



WIDAD GROUP BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST OCTOBER TO 31ST DECEMBER 2020

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Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31/12/2020 RM'000	PRECEDING YEAR 31/12/2019 RM'000	CURRENT YEAR 31/12/2020 RM'000	PRECEDING YEAR 31/12/2019 RM'000
Revenue	23,944	68,835	85,851	186,996
Cost of sales	(17,185)	(50,192)	(52,840)	(123,125)
Gross Profit	6,759	18,643	33,011	63,871
Other income	113	485	723	2,236
Administrative expenses	(6,324)	(11,472)	(21,545)	(27,206)
Operating Profit	548	7,656	12,189	38,901
Finance income	1,122	554	3,086	1,896
Finance costs	(3,577)	(2,890)	(10,349)	(10,263)
(Loss)/Profit before tax	(1,907)	5,320	4,926	30,534
Tax expense	1,419	(11,425)	(914)	(18,533)
(Loss)/Profit after tax	(488)	(6,105)	4,012	12,001
(Loss)/Profit after tax attributable to:				
Owners of the Company	(488)	(6,105)	4,012	12,001
Earnings per share (sen)				
- Basic	(0.02)	(0.25)	0.16	0.49
- Dilluted	(0.02)	(0.12)	0.14	0.41

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(488)	(6,105)	4,012	12,001
Other comprehensive loss net of tax, that will be reclassified subsequently to profit or loss				
Fair value loss on cash flow hedge	<u>(2,287)</u>	<u>-</u>	<u>(2,287)</u>	<u>-</u>
Other comprehensive loss for the financial year, net of tax	<u>(2,287)</u>	<u>-</u>	<u>(2,287)</u>	<u>-</u>
Total comprehensive (loss)/profit for the financial year	<u>(2,775)</u>	<u>(6,105)</u>	<u>1,725</u>	<u>12,001</u>

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31/12/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant & equipment	18,093	17,398
Right-of-use of assets	42,920	44,257
Total Non-Current Asset	61,013	61,655
CURRENT ASSETS		
Contract assets	164,647	165,852
Trade receivables	35,253	38,293
Other receivables	26,113	8,522
Tax recoverable	3	3
Fixed deposits with licensed banks	59,995	82,802
Cash and bank balances	63,608	32,308
Total Current Assets	349,619	327,780
TOTAL ASSETS	410,632	389,435
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company:		
Share capital	78,300	65,271
Cash flow hedge reserve	(2,287)	-
Retained earnings	104,679	100,667
Total Equity	180,692	165,938
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	70,163	87,910
Lease liabilities	325	453
Derivative financial liability	1,352	-
Total Non-Current Liabilities	71,840	88,363
CURRENT LIABILITIES		
Contract liability	495	8,325
Trade payables	24,447	37,026
Other payables	8,987	13,451
Borrowings	107,345	54,198
Lease liabilities	166	344
Derivative financial liability	934	-
Tax payable	15,725	21,790
Total Current Liabilities	158,100	135,134
Total Liabilities	229,940	223,497
TOTAL EQUITY AND LIABILITIES	410,632	389,435
Net assets per share attributable to equity holders of parent (RM)	0.07	0.07

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	CASH FLOW		DISTRIBUTABLE	TOTAL EQUITY
	SHARE CAPITAL	HEDGE RESERVE	RETAINED EARNINGS	
	RM'000		RM'000	RM'000
As at 1 January 2020	65,271	-	100,667	165,938
Issuance of ordinary shares upon exercise of warrants	13,029	-	-	13,029
Profit for the financial year	-	-	4,012	4,012
Total comprehensive loss for the period	-	(2,287)	-	(2,287)
As at 31 December 2020	78,300	(2,287)	104,679	180,692

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

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Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/12/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	4,925	30,534
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	3,062	3,144
Interest expense	10,349	9,703
Interest income	(3,086)	(1,896)
Property, plant and equipment written off	-	28
Operating profit before working capital changes	15,250	41,513
Changes in working capital:		
Contract assets	(6,624)	(38,500)
Receivables	1,797	26,577
Payables	(17,025)	9,190
Cash from operations	(6,602)	38,780
Interest paid	(896)	(1,415)
Interest received	18	20
Income tax paid, net of refund	(6,979)	(10,633)
Net cash from operating activities	(14,459)	26,752
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,352)	(726)
Purchase of right of use assets	(28)	-
Deposits for proposed acquisitions	(18,859)	-
Withdrawal/placement of fixed deposit	37,840	(8,509)
Interest received	3,067	1,642
Net cash from investing activities	19,668	(7,593)
FINANCING ACTIVITIES		
Repayment SUKUK	(70,000)	(20,000)
Repayment of borrowings	(75,858)	(57,520)
Drawdown loan	191,349	59,962
Proceed from issuance of shares upon exercise of warrants	13,029	-
Repayment of finance lease liabilities	(346)	(511)
Withdrawal/(Placement) in Designated Bank Accounts	878	17,879
Advance from/(Repayment) to Ultimate Holding Company	2,106	869
Advance from related companies	388	(453)
Interest paid	(9,453)	(8,288)
Net cash used in financing activities	52,093	(8,062)
NET CHANGES IN CASH AND CASH EQUIVALENTS	57,302	11,097
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	11,754	657
EFFECTS OF EXCHANGE RATE CHANGES	0.001	(0.013)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	69,056	11,754

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/12/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	69,056	11,754
Presented by:		
Cash and bank balances	59,995	32,308
Fixed deposits with licensed banks	63,608	82,802
Bank overdraft	(9,585)	(19,676)
	114,018	95,434
Designated Bank Accounts	-	(878)
Fixed deposits with licensed banks	(44,962)	(82,802)
	69,056	11,754

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

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Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

These interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 ("FYE 2019") and the accompanying explanatory notes attached to the interim financial report.

The accompanying explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since FYE 2019.

A2 Significant Accounting Policies

A2.1 Adoption of Amendments/Improvements to MFRS

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the FYE 2019 except for the adoption of the following Amendments to MFRSs which is effective beginning financial year 2020:-

- | | |
|---|--|
| • Amendments to MFRS 3 | Definition of a Business |
| • Amendments to MFRS 101 | Presentation of Financial Statements
- Definition of Material |
| • Amendments to MFRS 108 | Accounting Policies, Changes in
Accounting Estimates and Errors –
Definition of Material |
| • Amendments to MFRS 9, MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform |

The adoption of the above amendments to MFRSs does not have significant financial impact to the Group's result position.

A3 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

A4 Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current quarter under review.

A6 Material Changes in Estimates

There were no material changes in estimates in the current quarter and period under review.

A7 Debts and Equity Securities

On 21 October 2020, the Group has redeemed balance of existing Sukuk Murabahah programme through refinancing with Islamic Commodity Murabahah OF USD17,600,00.

Other than as stated above, there is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter and period under review.

A8 Dividends Paid

There were no dividends declared or paid in the current quarter and period under review.

A9 Segmental Reporting

Primary reporting basis by business segments:

	CURRENT YEAR QUARTER			CURRENT YEAR TO DATE		
	IFM	CONSTRUCTION	TOTAL	IFM	CONSTRUCTION	TOTAL
Revenue	19,133	4,811	23,944	57,640	28,211	85,851
Segment results						
Other income			113			723
Depreciation			(784)			(3,062)
Finance Cost			(3,577)			(10,349)
Finance Income			1,122			3,086
Taxation			1,419			(914)
Segment profit			<u>6,775</u>			<u>11,273</u>

Note: IFM – Integrated facilities management

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

A10 Carrying Amount of Revalued Asset

The Group does not perform any valuation of property, plant and equipment during the quarter and financial year-to-date.

A11 Material Events Subsequent to the End of the Interim Period

Subsequent to the end of the interim period ended 31 December 2020, there were additional 37,266,400 new ordinary shares issued resulting from the conversion of warrant to ordinary shares.

Other than as mentioned above, there were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statement.

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

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

A13 Contingent Liabilities/Assets

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

A14 Capital Commitment

There were no capital commitments as at 31 December 2020.

A15 Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31/12/2020 RM'000	PRECEDING YEAR 31/12/2019 RM'000	CURRENT YEAR 31/12/2020 RM'000	PRECEDING YEAR 31/12/2019 RM'000
Group				
- Rental income of office space	289	289	868	868
Company				
- Management fee charged to subsidiaries	500	500	3,000	3,000

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B1 Review of Performance

(a) Comparison with preceding year corresponding period

	Individual Quarter			Cumulative Period		
	Current Year	Preceding Year	+/-	Current Year	Preceding Year	+/-
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Construction	4,811	53,305	-91%	28,211	119,005	-76%
- IFM	19,133	15,530	23%	57,640	67,991	-15%
Total	23,944	68,835	-65%	85,851	186,996	-54%
Loss before tax ("LBT") / Profit before tax ("PBT")	(1,908)	5,320	-136%	4,925	30,534	-84%

Current Quarter

The Group's revenue for the current quarter decreased by RM44.89 million or 65% compared to the same quarter preceding year mainly due to the lower recognition of revenue for the existing projects under the construction segment as projects are entering the end phase of completion.

Consequently, the Group reported LBT of RM1.91 million as compared to PBT of RM5.32 million in the corresponding quarter last year.

Financial period to-date

For the financial year ended 31 December 2020 ("FYE 2020"), the Group's revenue declined by RM101.14 million or 54% against the same period preceding year. This is mainly due to work stoppages as a result of movement control orders ("MCO") imposed by the Malaysian Government beginning from 18 March 2020 and throughout the year to contain the spread of COVID-19 virus. Additionally, revenue recognition for construction segment was lower due to projects were at the tail end stage and the projects were given extension of time up to the end of 2021.

Consequently, the Group's PBT decreased by RM25.61 million or 84% against the same period previous year.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B1 Review of Performance (Cont'd)

(b) Comparison with Preceding Quarter's Results

	31.12.2020	30.9.2020	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue:				
- Construction	4,811	10,228	(5,417)	-53%
- IFM	19,133	14,718	4,415	30%
Total revenue	<u>23,944</u>	<u>24,946</u>	<u>(1,002)</u>	<u>-4%</u>
 (LBT)/PBT	 <u>(1,908)</u>	 <u>2,331</u>	 <u>(4,239)</u>	 <u>-182%</u>

For the quarter under review, the Group's revenue decreased by RM1.00 million or 4% mainly due to lower income recognition from construction. However, revenue from IFM segment increased following repayment of deductions on maintenance charge made by customer during MCO in March and April 2020.

However, the Group recorded LBT of RM1.91 million as compared to PBT of RM2.33 million in preceding quarter due to expenses relating to proposed acquisitions amounting RM1.19 million was expensed off during the quarter.

B2 Prospects

In the fourth quarter of 2020, the economy contracted as containment measures implemented to curb the spread of the COVID-19 pandemic have slowed down economic activity. As the COVID-19 pandemic continues to remain challenging and uncertain, the estimated financial impact of the COVID-19 pandemic cannot not be ascertained. Despite the uncertainties, Widad remains cautiously optimistic with its performance in 2021.

(a) Construction

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

This segment has remaining contract value worth RM 185.00 million. Backed by its track record in securing high value civil and infrastructure contracts and consistent delivery of high quality service, Widad is confident in enhancing its order book further by participating in tender project and also submission of few private initiative proposals to the government and its agency.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B2 Prospects (cont'd)

(b) IFM

Facilities management landscape in Malaysia is developing, yet highly competitive, on the back of increasing outsourcing culture and expansion of construction projects. The FM industry has undergone regulatory enhancement in 2019 to align itself to international standards.

This segment has remaining order book worth RM 179.00 million to be performed until June 2022. In this quarter, Widad has successfully secured an IFM project at Langkawi jetty ferry terminal worth RM 21.00 million for duration of 5 years.

In addition, Widad had completed the acquisition of Serendah Heights Sdn Bhd (“SHSB”) on 19 March 2021 for the total consideration of RM127.00 million. SHSB is an investment holding company and through its wholly-owned subsidiary, YBK Usahasama Sdn Bhd owns a concession to construct facilities and infrastructure and to carry out maintenance of a university campus in Melaka. The remaining concession period is for another 13 years ending 2034 worth RM791.00 million.

B3 Variance of Actual Profit from Forecast Profit

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

B4 Taxation

Tax expenses comprise the following:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2020	31/12/2019
	RM'000	RM'000
Profit before tax	4,925	30,534
Tax at applicable tax rate of 24%	1,182	7,328
Expenses not deductible for tax purpose	3,071	4,879
Income not subject to tax	(721)	(1,320)
Under/(Overprovision) of tax in prior year	(2,487)	7,550
Deferred tax assets not recognized	(131)	96
Tax expenses	914	18,533

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial year. The effective tax rate for the current year to date was lower than the statutory tax rate mainly due to adjustment of overprovision of tax in prior year.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B5 Status of Corporate Proposals Announced But Not Completed

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

1. Proposed Acquisition of Serendah Heights Sdn Bhd

The acquisition of Serendah Heights Sdn Bhd was completed on 19 March 2021.

2. Proposed Acquisition of Inovatif Mewah Sdn Bhd

MIDF Amanah Investment Bank Berhad (“MIDF Investment”) had announced that Innovative City Holdings Sdn Bhd (“ICHSB”), a wholly-owned subsidiary of Widad Concession Sdn Bhd, which in turn is a wholly-owned subsidiary of Widad, had, on 24 June entered into a conditional share sale agreement with the shareholders of Inovatif Mewah Sdn Bhd (“IMS B”), namely, Menang Development (M) Sdn Bhd (“MDSB”), Menang Industries (M) Sdn Bhd (“MISB”) and Tentu Selesa Sdn Bhd (“TSSB”) holding an aggregate of 100% equity interest or 69,300,100 ordinary shares (“Sale Shares”) in IMSB (collectively referred to as “the Vendors”) for the proposed acquisition of the Sale Shares, representing 100% equity interest in IMSB, for a purchase consideration of RM 122.00 million to be fully satisfied in cash (“Purchase Consideration”)(“SSA”).

The resolution set out in the EGM dated 25 September 2020 which were tabled at the EGM of the Company held on 15 October 2020 were duly passed.

On 19 March 2021, MIDF Investment on behalf of the Board, announce that Widad had issued a letter of termination of the SSA dated 19 March 2020 (“**Letter of Termination**”) to the IMSB and was accepted by the IMSB on even date. Pursuant to written notification by the Vendors’ solicitors dated 16 March 2021, the Vendors have provided their confirmation that the conditions precedent in the SSA will not be met by the extended cut-off date, i.e. 23 March 2021, and all parties do not wish to extend further the extended cut-off date.

The termination of the Acquisition will not have any material impact on the existing business or financial position of the Company.

3. Proposed Private Placement Exercise

On 25 February 2020, M&A Securities Sdn Bhd (“M&A Securities”), on behalf of the Board announced that the Company proposes to undertake a private placement of up to 10% of the issued shares of the Company (“Private Placement”).

On 3 July 2020, M&A Securities on behalf of the Board announced that Bursa Securities had approved the listing of and quotation of up to 245,464,100 placement shares to be issued pursuant to the Private Placement on the ACE Market of Bursa Securities.

On 18 December 2020, M&A Securities announce that an application for extension of time of 6 months up to 2 July 2021 to complete the Private Placement has been submitted to Bursa Securities. Further to that, Bursa Securities had vide its letter dated 26 January 2021, resolve to approve the application of extension of time to complete the implementation of the Private Placement.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B5 Status of Corporate Proposals Announced But Not Completed (Cont'd)

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

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

B6 Group Borrowings

	CURRENT YEAR TO DATE 31/12/2020 RM'000
Secured Short Term Borrowings	
- Bank overdraft	9,585
- Term financing	97,760
- Lease liabilities	<u>166</u>
Secured Long Term Borrowings	
- Term financing	70,163
- Lease liabilities	325
Total Group Borrowings	<u>177,999</u>
Total Assets	<u>410,632</u>
Percentage of Borrowings over Total Assets	<u>43%</u>

Out of the total borrowings, RM73.2 million is denominated in foreign currency borrowings.

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B7 Derivative Financial Instrument

	Contract	Fair Value		Cash Flow	Gains/(losses)
	Notional Value	Asset	Liability	Hedge	for the period
	RM'000	RM'000	RM'000	RM'000	RM'000
Cross-currency interest rate swap contract					
- less than 1 year	32,947	33,732	34,666	(934)	-
- more than 1 year	40,269	39,567	40,920	(1,353)	-
Total derivative	73,216	73,299	75,586	(2,287)	-

Simultaneously upon entering a foreign currency borrowing, the Group entered into a cross currency swap with credit-worthy Islamic financial institution in Malaysia to manage the exposure in foreign currency and profit rate risk arising from the said borrowing. The swap contract was entered to reap the benefit of lower profit rate regime and it is expected to minimise the Group's financial cost in future.

The Group uses cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and profit rate fluctuations over the hedging period of the foreign currency borrowing. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in Other Comprehensive Income ("OCI") until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

The cash flow hedge of the borrowing was assessed to be highly effective and a net unrealised loss of RM2,286,545 (2019: Nil) relating to the hedging instrument is included in OCI. The unrealised loss recognised in OCI is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

B8 Material Litigations

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

B9 Dividends

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

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

B10 Earnings per Share

(i) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares in issue during the period.

	Current Quarter	Preceding Year
	31/12/2020	Corresponding
	31/12/2020	Quarter
	31/12/2020	31/12/2019
Profit/(loss) after tax for the period (RM'000)	(488)	(6,105)
Weighted average number of ordinary shares in issue ('000)	2,463,948	2,454,642
Basic earnings/(loss) per share (sen)	<u>(0.02)</u>	<u>(0.25)</u>

(ii) Diluted earnings per share

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

	Current Quarter	Preceding Year
	31/12/2020	Corresponding
	31/12/2020	Quarter
	31/12/2020	31/2/2019
Profit/(loss) after tax for the period (RM'000)	(488)	(6,105)
Weighted average number of ordinary shares to be issued pursuant to the exercise of the Warrants ('000)	2,917,650	2,917,650
Diluted earnings/(loss) per share (sen)	<u>(0.02)</u>	<u>(0.21)</u>

Interim financial report for the 4th quarter ended 31st December 2020. The figures have not been audited.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B11 Notes to the statement of comprehensive income

Profit for the current quarter and current year-to-date were arrived at after crediting / (charging) the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Finance income	1,122	554	3,086	1,896
Depreciation	(784)	(786)	(3,062)	(3,144)
Finance costs	(3,577)	(2,890)	(10,349)	(10,263)

Save for as disclosed above, the Group does not have any other material items to be included in the results for the current financial quarter ended 31 December 2020.

BY ORDER OF THE BOARD
31 MARCH 2021