

During the financial year ended 31 December 2018, the amount of audit fees and non-audit fees paid or payable to the Company and the Group are as follows:

	GROUP (RM)	COMPANY (RM)
Audit Fees	163,000	45,000
Non-Audit Fees	18,800	4,800

2. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

There were no material contracts entered into by the Group which involved Directors' interest during the financial year.

3. REVALUATION OF LANDED PROPERTIES

Not applicable.

4. PROFIT GUARANTEE

The Company did not provide any profit guarantee during the financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS

During the financial year ended 31 December 2018, there were some related party transaction which are summarised as follows:

	GROUP	
	2018 (RM'000)	2017 (RM '000)
Management fee charge by Company to Widad Builders Sdn Bhd as a provision of administrative and project related services and any other services such as human resources services, finance and administrative services.	10,826	21,400
Rental of premises charged by Widad Builders Sdn Bhd to Dataprep Holding Berhad	322	-

Notes :

Widad Builders Sdn Bhd is a subsidiary of Widad Group Berhad. The principal activities of this subsidiary is general trading, construction and providing full facility management and mechanical and electrical maintenance, care and improvement.

Dataprep Holding Berhad is a subsidiary of Widad Business Group which is an ultimate holding for Widad Group Berhad. The principal activities of the Company are investment holding and provision of management services to subsidiaries.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2018

DESCRIPTION	EXISTING USE	LOCATION	BUILT-UP/ LAND AREA	TENURE	AGE OF BUILDING (YEARS)	DATE OF ACQUISITION	NET BOOK VALUE AS AT 31 DECEMBER 2018 (RM'000)
12 storey office building	Office	Jalan Semantan, Damansara Heights, Kuala Lumpur	132,945 sqft /17,305 sqft	Leasehold for 99 years expiring on 30 January 2073	21	18 October 2013	44,568
5-storey shop- office	Vacant	Alam Avenue 2, Section 16, Shah Alam	9,220 sqft /1,856 sqft	Freehold	4	30 January 2014	5,031

No. of ordinary shares held

FORM OF PROXY

(Before completing this form please refer to the notes below)

I/We
 (Full name in block letters)

I/C No./Co. No./CDS A/C No of
 (Full address)

being a member/members of **WIDAD GROUP BERHAD (FORMERLY KNOWN AS IDEAL JACOBS (MALAYSIA) CORPORATION BHD)**
 hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address

No. of shares to be represented by proxy

1.
2.

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting ("AGM") of the Company to be held at Petra 2 Room, Tower 4, Level 2, Royal Widad Residence @ UTMKL, Jalan Maktab, 54100 Kuala Lumpur on Friday, 28 June 2019 at 10.00 a.m.. My/our proxy/proxies is/are to vote as indicated below:-

ORDINARY RESOLUTIONS	FIRST PROXY		SECOND PROXY	
	For	Against	For	Against
1 - Payment of Directors' Fees amounting to RM148,439.00 for the financial year ended 31 December 2018.				
2 - Payment of Directors' Fees and benefits up to RM400,000.00 from 1 July 2019 until the next AGM of the Company.				
3 - Re-election of Director, Dato' Feizal Mustapha @ Feizal Bin Mustapha.				
4 - Re-election of Director, Dato' Dr Mohd Rizal Mohd Jaafar.				
5 - Re-election of Director, Mr. Tung Ghee Meng.				
6 - Re-election of Director, Mr. Ong Kuan Wah.				
7 - Re-election of Director, Ms. Cheng Ming Fui.				
8 - Re-election of Director, Mr. Nor Adha Bin Yahya.				
9 - Re-appointment of Messrs. Grant Thornton Malaysia as Auditors.				
10 - Authority to issue shares.				
11 - Proposed Renewal of Shareholders' Mandate.				

(Please indicate with a "✓" or "X" in the space provided how you wish your vote(s) to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.) All votings will be conducted by way of poll.

Dated this day of 2019
 Signature/Common Seal

Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Tenth AGM, the Company shall be requesting the Record of Depositors as at 20 June 2019. Only a depositor whose name appears on the Record of Depositors as at 20 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The Form of Proxy shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Fold This Flap For Sealing

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AFFIX
STAMP

THE COMPANY SECRETARY

WIDAD GROUP BERHAD

(formerly known as Ideal Jacobs (Malaysia) Corporation Bhd.)
(Incorporated in Malaysia)

Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur

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Email: info@widadgroup.com

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