WIDAD GROUP BERHAD

ANNUAL REPORT 2022

14th NOTICE ANNUAL GENERAL MEETING

Date
12 June 2023

Time
2.00 p.m.

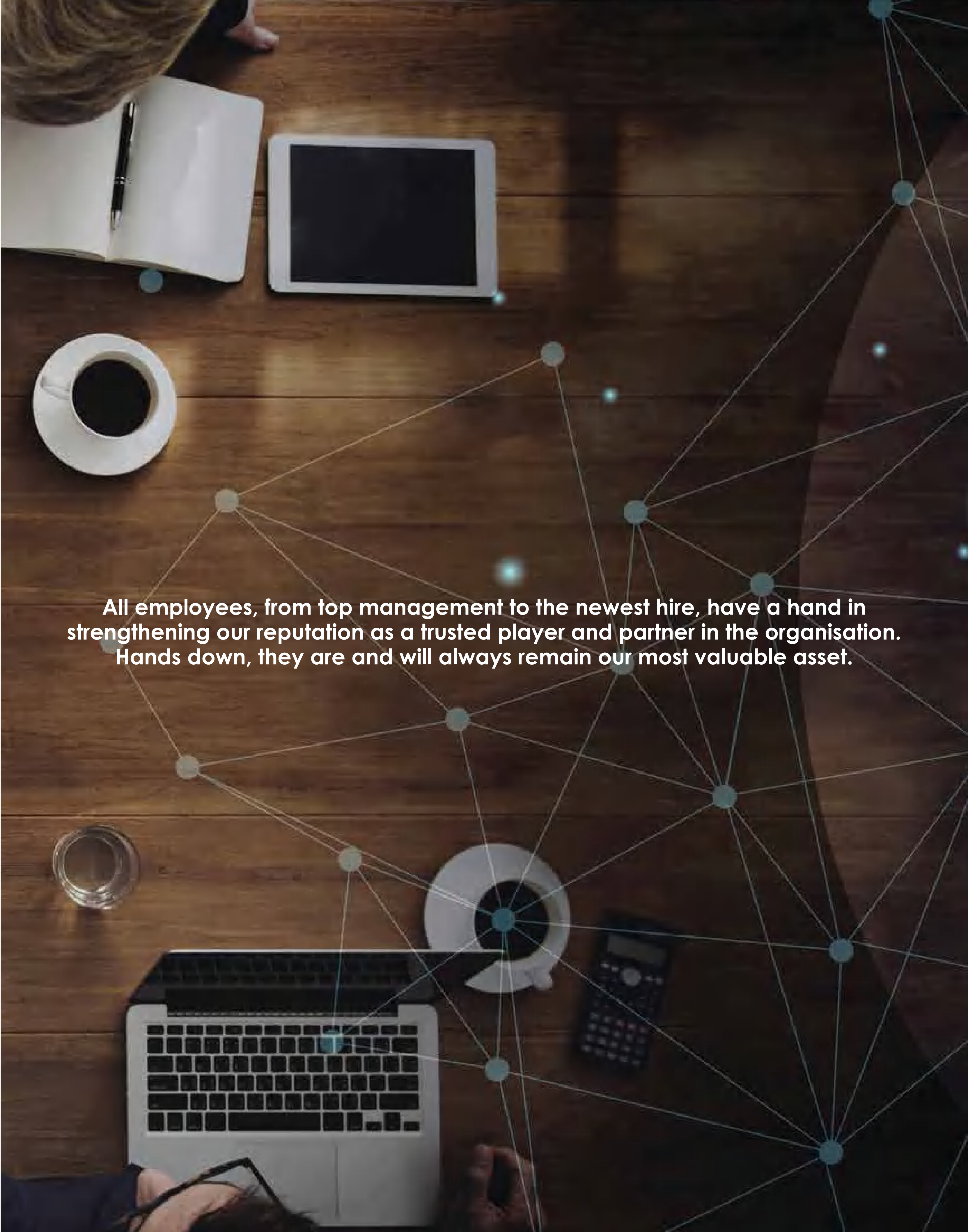
Broadcast Venue
WBG Penthouse
Widad Semantan (WISE)
No. 3, Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

INSIDE THIS REPORT

We encourage you to visit our full Annual Report at http://www.widadgroup.com/reports. You will have the privilege to download, retrieve and view any pages of the Annual Report at your conveniece.

04 – 05	Corporate Vision And Mission
06	Corporate Structure
07	Corporate Information
08 – 09	Financial Highlights
12 – 13	Board Of Directors
14 – 18	Profile Of Directors
20 – 21	Key Senior Management
22 – 26	Profile Of Key Senior Management
30 – 33	Our Solutions And Services
34 – 37	Management Discussion And Analysis
38 – 39	Sustainability Statement
40 – 41	Statement On Risk Management And Internal Control
42 – 50	Corporate Governance Overview Statement
51 – 52	Audit Committee Report
53 – 139	Audited Financial Statements
140 – 142	Analysis Of Shareholdings
143 – 144	Analysis Of Warrantholdings
145	Other Disclosure Requirements
146	Summary Of Group Properties
147 – 150	Notice Of Annual General Meeting
	Administrative Notes
	Form Of Proxy


Our employees
single-handedly
made us a
TRUSTED
name in the
industry
INFORMATION



All employees, from top management to the newest hire, have a hand in strengthening our reputation as a trusted player and partner in the organisation. Hands down, they are and will always remain our most valuable asset.

WIDAD GROUP BERHAD

IS AN INVESTMENT HOLDING COMPANY WHICH IS PRINCIPALLY INVOLVED IN CONSTRUCTION ACTIVITIES, INTEGRATED FACILITIES MANAGEMENT SERVICES AND CONCESSION.

OUR VISION

WIDAD GROUP BERHAD ASPIRES TO BE AT THE FOREFRONT OF NATION BUILDING AND ECONOMIC DEVELOPMENT IN SOUTH EAST ASIA. THROUGH EMPOWERING PEOPLE IN OUR ORGANISATION TO UNLEASH THEIR FULL POTENTIAL, WE CAN ENRICH THE LIVES OF OUR STAKEHOLDERS AND CONTRIBUTE MEANINGFULLY TO THE INDUSTRY AND 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 ORGANISATION.

OUR GUIDING PRINCIPLE

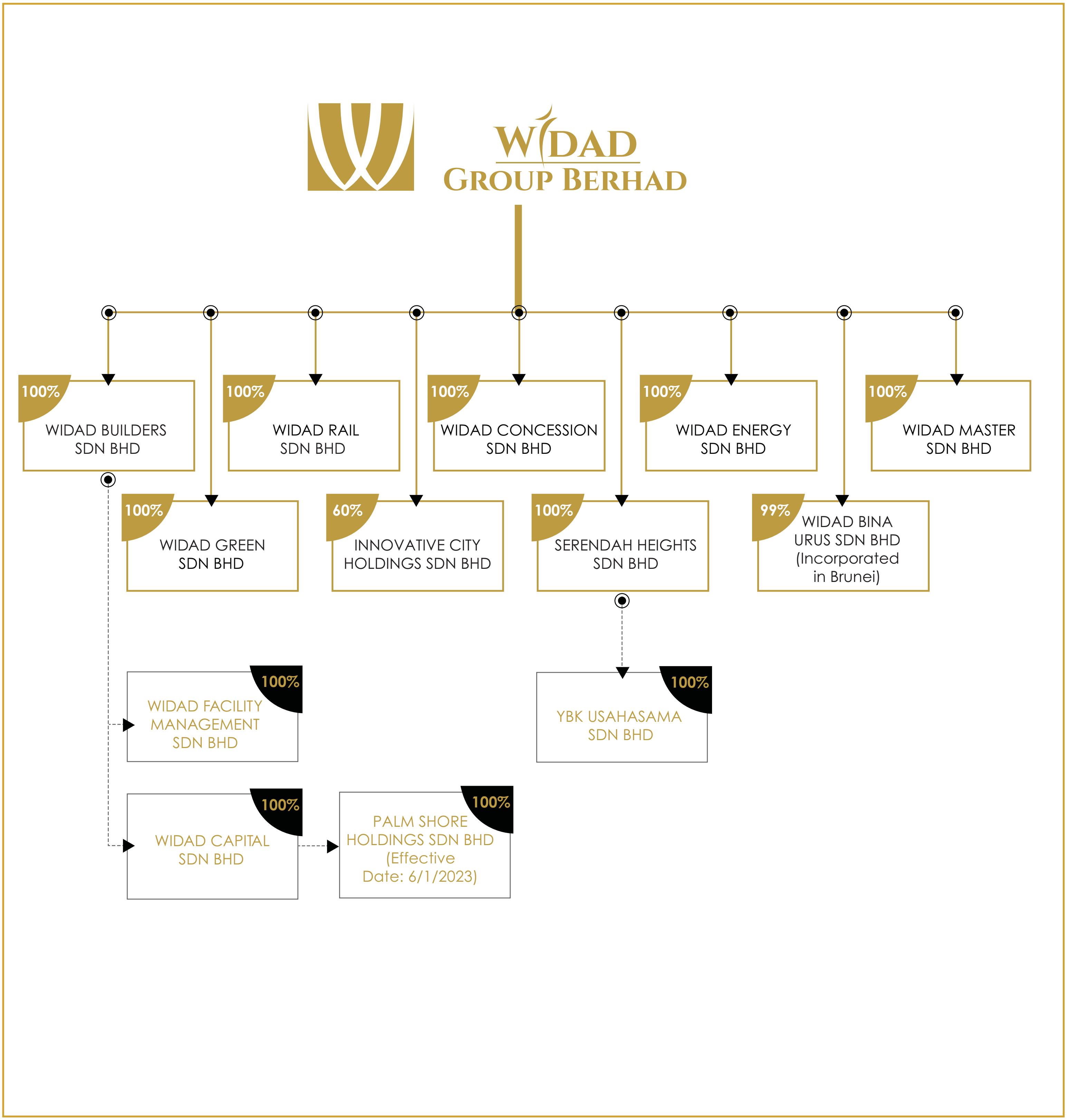
WORTHINESS

INGENUITY

SYNERGY

EFFICIENT

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Mohd Rizal Bin Mohd Jaafar
(Managing Director)

Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim
(Independent Non-Executive Director)

Nor Adha Bin Yahya
(Independent Non-Executive Director)

Ong Kuan Wah
(Independent Non-Executive Director)

Tung Ghee Meng
(Independent Non-Executive Director)

AUDIT COMMITTEE

Ong Kuan Wah (Chairman)

Nor Adha Bin Yahya (Member)

Tung Ghee Meng (Member)

NOMINATION COMMITTEE

Nor Adha Bin Yahya (Chairman)

Ong Kuan Wah (Member)

Tung Ghee Meng (Member)

REMUNERATION COMMITTEE

Nor Adha Bin Yahya (Chairman)

Ong Kuan Wah (Member)

Tung Ghee Meng (Member)

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA 0799845) (SSM PC No: 202008000054)

Tang Chi Hoe (Kevin)
(MAICSA 7045754) (SSM PC No: 202008002054)

Shuhilawati Tajuddin
(LS0010190) (SSM PC No: 202008001358)

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 PLT (AF0737)
(Member Firm of Grant Thornton
International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel : 03-2692 4022
Fax : 03-2732 1010

STOCK EXCHANGE LISTING

Stock Name : **WIDAD/WIDAD - WA**
Stock Code : **0162/ 0162 WA**

PRINCIPAL BANKERS

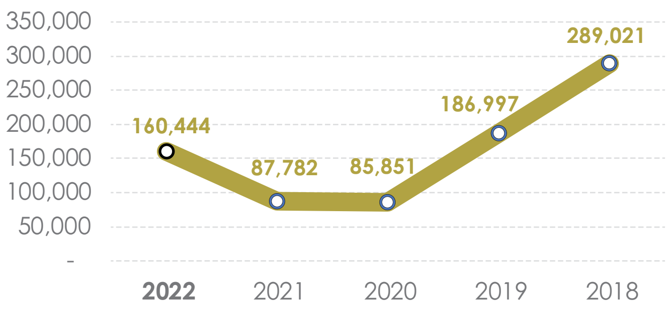
CIMB Islamic Bank Berhad
OCBC Al-Amin Bank Berhad
Maybank Islamic Berhad
HSBC Amanah Malaysia Berhad
Affin Islamic Bank Berhad

FINANCIAL HIGHLIGHTS

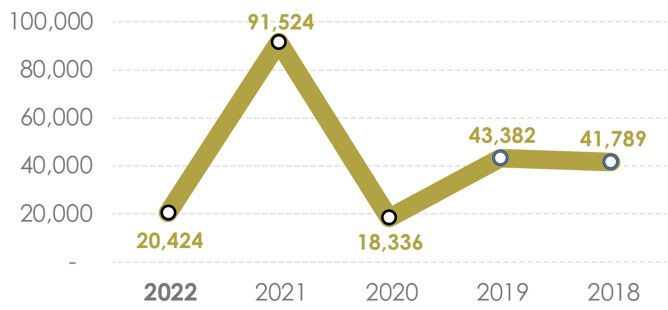
Financial Results

	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	160,444	87,782	85,851	186,997	289,021
Gross Profit	27,498	2,031	33,011	63,871	74,656
EBITDA	20,424	91,524	18,336	43,382	41,789
Depreciation	3,707	3,682	3,062	3,145	2,640
Finance cost	18,346	20,064	10,349	9,703	11,035
(Loss)/Profit before tax	(1,628)	68,048	4,925	30,534	28,114
Tax	(4,499)	2,744	(913)	(18,533)	(8,859)
(Loss)/Profit after tax	(6,127)	70,791	4,012	12,001	19,256
Key Ratios					
Gross Profit Margin (%)	17.14	2.31	38.45	34.16	25.83
Net Profit Margin (%)	(3.82)	80.64	4.67	6.42	6.66
EPS (sen)	(0.23)	2.65	0.16	0.49	0.92

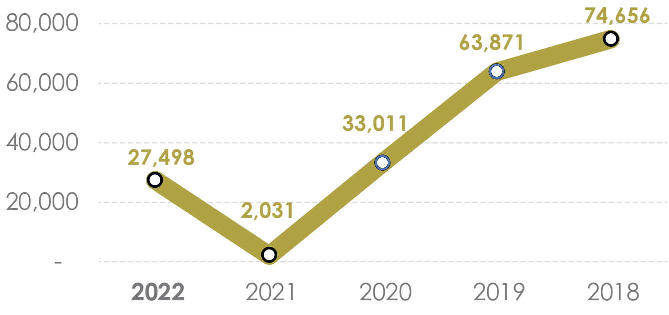
Revenue



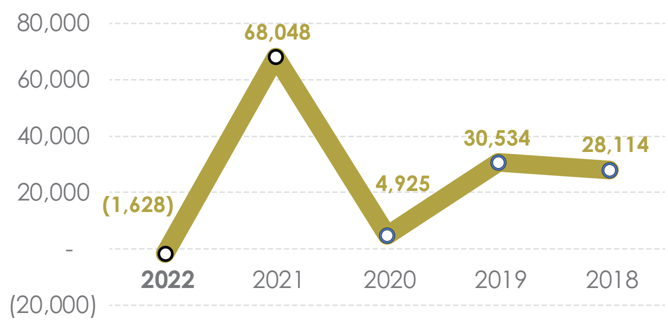
EBITDA



Gross Profit



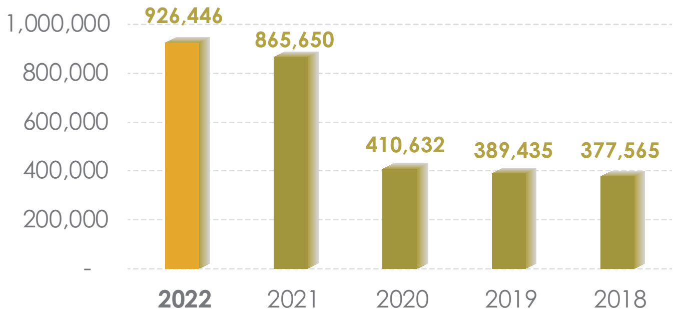
Profit before tax



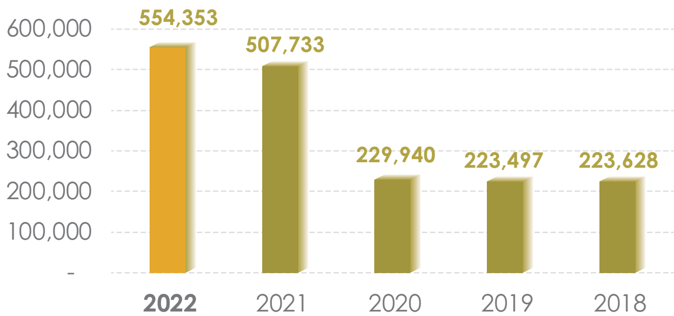
Financial Position

	2022	2021	2020	2019	2018
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total assets	926,446	865,650	410,632	389,435	377,565
Total liabilities	554,353	507,733	229,940	223,497	223,628
Total borrowings	396,873	365,076	178,000	142,905	147,233
Equity	372,093	357,916	180,692	165,938	153,937
Key Ratios					
Current ratio	2.67	1.17	2.05	1.81	2.90
Gearing	1.07	1.02	0.99	0.86	0.96
Gearing (net)	0.52	0.56	0.30	0.17	0.31
Debt to capital	0.52	0.51	0.50	0.46	0.49
NTA/Shares (sen)	13.25	13.00	7.25	6.76	6.27

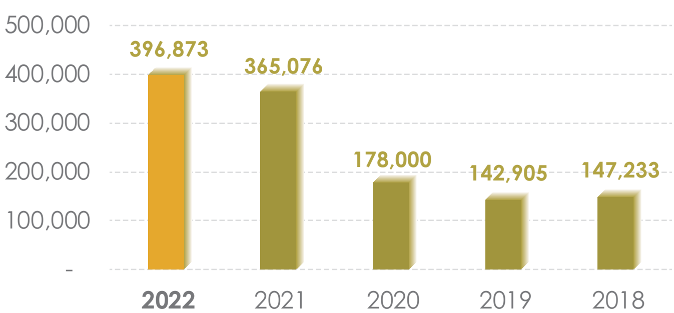
Total assets



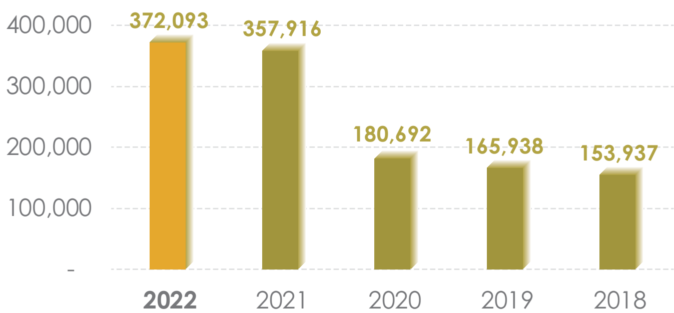
Total liabilities



Total borrowings



Equity




A
HANDS-ON
approach
is the
best approach

Our employees' hands-on approach to delivering innovative solutions has proven to be the key to customers' continued trust and confidence in us. But the main reason for our success is that our dedicated and hard-working employees know their tasks and are responsible enough to see them through.

BOARD OF DIRECTORS

Sit in a chair, from left to right:

DATO' DR MOHD RIZAL MOHD JAAFAR (Managing Director)

GEN (R) TAN SRI DATO' SRI ZULKIPLE KASSIM

Standing, from left to right:

MR. ONG KUAN WAH

MR. TUNG GHEE MENG

MR. NOR ADHA YAHYA

DATO' DR MOHD RIZAL MOHD JAAFAR

Non-Independent Executive Director/
Managing Director

Nationality : Malaysian

Gender : Male

Age : 48

Dato' Dr Mohd Rizal was appointed as the Managing Director of Widad Group Berhad on 29 August 2018.

He graduated from the University of Malaya with a degree in Accountancy and he holds a Master of Business Administration, specializing in Islamic Banking and Finance from the International Islamic University Malaysia. Dato' Dr Mohd Rizal is also a Chartered Accountant, registered with Malaysian Institute of Accountants (MIA).

Dato' Dr Mohd 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 prior to joining Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") in 2010 as Chief Strategy and Transformation Officer, 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 business direction and performance of the company.

Dato' Dr Mohd Rizal is the Chairman of Dataprep Holdings Berhad. He is also an independent Non-Executive Board member of Bank Simpanan Nasional (BSN) since October 2019. Currently, he is the Chairman of Board Risk Management Committee of BSN since August 2022. Previously, he had been appointed in November 2019 until August 2022 as Chairman of Nomination and Remuneration Committee of BSN.

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.

GEN (R) TAN SRI DATO' SRI ZULKIPLE BIN KASSIM

Independent Non-Executive Director

Nationality : Malaysian

Gender : Male

Age : 64

Gen (R) Tan Sri Dato' Sri was appointed as an independent non-executive director of Widad Group Berhad in July 2019. Prior to this, he had retired from his 42 year service in the Malaysian Army.

He started his career with Malaysian Army in January 1977 and received his military training as officer cadet at the Royal Military Academy Sandhurst United Kingdom. On 7 April 1978, he was commissioned into the Royal Malay Regiment as 2nd Lieutenant.

He has vast knowledge and experience in management, administration, leadership, training and logistic obtained from the various important positions held throughout the 42 years. Amongst the important positions held by him were as Director of Infantry at Army HQ, commander 4th brigade (mechanise), Director of Veteran Affairs, General Officer Commanding 4th Infantry Division, Commander Army Field Command and Chief of Army Malaysia.

Currently, Gen (R) Tan Sri Dato' Sri is an Independent Non-Executive Chairman of Pasdec Holdings Berhad. 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. On 1 September 2022, Bursa Malaysia Securities Berhad had publicly reprimanded and penalty of RM61,800 on him for breaching paragraph 9.23(1) and 9.35A(1)(a) of the Main Market Listing Requirements under Pasdec Holdings Berhad.

PROFILE OF DIRECTORS

MR. ONG KUAN WAH

Independent Non-Executive Director

Nationality : Malaysian

Gender : Male

Age : 53

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.

Currently, he is an Independent Non-Executive Board member and Chairman of the Board's Audit Committee of Dataprep Holdings Berhad.

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.

MR. NOR ADHA BIN YAHYA

Independent Non-Executive Director

Nationality : Malaysian

Gender : Male

Age : 52

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 LANDAS MRO Sdn Bhd since 2014. Mr. Nor Adha served as Finance Director of Mizou Holdings Sdn. Bhd. from 2002 to 2012.

Mizou Holdings was involved in supply and maintenance of agriculture machinery for Malaysian Government Agencies and Government Linked Companies.

From 1994 to 1996, he started his career at Arthur Andersen & Co., an International Financial and Audit Services Firm and 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 1999 to 2013, he served as Director of several companies which are mainly involved in supply and maintenance of medical equipment, property development, construction and maintenance works.

Currently, Mr. Nor Adha is an Independent Non-Executive Board member and Chairman of the Board's Remuneration, Quality and Nominating Committee of Dataprep Holdings Berhad. Mr. Nor Adha is also an Independent Non-Executive Board member and Chairman of the Board's Audit Committee of Tuju Setia Berhad. 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 DIRECTORS

MR. TUNG GHEE MENG

Independent Non-Executive Director

Nationality : Malaysian

Gender : Male

Age : 68

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 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.

Our core services are rooted in the Integrated Facility Management (IFM), where we sustain peak efficiency in our customers' facilities while maintaining the safety and comfort.

KEY SENIOR MANAGEMENT

Standing, from left to right:

DATO' DR MOHD RIZAL MOHD JAAFAR
(Managing Director)

DATO' JULAINI JUSOH

DATUK IR. TS. MOHD SYASWAN SAMSUDIN

MR. NOR AZLAN ZAINAL

MS. SHUHILAWATI TAJUDDIN


WIDAD

PROFILE OF KEY SENIOR MANAGEMENT

DATO' DR MOHD RIZAL MOHD JAAFAR

Non-Independent Executive Director/
Managing Director

Nationality : Malaysian

Gender : Male

Age : 48

Dato' Dr Mohd Rizal was appointed as the Managing Director of Widad Group Berhad on 29 August 2018.

He graduated from the University of Malaya with a degree in Accountancy and he holds a Master of Business Administration, specializing in Islamic Banking and Finance from the International Islamic University Malaysia. Dato' Dr Mohd Rizal is also a Chartered Accountant, registered with Malaysian Institute of Accountants (MIA).

Dato' Dr Mohd 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 prior to joining Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") in 2010 as Chief Strategy and Transformation Officer, 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 business direction and performance of the company.

Dato' Dr Mohd Rizal is the Chairman of Dataprep Holdings Berhad. He is also an independent Non-Executive Board member of Bank Simpanan Nasional (BSN) since October 2019. Currently, he is the Chairman of Board Risk Management Committee of BSN since August 2022. Previously, he had been appointed in November 2019 until August 2022 as Chairman of Nomination and Remuneration Committee of BSN.

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.

DATO' JULAINI JUSOH

Chief Operating Officer, Integrated Facilities Management

Nationality : Malaysian

Gender : Male

Age : 53

Dato' Julaini holds a Mechanical Engineering 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.

Dato' Julaini's impressive career in facilities management in Malaysia is a testament to his outstanding leadership and engineering expertise. Despite his age, he remains a tech wizard and a valuable asset to the organization by incorporating IIOT to meet current market demands. His exceptional leadership has been instrumental in managing the facilities management for some of Malaysia's most iconic landmarks, including the National Palace and the Johor Bahru Sentral Land Transportation Hub, the concessionaire of higher educational institutions, UiTM Jasin, and Johor Naval Base, the revered Jabatan Laut Malaysia for all passenger and ferry terminal to Langkawi Island, and the properties of Cyberview.

As the Chief Operating Officer (COO) of Widad Group Berhad (WGB), Dato' Julaini is committed to the company's vision of becoming a competitive, foremost, and world-class standard organization. Under his visionary leadership, WGB has been recognized with numerous prestigious awards, including the Best Facilities Management award from the Public Works Department of Malaysia. His unwavering commitments to excellence and exceptional expertise have also earned him numerous accolades, such as The Facilities Management Excellence Award by Global Responsible Business Leadership 2018 and The Brand Laureate Brand Leadership Award 2022 – CEO of the Year, solidifying his position as a leader in the field of facilities management.

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.

PROFILE OF KEY SENIOR MANAGEMENT

DATUK IR. TS. MOHD SYASWAN SAMSUDIN

Chief Operating Officer, Construction

Nationality : Malaysian

Gender : Male

Age : 41

Datuk Ir. Ts. 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 Construction Division for Widad Business Group Sdn. Bhd..

Prior to joining Widad Group Berhad, Datuk Ir. Ts. 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. He was actively involved in the project management during pre-construction, construction and post-construction stages. He is currently overseeing the on-going project for construction of sewerage treatment plant and pipeline network in Bayan Baru, Penang and road upgrading projects in Klang, Selangor. He was awarded as an excellent project manager.

Datuk Ir. Ts. Mohd Syaswan obtained registration with the Board of Engineers Malaysia (BEM) as a Professional Engineer with Practicing Certificate in 2009 and was registered as a Corporate Member of the Institution of Engineers in Malaysia (IEM) in 2009. He was also registered as an Associate ASEAN Engineer of ASEAN Federation of Engineering Organizations (AFEO) in 2012.

Furthermore, Datuk Ir. Ts. Mohd Syaswan is registered with Suruhanjaya Perkhidmatan Air Negara (SPAN) – Qualified Person (2012), Suruhanjaya Perkhidmatan Air Negara – Authorised Entrant & Stanby Person (2014), Green RE Sdn. Bhd. / Universiti Teknologi Malaysia (UTM) – Certified Green Re Manager (2015), The Road Engineering Association of Asia & Australia (REAAA) – Ordinary Member (2015), Association of Consulting Malaysia (ACEM) – Individual Membership (2015) and The Malaysian Asset & Project Management Association (MAPMA) – Ordinary Member (2016). In 2020, Datuk Ir. Ts. Mohd Syaswan obtained registration with Malaysia Board of Technologists as a Professional Technologist.

Datuk Ir. Ts. 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.

MR. NOR AZLAN ZAINAL

Chief Financial Officer

Nationality : Malaysian

Gender : Male

Age : 53

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. Mr. 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.

Currently, Mr. Nor Azlan is an Independent Non-Executive Board member and Chairman of the Board's Audit Committee and Risk Committee of Mikro MSC Berhad.

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

Nationality : Malaysian

Gender : Female

Age : 47

Ms. Shuhilawati is a licensed company secretary by the Companies Commission of Malaysia 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 is 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.

Construction starts with planning, design, financing and continues until the project is built and ready for use. At Widad Group Berhad, we bring together the most effective processes, leading technologies and passionate people to focus on what matters most – that is our customers.

Lending a **HELPING** hand to our communities

From volunteering to making donations, we are committed to make a positive difference to people's lives. Nowhere has that statement been truer than with the successes of our CSR initiatives, which is driven primarily by our core values.

OUR SOLUTIONS **& 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 Group Berhad 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 Group Berhad 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

CONSTRUCTION WORK SCOPE

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

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

OUR SOLUTIONS & SERVICES

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 Group Berhad, 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 Group Berhad'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.

OUR SOLUTIONS & SERVICES

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.

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
- Mobilisation and Demobilisation 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

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Widad Group Berhad ("Widad" or "the Group") is a public listed company listed on the ACE Market of Bursa Malaysia Securities Berhad in the Construction sector. Widad Group Berhad is an investment holding company with subsidiaries principally involved in;

- **Construction**

  Widad's construction business segment offers end-to-end construction services for our clients from planning and designing to financing and completing a project. 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. Over the years, the Group has successfully completed various construction and infrastructure works such as roads (single and dual carriageway), earthworks and water supply (rural and urban), all complete with necessary mechanical and electrical systems.

- **Integrated Facilities Management ("IFM")**

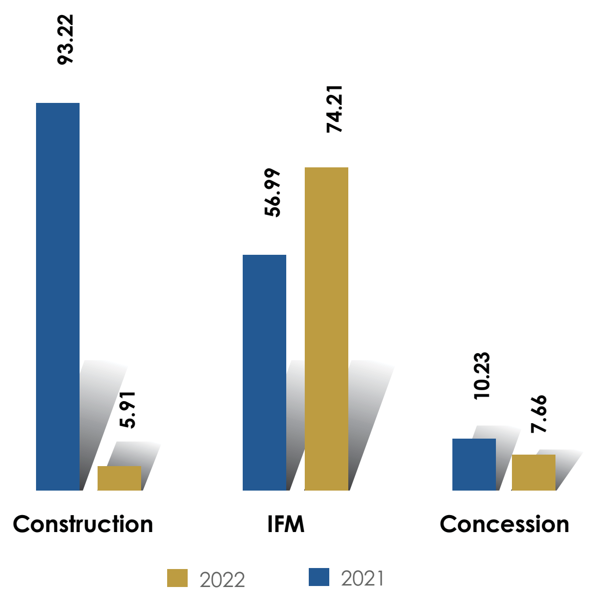
  WIdad's IFM segment serves various types of built environments that are in different stages of their asset lifecycle. Our IFM services comprise three main categories namely scheduled maintenance, ad hoc maintenance and upgrading and renovation. Scope of services include property management, mechanical and electrical and civil and structural. Our IFM segment is accorded with ISO41001 - Facility Management System, ISO50001 - Energy Management System, ISO14000 - Environmental Management System, ISO45001 - Occupational Health and Safety Certification and ISO9000 Quality Management System.

- **Concession**

  This segment was added to Widad's core activities since FYE2021. It is a long-term contract under the Built-Lease-Maintain-Transfer ("BLMT") model comprising three years construction and twenty years of facilities management. Contract income is derived from lease rental called Availability Charge and asset management services called Maintenance Charge.

During the financial year under review, the Group operated in Malaysia and Brunei. Revenue from a IFM project in Brunei contributed RM5.03 million or 3.14% of the Group's revenue for FYE2022.

REVIEW OF OPERATING ACTIVITIES



Construction

With the full resumption of all economic activities following the country transitioning into endemic stage of Covid-19 and new projects obtained by the Group in the preceding year, the construction segment achieved considerable increase in revenue.

However, the operations had to endure challenges that surfaced following the shock on global economy that affected supply of labour, delay of supply of raw materials and increase in price of raw materials. The Group undertook review of project costs of its existing infrastructure and road project, which experienced extension of time during lock downs. As a result, the affected projects' profit was reduced by RM14.55 million (FYE2021: RM38.70 million).

These costs are claimable under the "Lost & Expense" clause of the contract, but can only do so upon completion of project. As the Group is unable to ascertain the claimable amount with certainty at this juncture, the Group has decided to write it off, in compliance with the accounting standards requirement. Upon acceptance by customers, the approved claim amount will be written back to profit and loss account.

As at reporting date, this segment has order book worth RM752 million to be executed and completed within next three years.

IFM

The revenue derived from this segment dropped 27.81% to RM56.99 million from RM74.21 million in FYE2021 following the expiry of the contract for maintenance of National Palace in June 2022. As at the reporting date, amongst the main scope of the segment include providing landscape maintenance service at Cyberview, maintenance services for passenger terminals in Perlis, Kedah and Langkawi and a project in Brunei for the provision of facilities management and maintenance of Royal Brunei Navy Base. Internally, this segment undertakes full asset management services scope of the concession business.

In February 2023, this segment was awarded a contract for cleaning services at Kuala Lumpur Golf & Country Club.

Concession

This segment is a new addition to the Group's principal activities since March 2021, in line with the Group's business expansion strategy. FYE2022 marked the segment full year operations whereby it contributed RM30.8 million, comprising RM10.2 million maintenance charge and RM20.6 million lease rental.

On 19 January 2023, Widad expanded its concession business further upon completion of the acquisition of 100% equity interest in Palm Shore Holdings Sdn Bhd ("PSHSB"), which owns a concession to develop the facilities and infrastructure and to carry out asset management services for an integrated training centre for the Royal Malaysian Navy in Johor Bahru, Johor. PSHSB has remaining concession period of seventeen years ending December 2039, totalling RM263 million.

As at reporting date, the IFM and concession segment have order book totalling RM880 million, spanning until December 2039.

As highlighted in all the three segments above, Widad is currently having a total job order book totalling RM1.63 billion.

REVIEW OF FINANCIAL RESULTS AND CONDITION

Financial results

	FYE2022 RM'000	FYE2021 RM'000
Revenue	160,444	87,782
Gross Profit	27,498	2,031
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	20,424	91,524
Finance Cost	(18,346)	(20,064)
(Loss) / Profit before tax	(1,628)	68,048
(Loss) / Profit after tax	(6,127)	70,791

For the financial year ended 31 December 2022 ("FYE2022"), the Group recorded revenue of RM160.44 million, an increase of 82.76% from RM87.78 million in financial year ended 31 December 2021 ("FYE2021"). The significant growth was on the back of recovery in the construction segment and full year contribution from the concession business, both of which were secured in the previous financial year.

The Group recorded a gross profit of RM27.50 million in FYE 2022 against RM2.03 million in FYE2021. Improved gross profit was due to lower reduction of projects' profit of RM14.55 million in FYE 2022 as compared to RM38.70 million in FYE2021.

The Group's EBITDA remains positive amid lower than preceding year. For FYE2022, the Group recorded after tax of RM6.13 million against profit after tax of RM70.79 million in FYE2021, largely attributable to one-time bargain purchase on acquisition of concession business amounting RM115.03 million. Without the bargain purchase, the Group's financial results for FYE2022 recorded a marked improvement.

Financial Position and Cash flow

	FYE2022 RM'000	FYE2021 RM'000	Key Ratios	FYE2022	FYE2021
Total assets	926,446	865,650	Current ratio	2.67	1.17
Total liabilities	554,353	507,733	Gearing	1.07	1.02
Total borrowings	397,846	365,076	Gearing (net)	0.52	0.56
Equity	372,093	357,916	Debt-to-capital	0.52	0.51
			NTA/Shares (sen)	13.25	13.00

For the FYE2022, assets, liabilities and borrowings were higher against FYE2021 due mainly to successful issuance of a 12-year *Sukuk Wakalah* facility ("Sukuk") amounting RM310 million on 30 March 2022. The proceeds from the Sukuk were used to part finance the acquisition of concession business and to retire the Group's high profit-bearing borrowings. Included in the cash and bank balance of RM193.86 million is *Sukuk Wakalah* designated accounts amounting RM85.10 million.

The Group continued to achieve positive cashflows from operating activities amid lower compared to FYE2021 due mainly to payment to contractors and suppliers and corporate tax.

Overall, the Group financial position remains good with sufficient working capital to execute projects in hand. The Group continues to monitor the borrowings and cash position closely to ensure optimum capital structure.

The Malaysian economy expanded by 8.7% in 2022 and is expected to continue expanding at a moderate pace in 2023 amid a challenging external environment. The construction industry which recorded growth of 5.0% in 2022, is forecasted to expand by 6.1% in 2023 following a better performance in all sub-sectors. The civil engineering and non-residential building sub-sectors are expected to rebound buoyed by realisation of multi-year investment projects.

The growth in the number of commercial buildings and infrastructure provide opportunities for increase demand for IFM services. In addition, the increasing trend towards outsourcing of facilities management and growing number of energy efficient buildings further create demand for IFM services.

For financial year 2023, Widad endeavours to continue the momentum it has built thus far. On the back of the order book amounting RM1.63 billion, proven track records and strategic plans, Widad is confident of delivering positive progress in 2023 and years to come.

Widad continues to focus on improving cost efficiency, utilising technology to improve service offerings and delivery, participate in tender and exploring other business opportunities.

RISK

The Group continuously monitor and assess potential business and industry risks that could adversely impact the operations and results and would take appropriate measures to mitigate or alleviate those identified risks.

- **Dependent on third-party contractors**

  The Group depends on the support of third-party contractors to ensure the continuous supply of construction works, raw materials and other required services. Any substandard performance or work quality, inability to supply or delay by the third-party contractors may disrupt the progress and/or quality of the Group's projects and hence may adversely affect financial performance and track record. To alleviate this risk, the Group award works to reliable contractors who have favourable track records and capability and continuously evaluates their performance.

- **Industry risk**

  Widad's performance is subject to risks inherent in the construction and IFM industries. Common risks include among others labour shortages, fluctuation in r supply and price of raw materials, interest rate fluctuations as well changes in the legal and regulatory framework governing the industries. The Group seeks to mitigate the risks through efficient resource management, cost control, diligent monitoring of its projects, continuous review of operations and carefully costing and planning projects that it intends to bid for.

- **Competition**

  The Group is not spared from competition from other existing and new players. Such competition arises in the form of, among others, pricing and innovation as well as depth and breadth in service offerings. The Group seek to limit the risk by capitalising upon the experience and expertise of the management team, monitoring industry trends, improving service offerings, ensuring competitive pricing and leveraging on track records with customers and contractors.

DIVIDEND

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

DATO' DR MOHD RIZAL MOHD JAAFAR
Group Managing Director

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 Group.

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 while raising the environmental awareness among its staff. The Group adopts the environmental best practices in its construction and integrated facilities management processes. The Group strive 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 consists of ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO 450001:2018 and ISO 41001:2018.

(II) Workplace

The greatest asset at Widad Group Berhad is 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 policy in place to create a safe, pleasant and conducive working environment for the employees. The policy is regularly reviewed and updated to reflect the latest best practices in the industry.

Continuous talent development is another critical aspect at the 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 Group Berhad. The quality services has not only pushed Widad Group Berhad 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 of 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 well-known. This creates sustained excitement in the market for Widad Group Berhad's services and contributes toward the overall sustainability of the Group. Widad Group Berhad shall continue to invest in construction and integrated facilities management activities with the aim to create value for stakeholders, to remain competitive and ensure sustainability, as well as to benefit the society.

(IV) Market Place

The Group is committed to ensure that the interests of all its important stakeholders – shareholders, analysts, bankers, customers, suppliers, authority bodies and public 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 about 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 strive 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 provides job opportunity for the locals with the intention to introduce economic sustainability to the relevant public.

Over the years, Widad Group Berhad has embarked on several Corporate Social Responsibility (CSR) initiatives that are meant to empower the liveability of the community and environment through the establishment of Yayasan Royal Widad and involvement in community welfare projects such as Kembara Widad which seeks to provide public awareness to the rural area community that needed support, Widad Life Savers Blood Donation drive, Kayuhan Amal Chefs Funride, as well as some of the CSR programmes via collaboration with Widad University College where the programmes emphasizes on the students' participation and their need to serve the community.

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

Moving forward, we will tap 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, contributing to the welfare of all stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management 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 2022 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 continually monitored and any new significant risk identified are subsequently evaluated and managed.

Whilst the Board maintains ultimate control over risk and control matters, it has been delegated to the Executive Management the implementation of a system of risk management and internal control 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.

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 2022 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Widad Group Berhad is dedicated to ensuring that good corporate governance practices are 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 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 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 goal to achieve the 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) Supply vision of the Group;
(vi) Giving emphasis on importance 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.

Currently, there is no Chairman in the Board.

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 Group, 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 on the Group'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 Group's business and operations.

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 management information 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 behavior 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 Group'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. Currently there is no Chairman, whilst the executive management of the Group 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 at the end of the financial year and the financial performance and cash flows of the Group for the financial year. The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2022, 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.

Qualified and Competent Company Secretaries

The Directors have the unrestricted access to the advice and services of the Company Secretaries 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 update the Board on the changes to the statutory and regulatory requirements from time to time at Board meetings. The Company Secretaries also notified 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 Group'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 Director's 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 Group'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 secretaries. 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 Group at www.widadgroup.com. The Board Charter sets out the Board roles and responsibilities.

The Board Charter was last reviewed on 10/06/2020

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 complied with the Company Directors' Code of Ethics. The said Code establish a standard of ethical behavior for the Directors to uphold sincerity, integrity, responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating the Company.

The Company has also adopted Whistleblowing policy to safeguard the Group's interest and also to protect the whistleblower interest. The policy spells out the types of misconduct, malpractice and irregularity, and how the reporting and investigations will be carried out. The Group 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 Group's website at www. widadgroup.com.

BOARD COMPOSITION

The Board currently has five (5) members, comprising four (4) Independent Non-Executive Directors and one (1) 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. In the event of any vacancy in the Board resulting in non-compliance with Rule 15.02, the Board will fill the aforesaid vacancy within 3 months.

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 comprises of Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). 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 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 Group believes in providing equal opportunity to all candidates based on merit. The Group has its Board Diversity policy in place for this purpose.

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. (Practice & Guidance 5.1)

In accordance with the Group's Constitution, 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 Group'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.

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

(a) 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;

(b) 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;

(c) 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;

(d) 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;

(e) Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary;

(f) 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 a non-executive member of the Board;

(g) 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;

(h) 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;

(i) 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;

(j) Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board, Chairman and Managing Director. The NC should work with the Board to evaluate potential successors;

(k) Recommend Directors who are retiring by rotation under the Constitution to be put forward for re-election;

(l) Have due regard to the principles of governance and code of best practice;

(m) Propose to the Board the responsibilities of non-executive Directors, including membership and Chairpersonship of Board Committees;

(n) 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.

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

	Position
Nor Adha Bin Yahya	Chairman
Ong Kuan Wah	Member
Tung Ghee Meng	Member

FOSTER COMMITMENT

Time Commitment

All Board members are required to notify the Chairman of 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 2022, the Board met 5 times to deliberate on a variety of matters of the Group. 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
Dato' Dr. Mohd Rizal Bin Mohd Jaafar Managing Director / Non-Independent Executive Director	5/5
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim Independent Non-Executive Director	5/5
Nor Adha Bin Yahya Independent Non-Executive Director	5/5
Ong Kuan Wah Independent Non-Executive Director	5/5
Tung Ghee Meng Independent Non-Executive Director	5/5

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.

Directors' Training (Practice Note 5- Training for Directors of Listing Requirement)

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' Dr. Mohd Rizal Bin Mohd Jaafar	• BCM Awareness for Board, Senior Management and HoDs BSN • In-House Training for Board of Directors & Shariah Committee of BSN (No. 01/2022) • In-House Training for Board of Directors & Shariah Committee of BSN (No. 02/2022)	11 March 2022 5 July 2022 16 December 2022
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim	• Financial Reporting Framework, General Understanding of Section 17A, MACC Act 2009, Understanding Related Party Transaction under Listing Requirements, and Policy on Conflict of Interests Situation (required under Securities Commission's Guidelines)	9 November 2022
Nor Adha Bin Yahya	• AOB's Conversation with Audit Committees • Financial Reporting Considerations under Uncertain Times • Case Study-Based MFRS: MFRS 15 Revenue from Contracts with Customers MPERS Sections 23 & 34 • Sustainability and Climate Change Disclosure Requirements	7 April 2022 13 December 2022 14 December 2022 15 December 2022
Ong Kuan Wah	• MIA Webinar Series – Accounting for Financial Instruments in Accordance with MPERS (Covering Section 11, 12 & 22) • MIA Webinar Series – Using Analytical Procedures in Audit • National Tax Conference 2022	19 January 2022 16 February 2022 2 August 2022 & 3 August 2022
Tung Ghee Meng	• Case- Based Series: Part 1 – The Board's Performance Role • Case- Based Series: Part 2 – The Board's Performance Role	15 June 2022 16 June 2022

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 term 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 of all Independent Non-Executive Directors as follows:

	Position
Nor Adha Bin Yahya	Chairman
Ong Kuan Wah	Member
Tung Ghee Meng	Member

The Committee met one (1) time during the financial year, attended by all its members throughout the period.

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 others bonus whereby the Non-Executive Directors receive fixed director fees.

Name	Fee (RM)	Allowance (RM)	Salary (RM)	Company's Contribution (RM)	Total (RM)
Executive Director:					
Dato' Dr. Mohd Rizal Bin Mohd Jaafar	-	-	1,060,800.00	128,278.20	1,189,078.20
Independent Director:					
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim	48,000.00	19,000.00	-	-	67,000.00
Ong Kuan Wah	48,000.00	35,000.00	-	-	83,000.00
Nor Adha Bin Yahya	48,000.00	25,500.00	-	-	73,500.00
Tung Ghee Meng	48,000.00	23,500.00	-	-	71,500.00
	192,000.00	**103,000.00**	**1,060,800.00**	**128,278.20**	**1,484,078.20**

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 Senior Management's remuneration in aggregate for financial year ended 2022 are tabulated as below:

Category	Total (RM)
Salaries	2,155,244
Company's Contribution	277,114
Allowances	133,800

Remuneration Band	No. of Personnel
RM100,001 – RM150,000	1
RM350,001 – RM400,000	1
RM500,001 – RM550,000	1
RM1,500,001 – RM1,550,000	1
	4

Due to the confidentially 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.

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 Group.

The External Auditors, Messrs. Grant Thornton Malaysia PLT ("GTM") presented to the AC's its 2022 Audit Planning Memorandum on 29 November 2022 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.

GTM has confirmed their independence to the AC in accordance with the Malaysian Institute of Accountants' ByLaws, 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 Group'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 40 and 41 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.

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 Group. Such information is disseminated via the Group's Annual Report, various disclosures and announcements to Bursa Securities and the Group's website at www.widadgroup.com.

The AGM is the principal forum for dialogue between the Group 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 Group, 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. In view of the Coronavirus Disease (COVID-19) pandemic and as part of our safety measures, the AGM of the Group will be conducted on a fully virtual basis through remote participation and electronic voting from the Broadcast Venue ("Online AGM"). This is in line with the Guidance Notes on the Conduct of General Meetings for the Listed Issuers issued by the Securities Commission Malaysia revised on 5th March 2021.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to physically present at the AGM in person at the Broadcast Venue on the day of the meeting.

The Group does not have large number of shareholders and has less than 100 shareholders who attend their virtual AGM. Shareholders who are unable to attend the virtual AGM are allowed to vote via proxy. All resolutions set out in the notice of the General Meetings are conducted via digital ballot form.

The Board is satisfied that throughout the financial year ended 31 December 2022, the Group 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 26 April 2023.

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

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

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

	Position
Ong Kuan Wah	Chairman; Independent Non-Executive Director
Nor Adha Bin Yahya	Member; Independent Non-Executive Director
Tung Ghee Meng	Member; Independent Non-Executive Director

TERMS OF REFFERENCE

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 Group. 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 five (5) meetings held during the financial year ended 31 December 2022 and the attendance record is as follows:

	Attendance
Ong Kuan Wah	5/5
Nor Adha Bin Yahya	5/5
Tung Ghee Meng	5/5

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 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 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:

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.

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 disclosure of such transactions in the annual report of the Group;
- 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 Group has outsourced the internal audit function of the Group to GovernanceAdvisory.com Sdn Bhd ("GA"). GA reports directly to the Audit 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:

(a) Prepared the risk based internal audit plan for the review and approval of the Audit Committee.
(b) 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 Builders Sdn. Bhd. & YBK Usahasama Sdn. Bhd.	Project Monitoring Management
Widad Builders Sdn. Bhd.	Quality and Safety Control
Widad Group Berhad, Widad Builders Sdn. Bhd. & Widad Facility Management Sdn. Bhd.	Human Resource 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 2022 was RM56,000.00.

FINANCIAL STATEMENTS

54 – 59	Directors' Report
60	Statement by Directors and Statutory Declaration
61 – 64	Independent Auditors' Report
65 – 66	Statements of Financial Position
67	Statements of Profit or Loss and Other Comprehensive Income
68 – 69	Statements of Changes in Equity
70 – 72	Statements of Cash Flows
73 – 139	Notes to the Financial Statements

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 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.

FINANCIAL RESULTS

	Group RM	Company RM
Loss after tax for the financial year	6,127,268	6,178,150

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.

HOLDING COMPANY

The Directors regard Widad Business Group Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia as the holding company.

DIRECTORS

The name of the Directors of the Company and its 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:-

Company:-
Dato' Dr. Mohd Rizal Bin Mohd Jaafar (Managing Director)
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim (Independent Non-Executive Director)
Ong Kuan Wah (Independent Non-Executive Director)
Tung Ghee Meng (Independent Non-Executive Director)
Nor Adha Bin Yahya (Independent Non-Executive Director)

DIRECTORS (CONT'D)

Subsidiaries:-

Name of subsidiaries	Name of Directors
Widad Builders Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Tan Sri Norazman Bin Hamidun Dato' Julaini Bin Jusoh Datuk Ir. Ts. Mohd Syaswan Bin Samsudin
Widad Capital Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Mohd Rizal Bin Mohd Jaafar
Widad Facility Management Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Julaini Bin Jusoh
Widad Green Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Mohd Rizal Bin Mohd Jaafar
Widad Rail Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Mohd Rizal Bin Mohd Jaafar
Widad Concession Sdn. Bhd.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar Ilham Widad Bin Tan Sri Muhammad Ikmal Opat
Innovative City Holdings Sdn. Bhd.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar Ilham Widad Bin Tan Sri Muhammad Ikmal Opat
Widad Energy Sdn. Bhd.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar Ilham Widad Bin Tan Sri Muhammad Ikmal Opat
Widad Master Sdn. Bhd.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar Ilham Widad Bin Tan Sri Muhammad Ikmal Opat
Widad Bina Urus Sdn. Bhd.	Dato' Julaini Bin Jusoh Dato' Othman Bin Omar Nor Azlan Bin Zainal Haji Hamdani Bin Haji Zakaria Pengiran Serjuddin Bin Pengiran Abd. Rahman
Serendah Heights Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Mohd Rizal Bin Mohd Jaafar
YBK Usahasama Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Mohd Rizal Bin Mohd Jaafar Ilham Widad Bin Tan Sri Muhammad Ikmal Opat Nor Azlan Bin Zainal

DIRECTORS' INTERESTS IN SHARES

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 the financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Interest in the Company				
Dato' Dr. Mohd Rizal Bin Mohd Jaafar				
- Direct interests	28,050,000	-	-	28,050,000

	Number of warrants			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Interest in the Company				
Dato' Dr. Mohd Rizal Bin Mohd Jaafar				
- Direct interests	-	800,000	(800,000)	-

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any 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:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Fees	192,000	-	192,000
Salaries and other emoluments	1,164,782	1,715,752	2,880,534
Defined contribution plans	127,296	205,656	332,952
	1,484,078	1,921,408	3,405,486

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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 56,575,000 new ordinary shares via private placement at issue price of RM0.3820 per ordinary share for a total cash consideration of RM21,611,650 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.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

WARRANTS 2018/2023

On 6 August 2018, the Company issued 490,928,369 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of 1 free warrant for every 5 ordinary shares held in the Company. The Warrants 2018/2023 are listed on ACE Market of Bursa Malaysia Securities Berhad with effect from 10 August 2018.

Each Warrant carries the right to subscribe for 1 new ordinary share in the Company at any time from 10 August 2018 up to the expiry date on 5 August 2023, at an exercise price of RM0.35 for each new share. Any Warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes.

The ordinary shares issued from the exercise of Warrants 2018/2023 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants 2018/2023.

As at 31 December 2022, the total numbers of warrants that remain unexercised were 385,415,269.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liabilities insurance for the purpose of Section 289 of the Companies Act 2016, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of indemnity coverage and insurance premium paid during the financial year amounted to RM10,000,000 and RM14,725 respectively.

OTHER STATUTORY INFORMATION

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

(a) 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 adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(b) 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.

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

(a) which would render it necessary to write off any 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

The significant events are disclosed in Note 32 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as Auditors of the Company and its subsidiaries for the financial year ended 31 December 2022 are amounted to RM58,000 and RM310,500 respectively.

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

The Auditors, Grant Thornton Malaysia PLT, 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' DR. MOHD RIZAL BIN	)	
MOHD JAAFAR	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
	)	
....	)	
ONG KUAN WAH	)	

Kuala Lumpur
26 April 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 65 to 139 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 2022 and of their financial performance and their 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' DR. MOHD RIZAL BIN
MOHD JAAFAR

…...
ONG KUAN WAH

Kuala Lumpur
26 April 2023

STATUTORY DECLARATION

I, Nor Azlan Bin Zainal, being the Officer primarily responsible for the financial management of Widad Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 65 to 139 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
26 April 2023)

....
NOR AZLAN BIN ZAINAL
(MIA No: CA11798)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WIDAD GROUP BERHAD

(INCORPORATED IN MALAYSIA) REGISTRATION NO: 200901014295 (857363-U)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Widad Group Berhad, which comprise the statements of financial position as at 31 December 2022 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 65 to 139.

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 2022, and of their financial performance and their 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 trade receivables and contract assets

The risk

Refers to Notes 7 and 11 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 and contract assets. Management judgement is required in determining the completeness of the provision for trade receivables and contract assets and assessing their adequacy through considering the expected recoverability.

Our response

We have reviewed the ageing of trade 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. Besides, we have reviewed the aging of the contract assets in comparison to previous years and reviewing the reversal of contract assets in the current year and prior years. We also assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses through examination of subsequent collections and billings.

Key Audit Matters (cont'd)

Revenue recognition

The risk

Refers to Note 20 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 may result in them being susceptible to management override.

Contract revenue should include the amount agreed in the initial contract, 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.

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.

Report on the Audit of the Financial Statements (cont'd)

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.

- 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.

Report on the Audit of the Financial Statements (cont'd)

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

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, actions taken to eliminate threats or safeguards applied.

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 financial 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 PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
26 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	17,626,123	19,429,139	-	2,688
Right-of-use assets	5	41,746,867	42,548,312	-	-
Investment in subsidiaries	6	-	-	648,820,329	648,820,000
Contract assets	7	382,230,354	411,795,110	-	-
Other receivables	8	-	-	145,066,610	134,607,245
Fixed deposits with licensed banks	9	9,477,199	27,550,460	5,186,711	5,000,000
Deferred tax assets	10	9,708,000	8,721,000	-	-
Total non-current assets		460,788,543	510,044,021	799,073,650	788,429,933
Current assets					
Contract assets	7	227,676,419	168,088,121	-	-
Trade receivables	11	26,041,858	42,488,767	-	-
Other receivables	8	17,922,123	7,350,555	28,488,676	2,034,000
Derivative financial asset	12	-	413,076	-	-
Fixed deposits with licensed banks	9	156,989	3,245,132	-	-
Cash and bank balances	13	193,859,788	134,019,842	40,209	7,634,061
Total current assets		465,657,177	355,605,493	28,528,885	9,668,061
Total assets		926,445,720	865,649,514	827,602,535	798,097,994
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	14	202,750,121	182,033,498	700,973,244	680,256,621
Cash flow hedge reserve	15	-	413,076	-	-
Retained earnings/(Accumulated losses)		169,342,535	175,469,803	(14,873,501)	(8,695,351)
		372,092,656	357,916,377	686,099,743	671,561,270
Non-controlling interest		3	-	-	-
Total equity		372,092,659	357,916,377	686,099,743	671,561,270

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Borrowings	16	312,271,636	126,528,962	-	-
Lease liabilities	17	516,164	590,797	-	-
Other payables	18	-	-	115,450,858	115,908,007
Deferred tax liabilities	10	67,145,800	72,377,072	-	-
Total non-current liabilities		379,933,600	199,496,831	115,450,858	115,908,007
Current liabilities					
Contract liabilities	7	22,621,817	20,084,798	-	-
Trade payables	19	42,183,463	17,653,396	-	-
Other payables	18	10,066,082	12,629,778	16,051,934	485,266
Borrowings	16	84,601,402	237,564,160	10,000,000	10,000,000
Lease liabilities	17	456,304	392,025	-	-
Tax payable		14,490,393	19,912,149	-	143,451
Total current liabilities		174,419,461	308,236,306	26,051,934	10,628,717
Total liabilities		554,353,061	507,733,137	141,502,792	126,536,724
Total equity and liabilities		926,445,720	865,649,514	827,602,535	798,097,994

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	20	160,443,837	87,781,881	-	-
Cost of sales		(132,945,514)	(85,751,205)	-	-
Gross profit		27,498,323	2,030,676	-	-
Other income		750,105	744,673	4,800,000	3,000,000
Bargain purchase on acquisition of subsidiaries		-	115,032,330	-	-
Administrative expenses		(29,234,663)	(28,922,058)	(6,462,916)	(6,484,022)
Impairment losses on receivables and contract assets		(960,000)	(15,973,117)	(8,193)	(19,978)
Other expenses		(566,429)	(504,014)	(1)	(1,000,004)
Operating (loss)/profit		(2,512,664)	72,408,490	(1,671,110)	(4,504,004)
Finance income	21	19,230,419	15,702,738	2,691,993	1,718,780
Finance costs	21	(18,345,950)	(20,063,604)	(7,199,033)	(4,454,361)
(Loss)/Profit before tax	22	(1,628,195)	68,047,624	(6,178,150)	(7,239,585)
Tax (expense)/income	23	(4,499,073)	2,743,591	-	(277,645)
(Loss)/Profit for the financial year		(6,127,268)	70,791,215	(6,178,150)	(7,517,230)
Other comprehensive gain/(loss), net of tax					
Item that will be reclassified subsequently to profit or loss					
Fair value (loss)/gain on cash flow hedge		(413,076)	2,699,621	-	-
Other comprehensive (loss)/gain for the financial year, net of tax		(413,076)	2,699,621	-	-
Total comprehensive (loss)/income for the financial year		(6,540,344)	73,490,836	(6,178,150)	(7,517,230)
Earnings per share (sen)					
- Basic	24	(0.23)	2.65		
- Diluted	24	(0.20)	2.32		

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Attributable to owners of the Group →				
		Non-distributable	Distributable		
	Share capital RM	Cash flow hedge RM	Retained earnings RM	Non-controlling interest RM	Total RM
Group					
Balance at 1 January 2021	78,299,981	(2,286,545)	104,678,588	-	180,692,024
Profit for the financial year	-	-	70,791,215	-	70,791,215
Other comprehensive income for the financial year	-	2,699,621	-	-	2,699,621
Total comprehensive income for the financial year	-	2,699,621	70,791,215	-	73,490,836
Transaction with owners:					
Issuance of ordinary shares upon exercise of warrants	23,900,345	-	-	-	23,900,345
Issuance of ordinary shares pursuant to private placement	72,161,180	-	-	-	72,161,180
Issuance of ordinary shares pursuant to acquisition of subsidiaries	11,462,315	-	-	-	11,462,315
Share issuance expenses	(3,790,323)	-	-	-	(3,790,323)
Total transactions with owners	103,733,517	-	-	-	103,733,517
Balance at 31 December 2021	182,033,498	413,076	175,469,803	-	357,916,377
Loss for the financial year	-	-	(6,127,268)	-	(6,127,268)
Other comprehensive loss for the financial year	-	(413,076)	-	-	(413,076)
Total comprehensive loss for the financial year	-	(413,076)	(6,127,268)	-	(6,540,344)
Incorporation of subsidiary	-	-	-	3	3
Transactions with owners:					
Issuance of ordinary shares pursuant to private placement	21,611,650	-	-	-	21,611,650
Share issuance expenses	(895,027)	-	-	-	(895,027)
Total transactions with owners	20,716,623	-	-	-	20,716,623
Balance at 31 December 2022	202,750,121	-	169,342,535	3	372,092,659

	Share capital RM	Distributable Accumulated losses RM	Total RM
Company			
Balance at 1 January 2021	576,523,104	(1,178,121)	575,344,983
Total comprehensive loss for the financial year	-	(7,517,230)	(7,517,230)
Transaction with owners:			
Issuance of ordinary shares upon exercise of warrants	23,900,345	-	23,900,345
Issuance of ordinary shares pursuant to private placement	72,161,180	-	72,161,180
Issuance of ordinary shares pursuant to acquisition of subsidiaries	11,462,315	-	11,462,315
Share issuance expenses	(3,790,323)	-	(3,790,323)
Total transactions with owners	103,733,517	-	103,733,517
Balance at 31 December 2021	680,256,621	(8,695,351)	671,561,270
Total comprehensive loss for the financial year	-	(6,178,150)	(6,178,150)
Transactions with owners:			
Issuance of ordinary shares pursuant to private placement	21,611,650	-	21,611,650
Share issuance expenses	(895,027)	-	(895,027)
Total transactions with owners	20,716,623	-	20,716,623
Balance at 31 December 2022	700,973,244	(14,873,501)	686,099,743

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
OPERATING ACTIVITIES					
(Loss)/Profit before tax		(1,628,195)	68,047,624	(6,178,150)	(7,239,585)
Adjustments for:-					
Bargain purchase on acquisition of subsidiaries		-	(115,032,330)	-	-
Deposits written off		-	440,000	-	-
Depreciation of property, plant and equipment		2,401,385	2,523,061	2,688	2,608
Depreciation of right-of-use assets		1,306,135	1,159,136	-	-
Gain on disposal of right-of-use assets		(50,001)	-	-	-
Impairment loss on contract assets		-	15,973,117	-	-
Impairment loss on financial assets		960,000	-	8,193	19,978
Impairment loss on investment in subsidiaries		-	-	1	1,000,004
Interest expenses		18,345,950	19,793,736	7,199,033	4,454,361
Interest income		(470,496)	(840,362)	(2,691,993)	(1,718,780)
Interest income arising from concession contract		(18,759,923)	(14,862,376)	-	-
Operating profit/(loss) before working capital changes		2,104,855	(22,798,394)	(1,660,228)	(3,481,414)
Changes in working capital:-					
Contract balances		(8,726,600)	48,618,457	-	-
Receivables		20,841,515	11,420,231	-	12,702,315
Payables		21,966,371	(7,786,063)	633,437	309,919
Cash generated from/(used in) operations		36,186,141	29,454,231	(1,026,791)	9,530,820
Interest paid		(692,300)	(3,738,099)	1,169	(244,322)
Interest received		38,787	42,692	(423,310)	24,636
Tax paid		(16,139,101)	(13,831,552)	(143,451)	(134,194)
Net cash flows from/(used in) operating activities		19,393,527	11,927,272	(1,592,383)	9,176,940
INVESTING ACTIVITIES					
Net cash outflow arising from acquisition of subsidiaries/Acquisition of subsidiaries	6	-	(85,580,622)	(330)	(117,357,687)
Advances to subsidiaries		-	-	(34,418,121)	(124,498,757)
(Deposits for)/Refund from proposed acquisition of a subsidiary		(15,926,171)	6,100,000	-	-
Interest received		431,709	678,186	-	48,894
Placement of Maintenance Reserve Fund		(2,556,760)	(19,834,249)	-	-
Placement of Designated Accounts		(72,505,539)	(13,164,084)	-	-
Proceeds from disposal of right-of-use asset		50,001	-	-	-
Purchase of property, plant and equipment		(598,369)	(3,843,529)	-	-
Purchase of right-of-use assets	A	(66,690)	(43,759)	-	-
Withdrawal of fixed deposits		18,073,261	17,411,204	-	-
Net cash flows used in investing activities		(73,098,558)	(98,276,853)	(34,418,451)	(241,807,550)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
FINANCING ACTIVITIES					
Advances from subsidiaries		-	-	7,700,359	111,765,066
Interest paid		(12,424,920)	(15,588,278)	-	-
Issuance of Sukuk Wakalah, net of transaction costs		301,237,602	-	-	-
Drawdown of borrowings		49,243,652	186,302,523	-	20,000,000
Repayments of borrowings		(324,286,333)	(152,209,926)	-	(10,000,000)
Repayments of lease liabilities		(448,354)	(251,477)	-	-
Proceeds from issuance of shares pursuant to private placement and upon exercise of warrants, net of share issuance expenses		20,716,623	92,271,202	20,716,623	92,271,202
Net cash flows from financing activities		34,038,270	110,524,044	28,416,982	214,036,268
CASH AND CASH EQUIVALENTS					
Net changes		(19,666,761)	24,174,463	(7,593,852)	(18,594,342)
Brought forward		92,376,848	68,202,385	7,634,061	26,228,403
Carried forward	B	72,710,087	92,376,848	40,209	7,634,061

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF RIGHT-OF-USE ASSETS

	2022 RM	2021 RM	2022 RM	2021 RM
Total purchase of right-of-use assets	504,690	787,159	-	-
Purchase through finance lease arrangement	(438,000)	(743,400)	-	-
	66,690	43,759	-	-

B. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	193,859,788	134,019,842	40,209	7,634,061
Fixed deposits with licensed banks	9,634,188	30,795,592	5,186,711	5,000,000
Bank overdrafts	(12,378,547)	(11,022,282)	-	-
	191,115,429	153,793,152	5,226,920	12,634,061
Less: Designated Accounts	(86,537,134)	(14,031,595)	-	-
Fixed deposits pledged with licensed banks	(9,477,199)	(27,550,460)	(5,186,711)	(5,000,000)
Maintenance Reserves Fund	(22,391,009)	(19,834,249)	-	-
	72,710,087	92,376,848	40,209	7,634,061

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2022 RM	New lease RM	Net cash flows RM	Other RM	31 December 2022 RM
Group					
Borrowings*	353,070,840	-	26,194,921	5,228,730	384,494,491
Lease liabilities	982,822	438,000	(448,354)	-	972,468
	354,053,662	438,000	25,746,567	5,228,730	385,466,959
Company					
Amount due to subsidiaries	115,975,105	-	7,700,359	6,775,723	130,451,187
Borrowings	10,000,000	-	-	-	10,000,000
	125,975,105	-	7,700,359	6,775,723	140,451,187

	1 January 2021 RM	New lease RM	Net cash flows RM	Acquisition of subsidiaries RM	31 December 2021 RM
Group					
Borrowings*	167,923,333	-	34,092,597	151,054,910	353,070,840
Lease liabilities	490,899	743,400	(251,477)	-	982,822
	168,414,232	743,400	33,841,120	151,054,910	354,053,662
Company					
Amount due to subsidiaries	-	-	111,765,066	4,210,039	115,975,105
Borrowings	-	-	10,000,000	-	10,000,000
	-	-	121,765,066	4,210,039	125,975,105

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

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and 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 6 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 Directors regard Widad Business Group Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia as the holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 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 Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair value attributable to the risks that are being hedged in effective hedge relationships.

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 use when pricing the asset or liability, assuming that market participants act in their economic best interest. 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.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

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.

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.

2.3 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.

2.4 MFRSs

2.4.1 Adoption of 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 amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the amendments/improvements to standards did not have material financial impact to the financial statements.

2.4.2 Standards Issued But Not Yet Effective

The new and amended standards 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, if applicable, when they become effective.

Effective for financial period beginning on or after 1 January 2023:-

MFRS 17*# and amendment to MFRS 17*#	Insurance Contracts
Amendments to MFRS 17*#	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

Effective for financial period beginning on or after 1 January 2023 (cont'd):-

Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Effective for financial period beginning on or after 1 January 2024:-

Amendments to MFRS 16*#	Leases - Lease liability in a sale and Leaseback
Amendments to MFRS 101	Non-current liabilities with covenants

Deferred to a date to be determined by the Malaysian Accounting Standards Board:-

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

* Not applicable to the Company
\# Not applicable to the Group

The initial application of the above applicable amendments to standards are not expected to have material financial impact to the financial statements.

2.5 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 management, and will seldom equal the estimated results.

2.5.1 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 depreciable assets to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2022, management assesses that the useful lives represent the expected utility of the assets to the Group and to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's and the Company's assets.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 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, 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, 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.

Revenue from Contracts with Customers

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 judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on physical proportion of contract work-to-date certified by the Group and the customers 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. A change in the estimate will directly affect the revenue to be recognised.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits 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 management's estimates of future profit projections. 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 uncertainty, 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.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty (cont'd)

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 recognise 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 ("ECLs") of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and facility management sector, the historical default rates are adjusted. 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 historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Fair Value of Financial Instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

2.5.2 Significant Management Judgement

There is no 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, 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. Where an indication of impairment exists, the carrying amount of the subsidiaries are assessed and written down immediately to their recoverable amount.

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

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 subsidiaries 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 3.14 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 subsidiary 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business Combination and Goodwill (cont'd)

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 fair value at acquisition date of the acquirer's previously held 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.

Goodwill in initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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 (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 (accounting acquirer) recognised and measured at their pre-combination carrying amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.4 Reverse Acquisition upon Consolidation (cont'd)

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 (cont'd):

(b) The assets and liabilities of the legal parent (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 (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 (accounting acquiree), including the equity interests of the legal parent (accounting acquiree) issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (accounting acquiree) 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 statements of financial position and statements 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 statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

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

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 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 assets to working condition for their 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other 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 life. Property, plant and equipment are depreciated based on the estimated lives of the assets shown as follows:-

Freehold land and buildings	2%
Fixtures and office equipment	10 - 20%
Plant and machinery	10%
Renovation	10%
Motor vehicles	20%
Site cabin and signboard	10%

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, Plant and Equipment (cont'd)

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.

3.4 Concession Asset

The Group constructs or upgrades infrastructure (construction or upgrade services) and operate and maintains that infrastructure (operation services) for a specific period of time under a single contact or arrangement. Under this concession arrangement, the grantor controls significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangement under the financial asset model as the Group has an unconditional right to receive cash or another financial asset from or at the direction of grantor for the construction services. The consideration received and receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately indentified. The allocation is performed by reference to the fair values of the services provided even if the contract stipulates individual prices for certain services. This is because, the amounts specified in the contracts may not necessarily be representative of the fair values of the services provided or the price that would be charged if the services were sold on a standalone basis. The Group estimates the relative fair values of the services by reference to the costs of providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on the amount is calculated using the effective interest asset expire.

Any asset carried under concession arrangement is derecognised when the contractual rights to the financial asset expire.

3.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.5.1 As a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land and building	2%
Motor vehicles	20%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

3.5.1 As a Lessee (cont'd)

Right-of-use Assets (cont'd)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.8 to the financial statements.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises, motor vehicles and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

3.5.2 As a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to 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 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at transaction price as disclosed in Note 3.12 to the financial statements.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refer to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

The Group and the Company only have financial assets at amortised cost on their statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.1 Financial Assets (cont'd)

Subsequent Measurement (cont'd)

Financial Assets at Amortised Cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade and most of other receivables, cash and bank balances and fixed deposits with licensed banks.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.1 Financial Assets (cont'd)

Impairment (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Impairment for trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure ECL, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Impairment for financial assets other than trade receivables and contract assets

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

Credit impaired

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.1 Financial Assets (cont'd)

Impairment (cont'd)

Credit impaired (cont'd)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

3.6.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss; or
- Financial liabilities at amortised cost.

The Group's and the Company's financial liabilities include trade and most of other payables and borrowings which are measured at amortised cost.

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date and the balance is classified as non- current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.2 Financial Liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.6.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements 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.

3.6.4 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.6.5 Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.5 Derivative Financial Instruments and Hedge Accounting (cont'd)

Initial Recognition and Measurement (cont'd)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses cross currency swap as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to the currency basis spread is recognised as other expense.

The Group designates only the change in fair value of the spot element of cross currency swap as a hedging instrument in cash flow hedging relationships. The foreign currency basis spread is recognised in OCI and accumulated in a separate component of equity under cash flow hedge reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed banks and highly liquid investments which are readily convertible to known amount of cash and 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, Designated Accounts, Maintenance Reserve Fund and pledged deposits.

For the purpose 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.

3.8 Impairment of Non-financial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Note 2.5 - Significant assumptions estimates and judgements
Note 3.3 - Property, plant and equipment
Note 3.5 - Right-of-use assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of ten years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 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.

Share capital are recorded at the proceeds from ordinary shares issued, net of directly attributable incremental transactions costs.

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

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 the owners of the Company are recorded separately within equity.

3.10 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, 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. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If 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 provisions due to the passage of time is recognised as a finance cost.

3.11 Employees Benefits

3.11.1 Short-Term Employees Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Employees Benefits (cont'd)

3.11.2 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 years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Company and its subsidiaries, all of which were incorporated in Malaysia, make such contributions to the Employees Provident Fund ("EPF").

3.12 Revenue

3.12.1 Revenue from Contracts with Customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties such as sales taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

3.12.1 Revenue from Contracts with Customers (cont'd)

The Group recognises revenue from construction over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction the performance obligation is measured based on the Group's effort or inputs to the satisfaction of the performance obligation (e.g. by reference to the physical proportion of contract work-to-date certified by the Group and the customers to the measure of progress a percentage of the estimated total contract costs of the contract, i.e. the stage of completion).

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 is satisfying the performance obligation, where the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the physical proportion of contract work-to-date certified by the Group and the customers to the measure of progress a percentage of the estimated total contract costs of the contract, i.e. the stage of completion).

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.

Revenue from Concession Arrangement

Under the concession arrangement, the Group is engaged to construct the infrastructure project and provide asset management services, which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative stand-alone selling price of the consideration for each of separate performance obligation. The Group recognised construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for the performance completed.

Maintenance service charges are recognised in the accounting period in which the services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

3.12.2 Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 3.6.1.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract Costs

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). These costs are recognised in contract assets if the Group expects to recover those costs.

3.12.3 Others 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 be accrued to the Group and the Company.

Dividend Income

Dividend income from investment is recognised when the shareholders' 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.

Rental Income

Rental income is accounted on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as revenue.

Management Fees Income

Management fees are recognised when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Borrowing Costs

Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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 ceased 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.

3.14 Tax Expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are 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.

3.14.1 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 period, and any adjustment to tax payable in respect of previous years.

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

3.14.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements 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 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.

Deferred tax assets are 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 period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Sales and Service Tax

Expenses and assets are recognised net of the amount of sales and service tax, except:-

(a) When the sales and service tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
(b) When receivables and payables are stated with the amount of sales and service tax included.

The net amount of sales and service tax payable to the taxation authority is included as part of payables in the statements of financial position.

3.16 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.

3.17 Contingencies

3.17.1 Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

3.17.2 Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Related Parties

A related party is a person or entity that is related to the Group and the Company. 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 parent of the Company, or 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) One entity is an associate or joint venture of the other entity;
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other 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 an entity related to the Group;
- (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 or to the parent of the Group.

3.19 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Fixtures and office equipment RM	Plant and machinery RM	Renovation RM	Motor vehicles RM	Site cabin and signboard RM	Total RM
Cost							
At 1 January 2021	5,594,276	2,281,761	5,550	16,810,769	2,741,689	141,880	27,575,925
Additions	-	99,150	-	3,744,379	-	-	3,843,529
Additions through acquisition of subsidiaries	-	144,231	-	-	-	-	144,231
Transfer from right-of-use assets	-	-	-	-	434,286	-	434,286
At 31 December 2021	5,594,276	2,525,142	5,550	20,555,148	3,175,975	141,880	31,997,971
Additions	-	337,076	-	121,475	139,818	-	598,369
At 31 December 2022	5,594,276	2,862,218	5,550	20,676,623	3,315,793	141,880	32,596,340
Accumulated depreciation							
At 1 January 2021	786,963	1,417,464	5,550	4,553,712	2,625,546	93,794	9,483,029
Charge for the financial year	111,886	405,202	-	1,889,738	108,268	7,967	2,523,061
Additions through acquisition of subsidiaries	-	128,456	-	-	-	-	128,456
Transfer from right-of-use assets	-	-	-	-	434,286	-	434,286
At 31 December 2021	898,849	1,951,122	5,550	6,443,450	3,168,100	101,761	12,568,832
Charge for the financial year	111,885	209,748	-	2,043,910	27,875	7,967	2,401,385
At 31 December 2022	1,010,734	2,160,870	5,550	8,487,360	3,195,975	109,728	14,970,217
Net carrying amount							
At 31 December 2022	4,583,542	701,348	-	12,189,263	119,818	32,152	17,626,123
At 31 December 2021	4,695,427	574,020	-	14,111,698	7,875	40,119	19,429,139

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

Company	Fixtures and office equipment RM
Cost	
At 1 January 2021/At 31 December 2021/At 31 December 2022	64,192
Accumulated depreciation	
At 1 January 2021	58,896
Charge for the financial year	2,608
At 31 December 2021	61,504
Charge for the financial year	2,688
At 31 December 2022	64,192
Net carrying amount	
At 31 December 2022	-
At 31 December 2021	2,688

4.1 Assets pledged as securities to financial institutions

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

	Group	
	2022 RM	2021 RM
Freehold land and buildings	4,583,542	4,695,427

5. RIGHT-OF-USE ASSETS

As a lessee

The Group has lease contracts for leasehold land and building and motor vehicles that run between 5 to 50 years.

The Group and the Company also have leases of premises, motor vehicles and office equipment with lease terms of 12 months or less. The Group and the Company apply the 'short-term lease' recognition exemption for these leases.

5. RIGHT-OF-USE ASSETS (CONT'D)

As a lessee (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Motor vehicles RM	Leasehold land and building RM	Total RM
Group			
At 1 January 2021	304,289	42,616,000	42,920,289
Additions	787,159	-	787,159
Depreciation charge for the financial year	(183,136)	(976,000)	(1,159,136)
At 31 December 2021	908,312	41,640,000	42,548,312
Additions	504,690	-	504,690
Depreciation charge for the financial year	(330,135)	(976,000)	(1,306,135)
At 31 December 2022	1,082,867	40,664,000	41,746,867

The above motor vehicles are held under lease liabilities.

The leasehold land and building have been pledged as securities for bank borrowings as disclosed in Note 16 to the financial statements.

The maturity analysis of lease liabilities is disclosed in Note 30 to the financial statements.

The following are the amounts recognised in profit or loss:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Depreciation expense of right-of-use assets	1,306,135	1,159,136	-	-
Interest expense on lease liabilities	49,825	25,857	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	246,219	83,236	2,340	2,340
	1,567,767	1,268,229	2,340	2,340

The Group and the Company had total cash outflows for leases of RM744,398 and RM2,340 (2021: RM360,570 and RM2,340) respectively.

5. RIGHT-OF-USE ASSETS (CONT'D)

As a lessor

The Group has entered into operating lease on its land and building. The lease is cancellable with 3 months prior written notice. Rental income recognised by the Group during the financial year is RM 613,180 (2021: RM627,660).

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost	649,820,334	649,820,004
Less: Accumulated impairment losses	(1,000,005)	(1,000,004)
	648,820,329	648,820,000

Included in the investment in subsidiaries is an amount of RM129,820,000 (2021: RM128,820,000) which is pledged as securities for the banking facilities granted to subsidiaries.

Investment in subsidiaries that are impaired

Investment in subsidiaries are impaired at reporting date when the net assets of the subsidiaries are lower than cost of investment.

The movement of accumulated impairment losses is as follow:-

	Company	
	2022 RM	2021 RM
Brought forward	1,000,004	-
Addition	1	1,000,004
Carried forward	1,000,005	1,000,004

The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a five-year period. The discount rates applied to the cash flow projections is 7.62% (2021: 7.96%) based on the weighted average cost of capital of the Company.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:-

Name of companies	Principal place of business	Effective interest 2022	Effective interest 2021	Principal activities
Direct interest				
Widad Builders Sdn. Bhd. ("WBSB")	Malaysia	100%	100%	@@
Widad Green Sdn. Bhd.	Malaysia	100%	100%	^
Widad Rail Sdn. Bhd.	Malaysia	100%	100%	^
Widad Concession Sdn. Bhd. ("WCSB")$$	Malaysia	100%	100%	^
Widad Energy Sdn. Bhd.	Malaysia	100%	100%	^
Widad Master Sdn. Bhd.	Malaysia	100%	100%	^
Serendah Heights Sdn. Bhd. ("SHSB")@	Malaysia	100%	100%	#
Innovative City Holdings Sdn. Bhd.	Malaysia	100%	-	^
Widad Bina Urus Sdn. Bhd.##	Brunei	99%	-	^
Indirect interest				
Widad Facility Management Sdn. Bhd. *	Malaysia	100%	100%	$
Widad Capital Sdn. Bhd. *	Malaysia	100%	100%	Δ
YBK Usahasama Sdn. Bhd. **	Malaysia	100%	100%	&
Innovative City Holdings Sdn. Bhd.+	Malaysia	-	100%	^

^ Dormant.
@@ The principal activity of this subsidiary is general trading, construction and providing full facility management and mechanical and electrical maintenance, care and improvement.
$ The subsidiary is principally engaged in landscaping work and general contractors.
Δ The principal activities of the subsidiary are construction, providing facility management services and fund raising vehicle.
The principal activity of the subsidiary is investment holding.
& The subsidiary is principally engaged in concession business.
* Direct subsidiaries of WBSB.
** Direct subsidiary of SHSB.
+ Direct subsidiary of WCSB.
@ Investment pledged as security for banking facilities granted to a subsidiary in 2022 and 2021.
$$ Investment pledged as security for banking facilities granted to a subsidiary in 2022.
No statutory audit was required as at the reporting date as the subsidiary was newly incorporated/remained dormant during the financial year. The Diretors have consolidated the results of this subsidiary based on its management financial statements.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries

Current financial year

On 19 October 2022, the Company incorporated a subsidiary, Widad Bina Urus Sdn. Bhd. and domiciled in Brunei with an initial share capital of 99 ordinary shares of 99 Brunei dollar (approximatly RM329). The Company had owned 99% equity shares.

On 10 November 2022, the Company acquired 1 ordinary share representing 100% equity interest in Innovative City Holdings Sdn. Bhd. from its subsidiary, Widad Concession Sdn. Bhd.. The purchase consideration for the acquisition is RM1.

Prior financial year

On 10 February 2021, the Company had incorporated a wholly-owned subsidiary, Widad Energy Sdn. Bhd. with an initial share capital of 1 ordinary share of RM1.

On 24 February 2021, the Company had incorporated a wholly-owned subsidiary, Widad Master Sdn. Bhd. with an initial share capital of 1 ordinary share of RM1.

On 19 March 2021, the Company acquired 5,000,000 ordinary shares representing 100% equity interest in SHSB. The purchase consideration for the acquisition consists of:

- Cash consideration of RM117,357,685
- 24,055,226 new ordinary shares of the Company at fair value of RM0.4765 each which amounting to RM11,462,315, whereby the fair value of the share is published price of the share as of acquisiton date.

The fair value of the identifiable assets and liabilities of SHSB as at the date of acquisition was as follow:-

	Group RM
2021	
Plant and equipment	15,775
Contract assets	463,557,750
Trade receivables	6,091,957
Other receivables	236,364
Cash and bank balances	31,777,063
Total assets	501,678,909
Deferred tax liabilities	(74,459,662)
Borrowings	(151,054,910)
Trade payables	(1,513,303)
Other payables	(2,654,751)
Contract liability	(18,182,028)
Tax payable	(9,961,925)
Total liabilities	(257,826,579)
Total identifiable net assets	243,852,330

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (cont'd)

Net cash outflow arising from acquisition of subsidiaries

	Group RM
2021	
Purchase consideration settled in cash and cash equivalents	117,357,685
Cash and cash equivalent acquired	
- Cash and bank balances	(31,777,063)
	85,580,622

Bargain purchase

Bargain purchase was recognised as a result of the acquisition was as follow:-

	Group RM
2021	
Total consideration transferred	128,820,000
Fair value of identifiable net assets	(243,852,330)
Bargain purchase	(115,032,330)

Impact of the acquisition on the Consolidated Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, SHSB has contributed RM7,658,283 and RM4,811,393 to the Group's revenue and profit after tax respectively. If the contribution had taken place at the beginning of the financial year, the Group's revenue and profit after tax would have been RM95,443,035 and RM59,431,358 respectively.

Non-controlling interest

There is no non-controlling interest disclosed as it is immaterial.

7. CONTRACT ASSETS/(LIABILITY)

	Group 2022 RM	Group 2021 RM
Contract assets		
- Construction contracts	211,062,653	152,730,965
Less: Accumulated impairment losses	(15,973,117)	(15,973,117)
	195,089,536	136,757,848
- Contract asset from a customer on concession arrangement	411,795,109	440,103,255
- Contract cost	3,022,128	3,022,128
	609,906,773	579,883,231
Presented by:		
Non-current	382,230,354	411,795,110
Current	227,676,419	168,088,121
	609,906,773	579,883,231
Contract liability		
- Contract liability relating to a concession arrangement	22,621,817	20,084,798

The movement of accumulated impairment losses during the financial year is as follow:

	Group 2022 RM	Group 2021 RM
Individually impaired		
At 1 January	15,973,117	-
Charge for the financial year	-	15,973,117
At 31 December	15,973,117	15,973,117

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.

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

Contract asset from a customer on concession agreement

The amount, being the financial asset arising from the above concession agreement represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. It carries interest at a rate of 4.37% (2021:4.37%) per annum and repayable in the form of availability charge upon fulfilment of the terms and conditions in the concession agreement.

In prior year, all rights, interest and title limited to the availability charges, any amount payable by the Government of Malaysia, and reimbursement of costs by grantor was assigned to a financial institution to secure term loans facility granted to the Group as disclosed in Note 16 to the financial statements.

During the financial year, included in the contract assets amounted to RM 414,817,237 has been pledged as securities for Sukuk Wakalah as disclosed in Note 16 to the financial statements.

Contract cost

Contract cost primarily relates to the rights to consideration for work completed on services contracts but not yet billed as at the reporting date.

Contract liability relating to a concession arrangement

Contract liability relating to a concession arrangement represents a maintenance reserve fund established for the purpose of carrying out capital replacements for the Facilities and Infrastructure of the campus by the Group. The contract liability is initially recognised in the statements of financial position at the fair value of consideration received. Contract liability in subsequently recognised in profit or loss upon rendering the services.

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

	Group	
	2022 RM	2021 RM
Contract assets at the beginning of the year not transferred to the trade receivables due to change in time frame	136,757,848	135,465,441
Contract liabilities at the beginning of the year recognised as revenue	-	495,119
Increase of contract liabilities due to consideration received from a customer, but revenue not recognised	2,537,019	1,268,513

8. OTHER RECEIVABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-current				
Amount due from a subsidiary	-	-	145,066,610	134,607,245
Current				
Non-trade receivables	1,436,446	2,150,045	-	-
Amount due from subsidiaries	-	-	29,157,242	2,694,373
Amount due from a related company	23,375	-	-	-
	1,459,821	2,150,045	29,157,242	2,694,373
Less: Accumulated impairment losses				
- Amount due from subsidiaries	-	-	(668,566)	(660,373)
- Non-trade receivable	(960,000)	-	-	-
	(960,000)	-	(668,566)	(660,373)
	499,821	2,150,045	28,488,676	2,034,000
Deposits	17,005,773	4,822,772	-	-
Prepayments	416,529	377,738	-	-
	17,922,123	7,350,555	28,488,676	2,034,000
	17,922,123	7,350,555	173,555,286	136,641,245

The movement of accumulated impairment losses during the financial year is as follow:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
At 1 January	-	-	660,373	640,395
Addition	960,000	-	8,193	19,978
At 31 December	960,000	-	668,566	660,373

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

Non-current

Amounts due from a subsidiary is unsecured, bears interest rates range from 1.47% to 2.39% (2021: 1.47% to 1.51%) per annum and receivable on demand.

Current

Included in the deposits of the Group are RM16,626,171 (2021: RM700,000) paid for the proposed acquisition of equity interest in Palm Shore Holdings Sdn. Bhd.. This transaction was completed on 19 January 2023. The detailed information refers to Note 32 to the financial statements.

Amounts due from subsidiaries and a related company are unsecured, non-interest bearing and receivable on demand.

9. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current	9,477,199	27,550,460	5,186,711	5,000,000
Current	156,989	3,245,132	-	-
	9,634,188	30,795,592	5,186,711	5,000,000

Non-current

Group and Company

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

The average interest rates of the fixed deposits for the Group were ranged from 1.40% to 3.05% (2021: 1.40% to 3.05%) per annum, whereas for the Company, they were ranged at 1.85% (2021: 1.40% to 1.85%) per annum.

Current

Group

The average interest rates of the fixed deposits for the Group were ranged from 1.40% to 3.05% (2021: 1.40% to 3.05%) per annum.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022 RM	2021 RM
1 January	(63,656,072)	-
Additions through acquisition of subsidiaries	-	(74,459,662)
Recognised in profit or loss	6,218,272	10,803,590
31 December	(57,437,800)	(63,656,072)

Presented after appropriate offsetting as follows:-

	Group	
	2022 RM	2021 RM
Deferred tax assets	9,708,000	8,721,000
Deferred tax liabilities	(67,145,800)	(72,377,072)
	(57,437,800)	(63,656,072)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movement of deferred tax assets and liabilities are as follows:-

	Property, plant and equipment RM	Contract assets / contract liabilities RM	Provisions RM	Unabsorbed tax losses RM	Unutilised capital allowances RM	Total RM
Group						
At 1 January 2021	10,078	-	(10,078)	-	-	-
Additions through acquisition of subsidiaries	3,126	(74,462,788)	-	-	-	(74,459,662)
Recognition in profit or loss	(240,753)	2,082,265	(2,922)	8,492,000	473,000	10,803,590
At 31 December 2021	(227,549)	(72,380,523)	(13,000)	8,492,000	473,000	(63,656,072)
Recognition in profit or loss	171,485	5,612,387	1,031,400	39,000	(240,000)	6,218,272
At 31 December 2022	(56,064)	(66,768,136)	1,018,400	8,531,000	233,000	(57,437,800)

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Property, plant and equipment	2,000	3,000	2,000	3,000
Provisions	-	723,300	-	-
Unabsorbed tax losses	2,538,000	1,703,000	1,508,800	1,703,000
Unutilised capital allowances	4,700	5,000	4,700	5,000
Other	4,150,000	-	-	-
	6,694,700	2,434,300	1,515,500	1,711,000

Effective Year of Assessment 2019 as announced in the Annual Budget 2022, the unabsorbed tax losses of the Group and the Company as of 31 December 2018 and thereafter will be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years terms, the unabsorbed tax losses will be disregarded.

Tax losses for which no deferred tax asset are recognised will be expired as follows:-

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Expiry date				
2030	870,800	1,065,000	870,800	1,065,000
2031	638,000	638,000	638,000	638,000
2032	1,029,200	-	-	-
	2,538,000	1,703,000	1,508,800	1,703,000

11. TRADE RECEIVABLES

	Group 2022 RM	2021 RM
Trade receivables	17,098,618	33,879,525
Amount due from a related company	1,001,013	-
Retention sum:		
- Third parties	7,771,324	8,609,242
- Related company	170,903	-
	26,041,858	42,488,767

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group to customers range from 1 to 60 days (2021: 1 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. DERIVATIVE FINANCIAL ASSET

	Notional amount RM	Asset RM	Liability RM	Net RM
Group				
Hedging derivative				
Cash flow hedge				
2021				
Current				
Cross currency swap	40,268,800	41,142,793	(40,729,717)	413,076

The Group entered into cross currency swap to manage its exposure in foreign currency risk arising from foreign currency borrowing, which was entered to minimise the interest cost.

The Group uses cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on 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 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 following table indicates the periods in which the cash flows associated with the cross currency swap are expected to occur and affect profit or loss:-

	Carrying amount RM	Expected cash flows RM	Within 1 year RM
Group			
2021			
Cross currency swap	40,268,800	41,400,739	41,400,739

12. DERIVATIVE FINANCIAL ASSET (CONT'D)

In prior year, the cash flow hedge of the borrowing was assessed to be highly effective and a net unrealised gain of RM2,699,621 of the Group relating to the hedging instruments are included in OCI. The unrealised gain recognised in OCI is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

The borrowing had been settled during the financial year.

13. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	84,931,645	100,153,998	40,209	7,634,061
Designated Accounts pledged	86,537,134	14,031,595	-	-
Maintenance Reserve Fund	22,391,009	19,834,249	-	-
	193,859,788	134,019,842	40,209	7,634,061

Group

In the previous financial year, included in cash and cash balances was amount of RM14,031,595 which were held under Designated Accounts and pledged as securities for term loans granted to the Group as disclosed in Note 16 to the financial statements.

During the financial year, the Designated Accounts of the Group are pledged as securities for Sukuk Wakalah as disclosed in Note 16 to the financial statements.

Included in cash and bank balances is amount to RM22,391,009 (2021: RM19,834,249) are held as Maintenance Reserve Fund for the purpose of utilisation for capital replacements, as disclosed in Note 7 to the financial statements and therefore restricted from use in other operation.

14. SHARE CAPITAL

	No. of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Group				
Issued and fully paid with no par value:-				
At 1 January	2,752,500,171	2,491,868,245	182,033,498	78,299,981
Issuance of ordinary shares upon exercise of warrants	-	68,286,700	-	23,900,345
Issuance of ordinary shares pursuant to private placement	56,575,000	168,290,000	21,611,650	72,161,180
Issuance of ordinary shares pursuant to acquisition of subsidiaries	-	24,055,226	-	11,462,315
Share issuance expenses	-	-	(895,027)	(3,790,323)
At 31 December	2,809,075,171	2,752,500,171	202,750,121	182,033,498

14. SHARE CAPITAL (CONT'D)

	No. of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Company				
Issued and fully paid with no par value:-				
At 1 January	2,752,500,171	2,491,868,245	680,256,621	576,523,104
Issuance of ordinary shares upon exercise of warrants	-	68,286,700	-	23,900,345
Issuance of ordinary shares pursuant to private placement	56,575,000	168,290,000	21,611,650	72,161,180
Issuance of ordinary shares pursuant to acquisition of subsidiaries	-	24,055,226	-	11,462,315
Share issuance expenses	-	-	(895,027)	(3,790,323)
At 31 December	2,809,075,171	2,752,500,171	700,973,244	680,256,621

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

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.

15. CASH FLOW HEDGE RESERVE

The cash flow hedge reserve contains the effective portion of the gain or loss on hedging instruments in cash flow hedges and is not available for distribution as dividends.

16. BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Secured:				
Commodity Murabahah	-	40,268,800	-	-
Term loans	43,369,924	290,283,399	-	-
Sukuk Wakalah	306,466,332	-	-	-
Revolving credit	34,183,768	21,900,000	10,000,000	10,000,000
	384,020,024	352,452,199	10,000,000	10,000,000
Unsecured:				
Term loans	474,467	618,641	-	-
Bank overdrafts	12,378,547	11,022,282	-	-
	12,853,014	11,640,923	-	-
	396,873,038	364,093,122	10,000,000	10,000,000

16. BORROWINGS (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Repayable:</u>				
- within 1 year	84,601,402	237,564,160	10,000,000	10,000,000
- more than 1 year but less than 5 years	139,030,256	106,169,896	-	-
- above 5 years	173,241,380	20,359,066	-	-
	312,271,636	126,528,962	-	-
	396,873,038	364,093,122	10,000,000	10,000,000

The effective interest rates of the Group and of the Company for the borrowings (other than Commodity Murabahah) range from 3.10% to 11.38% and 3.64% to 4.80% (2021: 3.06% to 6.33% and 3.95%) per annum respectively.

The profit rate of the Group for the Commodity Murabahah was 4.50% per annum.

The borrowings of the Group and of the Company (other than Commodity Murabahah) are secured by way of the followings:-

(a) a pledge of fixed deposits and sinking fund;
(b) a first party legal charge over the freehold and leasehold land and buildings;
(c) joint and several guarantee by the subsidiaries' Directors, subsidiaries' ex-directors and a person connected to subsidiaries' Director;
(d) corporate guarantee by the Company and holding company;
(e) guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad;
(f) assignment of the proceeds receivable/contractual proceeds;
(g) assignment of the proceeds from rentals;
(h) debenture by way of a fixed and floating charge over all of a subsidiary's present and future assets and undertaking;
(i) assignment of all rights, interest and title in respect of availability charges, any amount payable by the Government of Malaysia as a result of early termination and charge over the Maintenance Reserve Fund;
(j) charge over the Designated Accounts, Operating Account and over all permitted investments made from such accounts;
(k) charge over subsidiaries' shares; and
(l) assignment of dividends from subsidiaries.

The Commodity Murabahah was secured by way of the followings:-

(a) corporate guarantee by the Company;
(b) assignment of the proceeds receivable;
(c) a pledge of fixed deposits; and
(d) fixed and floating charges over all assets of a subsidiary.

16. BORROWINGS (CONT'D)

Sukuk Wakalah

	2022 RM
Secured:	
Non-current	
Sukuk Wakalah	285,000,000
Less: Direct transaction issue costs	(5,599,725)
	279,400,275
Current	
Sukuk Wakalah	28,675,589
Less: Direct transaction issue cost	(1,609,532)
	27,066,057
	306,466,332

On 16 March 2022, the subsidiary of the Company, Widad Concession Sdn. Bhd. established Wakalah Programme comprising of Islamic Medium Term Note ("IMTN") up to RM310,000,000 in nominal value and issued RM310,000,000 in nominal value of IMTN to the banks with transaction cost amounting RM8,762,398. Proceeds raised from the issuance was advanced to the Group for its Shariah-compliant general working requirements and corporate purposes.

The Sukuk Wakalah Programme under the Shariah Principle of Wakalah Bi Al-Istithmar has a tenure ranging from 1 to 12 years, at a fixed profit rate of between 3.31% to 5.33% per annum. The annual repayment of each tranche of Sukuk commence in year 2023 while the profit is payable semi-annually commencing 2022.

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	2022 RM
1 January	
Proceeds from issuance of sukuk	310,000,000
Less:	
Payment of direct transaction issue costs	(8,762,398)
Finance cost paid	(7,351,178)
	293,886,424
Non-cash changes	
Financing costs on Islamic financing (Note 21)	11,026,767
Amortisation of direct issue transaction costs on long-term Islamic financing (Note 21)	1,553,141
31 December	306,466,332

17. LEASE LIABILITIES

	Group 2022 RM	Group 2021 RM
At 1 January	982,822	490,899
Addition	438,000	743,400
Accretion of interest	49,825	25,857
Payments	(498,179)	(277,334)
At 31 December	972,468	982,822
Represented by:		
Current	456,304	392,025
Non-current	516,164	590,797
	972,468	982,822

The maturity analysis of lease liabilities is disclosed in Note 30 to the financial statements.

The effective interest rates of the Group for lease liabilities range from 4.18% to 14.35% (2021: 4.36% to 14.35%) per annum.

The lease liabilities of the Group are secured by legal charge over the assets of the Group as disclosed in Note 5 to the financial statements and secured against personal guarantee by:

	Group 2022 RM	Group 2021 RM
Directors	488,985	140,000

18. OTHER PAYABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-current				
Amount due to a subsidiary	-	-	115,450,858	115,908,007
Current				
Non-trade payables	2,716,106	1,994,386	143,719	195,964
Amount due to subsidiaries	-	-	15,000,329	67,098
Accrual of expenses	7,289,476	10,574,892	907,886	222,204
Deposit received	60,500	60,500	-	-
	10,066,082	12,629,778	16,051,934	485,266
	10,066,082	12,629,778	131,502,792	116,393,273

18. OTHER PAYABLES (CONT'D)

Non-current

Amount due to a subsidiary is unsecured, bears interest rates range from 5.00% to 6.00% (2021: 4.65% to 4.73%) per annum and repayable on demand.

Current

Included in deposit received is RM49,000 (2021: RM49,000) due to a related company.

Amount due to subsidiaries is unsecured, non-interest bearing and repayable on demand.

19. TRADE PAYABLES

Group

Trade payables are non-interest bearing and the normal credit terms granted by the suppliers range from 30 to 90 days (2021: 30 to 90 days). However, the term varies according to negotiation with the suppliers.

20. REVENUE

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

	2022 RM	2021 RM
Geographical market		
Malaysia	160,443,837	87,781,881
Major products and services line		
Construction contracts	93,220,888	5,913,832
Integrated facility management	56,989,566	74,209,766
Concession	10,233,383	7,658,283
	160,443,837	87,781,881
Timing of revenue recognition		
Over time	160,443,837	87,781,881

Group

The remaining contractual billings to customer from its construction activities amounted to RM712,889,485 (2021: RM708,851,016) 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 is between 5 to 24 months (2021: 11 to 36 months).

The remaining contractual billings to customer from its integrated facility management amounted to RM39,905,867,145 (2021: RM104,920,149) 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 integrated facility management is between 16 to 48 months (2021: 6 to 48 months).

The remaining contractual billings to customer from its maintenance activities amounted to RM158,658,779 (2021: RM172,044,935) 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 maintenance activities is 133 months (2021: 145 months).

21. FINANCE INCOME/FINANCE COSTS

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
<u>Finance income</u>				
Interest income:				
- Interest income arising from concession contract	18,759,923	14,862,376	-	-
- Fixed deposits profit	431,709	797,670	186,711	48,894
- Bank interest	38,787	42,692	1,169	24,636
- Loan interest charged to a subsidiary	-	-	2,504,113	1,645,250
	19,230,419	15,702,738	2,691,993	1,718,780
<u>Finance cost</u>				
Interest expenses:				
- bank overdrafts	692,300	568,762	-	-
- lease liabilities	49,825	25,857	-	-
- loan interest charged by a subsidiary	-	-	6,775,723	4,210,039
- Sukuk wakalah	11,026,767	-	-	-
- term loans	2,619,256	15,623,809	-	-
- revolving credit	1,215,869	650,293	423,310	244,322
- cross-currency interest rate swap	639,488	2,392,569	-	-
- facility fees	549,304	802,314	-	-
	16,792,809	20,063,604	7,199,033	4,454,361
- amortisation of transactions cost	1,553,141	-	-	-
	18,354,950	20,063,604	7,199,033	4,454,361

22. (LOSS)/PROFIT BEFORE TAX

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration:				
- Statutory audit	368,500	238,500	58,000	48,000
- Other services	61,400	261,100	19,800	19,800
Deposits written off	-	440,000	-	-
Depreciation of property, plant and equipment	2,401,385	2,523,061	2,688	2,608
Depreciation of right-of-use assets	1,306,135	1,159,136	-	-
Directors' fees	192,000	168,000	192,000	168,000
Impairment loss on investment in subsidiaries	-	-	1	1,000,004
Impairment loss:				
- contract assets	-	15,973,117	-	-
- non-trade receivable	960,000	-	-	-
- amount due from subsidiaries	-	-	8,193	19,978
Gain on disposal of right-of-use	(50,001)	-	-	-
Rental income	(613,180)	(627,660)	-	-

23. TAX EXPENSE/(INCOME)

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Current tax				
Current year provision	11,670,400	8,300,262	-	-
(Over)/Under provision in prior financial year	(953,055)	(240,263)	-	277,645
	10,717,345	8,059,999	-	277,645
Deferred tax				
Current year provision	(6,745,272)	(10,803,590)	-	-
Under provision in prior financial year	527,000	-	-	-
	(6,218,272)	(10,803,590)	-	-
Total tax expense/(income)	4,499,073	(2,743,591)	-	277,645

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

The numerical reconciliations between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
(Loss)/Profit before tax	(1,628,195)	68,047,624	(6,178,150)	(7,239,585)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(390,767)	16,331,430	(1,482,756)	(1,737,500)
Tax effects in respect of:-				
Income not subject to tax	(2,496)	(28,107,074)	-	-
Expenses not deductible for tax purposes	5,349,891	9,007,233	1,529,676	1,583,900
(Over)/Under provision in prior financial year				
- current year	(953,055)	(240,263)	-	277,645
- deferred tax assets	(527,000)	-	-	-
Movement of deferred tax assets not recognised	1,022,500	265,083	(46,920)	153,600
Total tax expense/(income)	4,499,073	(2,743,591)	-	277,645

24. 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 to the weighted average number of ordinary shares issued calculated as follows:-

	Group	
	2022	2021
(Loss)/Profit for the financial year attributable to ordinary equity holders of the Company (RM)	(6,127,268)	70,791,215
Weighted average number of ordinary shares in issue:		
Number of issued ordinary shares at 1 January	2,669,334,085	2,459,460,851
Effect of ordinary shares issued during the financial year	1,395,000	209,873,234
Weighted average number of ordinary shares at 31 December	2,670,729,085	2,669,334,085
Basic earnings per ordinary share (sen)	(0.23)	2.65

Diluted earnings per ordinary share

	2022	2021
(Loss)/Profit for the financial year attributable to ordinary equity holders of the Company (RM)	(6,127,268)	70,791,215
Weighted average number of ordinary shares in issue	2,670,729,085	2,669,334,085
Effects of warrants outstanding	385,415,269	385,415,269
Weighted average number of ordinary shares assumed to be in issue	3,056,144,354	3,054,749,354
Diluted earnings per ordinary share (sen)	(0.20)	2.32

25. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries and other emoluments	23,324,258	22,327,287	4,692,614	4,004,029
Defined contribution plans	2,254,068	2,156,042	478,536	424,976
	25,578,326	24,483,329	5,171,150	4,429,005

25. EMPLOYEES BENEFITS EXPENSES (CONT'D)

Included in the employees benefits expenses are Directors' remuneration as follows:-

	2022 RM	2021 RM
Group		
Existing Directors		
Directors of the Company		
Salaries and other emoluments	1,164,782	1,095,723
Defined contribution plans	127,296	127,296
	1,292,078	1,223,019
Directors of the subsidiaries		
Salaries and other emoluments	1,715,752	1,715,617
Defined contribution plans	205,656	205,656
	1,921,408	1,921,273
	3,213,486	3,144,292
Company		
Existing Directors		
Salaries and other emoluments	1,164,782	1,095,723
Defined contribution plans	127,296	127,296
	1,292,078	1,223,019
	1,292,078	1,223,019

26. CAPITAL COMMITMENT

	Group	
	2022 RM	2021 RM
Capital expenditure		
Authorised and contracted for:		
- Property, plant and equipment	1,708,518	1,708,518

27. MATERIAL LITIGATION

On 6 July 2020, the Company was served with a Writ of Summons and Statement of Claim by a sub-contractor. The sub-contractor commenced the suit against the Company for a sum of RM1,582,983 allegedly being the amount due and owning by the Company to the sub-contractor. On 10 August 2020, the Company had filed its defense with no counterclaim.

On 30 July 2020, the Company had filed an application to strike out the claim against the Company. The striking out application is fixed for decision and/or clarification in the Shah Alam High Court on 30 September 2020. On 6 October 2021, the High Court directed that the Company's striking out application would be heard before the learned High Court Judge on 17 November 2021. Subsequently, the High Court fixed a case management in respect of the striking out applicable for 7 March 2022 and subsequently rescheduled to 23 March 2022. On 23 March 2022, the High Court fixed the hearing for striking out application on 10 May 2022.

The decision for striking out application was granted by the Court with the Company's submissions that sub-contractor's claim against the Company is 'plainly and obviously unsustainable'. The Court ordered that the writ and statement of Claim filed by sub-contractor be struck off.

28. 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:-

	2022 RM	2021 RM
Group		
Sales charged to a related company	1,171,916	-
Rental income charged to a related company	588,000	588,000
Company		
Loan interest charged by a subsidiary	6,775,723	4,210,039
Loan interest charged to a subsidiary	2,504,113	1,645,250
Management fees charged to subsidiaries	4,800,000	3,000,000

Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 8, 11 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.

28. RELATED PARTY DISCLOSURES (CONT'D)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries and other emoluments	580,220	516,420	456,982	324,360
Defined contribution plans	69,408	62,046	54,720	41,040
	649,628	578,466	511,702	365,400
Directors' remuneration (Note 25)	3,213,486	3,144,292	1,292,078	1,223,019
	3,863,114	3,722,758	1,803,780	1,588,419

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) Concession — Construction and maintenance of facilities and infrastructure.

(d) Other — Other non-reportable segments comprise operations related to investment holding.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

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 an arm's length basis in a manner similar to transactions with third parties.

29. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Group 2022	Note	Integrated facility management RM	Constructions RM	Concession RM	Other RM	Elimination RM	Total RM
Revenue:-							
External customers		56,989,566	93,220,888	10,233,383	-	-	160,443,837
Inter-segment	(a)	81,520,849	-	-	-	(81,520,849)	-
Total revenue		138,510,415	93,220,888	10,233,383	-	(81,520,849)	160,443,837
Results:-							
Interest income							19,230,419
Finance costs							(18,345,950)
Depreciation of property, plant and equipment							(2,401,385)
Depreciation of right-of-use assets							(1,306,135)
Other non-cash expense	(b)						(960,000)
Tax expense							(4,499,073)
Segment profit	(c)						(7,011,737)
Assets:-							
Unallocated segment assets	(d)						916,737,720
Additions to non-current assets	(f)						1,103,059
Liabilities:-							
Unallocated segment liabilities	(g)						74,871,362

29. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Group 2021	Note	Integrated facility management RM	Constructions RM	Concession RM	Other RM	Elimination RM	Total RM
Revenue:-							
External customers		74,209,766	5,913,832	7,658,283	-	-	87,781,881
Inter-segment	(a)	90,224,972	-	-	-	(90,224,972)	-
Total revenue		164,434,738	5,913,832	7,658,283	-	(90,224,972)	87,781,881
Results:-							
Interest income							15,702,738
Finance costs							(20,063,604)
Depreciation of property, plant and equipment							(2,523,061)
Depreciation of right-of-use assets							(1,159,136)
Other non-cash income	(b)						98,619,213
Tax expense							2,743,591
Segment profit	(c)						75,152,081
Assets:-							
Unallocated segment assets	(d)						856,515,438
Additions to non-current assets	(f)						4,630,688
Liabilities:-							
Unallocated segment liabilities	(g)						50,367,972

29. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

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

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

	Group	
	2022 RM	2021 RM
Bargain purchase on acquisition of subsidiaries	-	115,032,330
Deposits written off	-	(440,000)
Impairment loss on contract assets	-	(15,973,117)
Impairment loss on financial assets	(960,000)	-
	(960,000)	98,619,213

(c) The following items are added to/(deducted from) segment (loss)/profit to arrive at "(loss)/profit after tax" presented in the consolidated statements of profit or loss:-

	Group	
	2022 RM	2021 RM
Segment profit	(7,011,737)	75,152,081
Finance income	19,230,419	15,702,738
Finance costs	(18,345,950)	(20,063,604)
(Loss)/Profit after tax	(6,127,268)	70,791,215

(d) The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:-

	Group	
	2022 RM	2021 RM
Segment assets	916,737,720	856,515,438
Deferred tax assets	9,708,000	8,721,000
Derivative financial asset	-	413,076
Total assets	926,445,720	865,649,514

29. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

(e) 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.

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

	Group	
	2022 RM	**2021 RM**
Property, plant and equipment	598,369	3,843,529
Right-of-use assets	504,690	787,159
	1,103,059	4,630,688

(g) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	Group	
	2022 RM	**2021 RM**
Segment liabilities	74,864,362	50,367,972
Deferred tax liabilities	67,145,800	72,377,072
Lease liabilities	972,468	982,822
Borrowings	396,873,038	364,093,122
Tax payable	14,497,393	19,912,149
Total liabilities	554,353,061	507,733,137

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

Geographical information

Revenue and non-current assets information by geographical segments are not presented as the Group's customers and activities are located and conducted principally in Malaysia.

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				Operating Segments
	2022 RM	%	2021 RM	%	
- Customer A	47,435,206	30	68,965,500	79	Integrated facility management
- Customer B	57,113,764	36	-	-	Constructions
- Customer C	34,424,299	21	-	-	Constructions
	138,973,269	87	68,965,500	79	

30. FINANCIAL INSTRUMENTS

30.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities at amortised cost ("AC").

	AC 2022 RM	AC 2021 RM	Derivative used for hedging 2021 RM
Group			
Financial assets			
Trade receivables	26,041,858	42,488,767	-
Other receivables	17,505,594	6,972,817	-
Derivative financial asset	-	-	413,706
Fixed deposits with licensed banks	9,634,188	30,795,592	-
Cash and bank balances	193,859,788	134,019,842	-
	247,041,428	214,277,018	413,706
Financial liabilities			
Trade payables	42,183,463	17,653,396	-
Other payables	10,066,082	12,629,778	-
Borrowings	396,873,038	364,093,122	-
	449,122,583	394,376,296	-

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities at amortised cost ("AC") (cont'd).

	AC 2022 RM	AC 2021 RM
Company		
Financial assets		
Other receivables	173,555,286	136,641,245
Fixed deposits with licensed banks	5,186,711	5,000,000
Cash and bank balances	40,209	7,634,061
	178,782,206	149,275,306
Financial liabilities		
Borrowings	10,000,000	10,000,000
Other payables	131,502,792	116,393,273
	141,502,792	126,393,273

30.2 Financial Risk Management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing their 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 policies in respect of the major areas of treasury activity are set out as follows:-

30.2.1 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 their 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 their 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 transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.1 Credit Risk (cont'd)

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

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	26,041,858	42,488,767	-	-
Other receivables	17,505,594	6,972,817	173,555,286	136,641,245
Contract assets	609,906,773	579,883,231	-	-
Fixed deposits with licensed banks	9,634,188	30,795,592	5,186,711	5,000,000
Cash and bank balances	193,859,788	134,019,842	40,209	7,634,061
	856,948,201	794,160,249	178,782,206	149,275,306

Credit risk concentration

In respect of trade receivables and contract assets, the Group has no significant concentration of credit risk with any single counterparty or any group of counterparties having similar characteristics, except below mentioned.

	Group			
	2022 RM	2021 %	2022 RM	2021 %
Trade receivables				
Malaysia				
3 customers (2021: 3 customers)	20,422,915	78	39,930,623	94
Contract assets				
Malaysia				
1 customer (2021: 1 customer)	414,817,237	68	443,125,383	74

The Group continuously monitors 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.1 Credit Risk (cont'd)

Receivables and contract assets

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and take appropriate actions to recover long overdue balances. For trade receivables' credit term that are past due but not impaired, the Group's debt recovery process are the Group will initiate a structured debt recovery process which are monitored via management reporting procedures.

The Group applies the simplified approach under MFRS 9 to measure expected credit losses, which use a lifetime expected credit loss allowance for all trade receivables and contract assests. The Group evaluates the expected credit losses on a case-by-case basis.

The Group assesses the expected loss rate based on historical payment profiles of the trade receivables and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the financial capability of the debtor and default or significant delay in payments. No significant changes to estimation techniques or assumptions were made during the reporting period.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired. The gross carrying amounts of credit impaired trade receivables are 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 determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Trade receivables that are written off are still subjected to enforcement activities.

As at the reporting date, there was no indication of default on payment for the trade receivables but all necessary impairment that is required has been provided for the contract assets. The management is of the opinion that trade receivables have not been impaired are credit worthy debtors whereby impairment is not required.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.1 Credit Risk (cont'd)

Receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

None of the Group's financial assets are secured by collateral or other credit enhancements.

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:

	31 December 2022			31 December 2021		
	Gross carrying amount RM	Loss allowance RM	Net balances RM	Gross carrying amount RM	Loss allowance RM	Net balances RM
Group						
Current						
(Not past due)	21,888,351	-	21,888,351	22,969,658	-	22,969,658
1-30 days past due	2,769,198	-	2,769,198	8,203,435	-	8,203,435
31-60 days past due	8,461	-	8,461	7,531,800	-	7,531,800
61-90 days past due	27,677	-	27,677	864,800	-	864,800
More than 90 days past due	1,348,171	-	1,348,171	2,919,074	-	2,919,074
Trade receivables	26,041,858	-	26,041,858	42,488,767	-	42,488,767
Contract assets	625,880,890	(15,973,117)	609,906,773	595,856,348	(15,973,117)	579,883,231

Other receivables

As at the end of the reporting period, the management is of the opinion that all necessary impairment that is required has been provided for.

For advances to subsidiaries whose credit term is repayable on demand, this is considered credit impaired when the subsidiaries are unlikely to repay their advances to the Company in full given insufficient highly liquid resources when the advances is demanded.

Cash and bank balances and fixed deposits with licensed banks

The credit risk for cash and bank balances and fixed deposits with licensed banks is considered low, 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 loss allowance is not material and hence, it is not provided for.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.1 Credit Risk (cont'd)

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The maximum exposure to credit risk is as disclosed in Note 30.2.2 to the financial statements as at the reporting date. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

30.2.2 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 their exposures to liquidity risk arises principally from their various payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their 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.

Analysis of financial liabilities by remaining contractual maturity period

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

			Current	← Non-current	→
	Carrying amount RM	Total contractual cash flows RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Group					
2022					
Non-derivative financial liabilities					
Secured					
Borrowings**	384,020,024	488,633,471	83,141,521	166,417,830	239,074,120
Unsecured					
Trade payables	42,183,463	42,183,463	42,183,463	-	-
Other payables	10,066,082	10,066,082	10,066,082	-	-
Borrowings**	474,467	516,346	164,105	352,241	-
Lease liabilities	972,468	1,032,207	487,852	544,355	-
Total undiscounted financial liabilities	437,716,504	542,431,569	136,043,023	167,314,426	239,074,120

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.2 Liquidity Risk (cont'd)

Analysis of financial liabilities by remaining contractual maturity period (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Current Within 1 year RM	← Non-current 2 to 5 years RM	Non-current → More than 5 years RM
Group					
2021					
Non-derivative financial liabilities					
Secured					
Borrowings**	352,452,199	378,824,585	236,096,958	119,281,444	23,446,183
Unsecured					
Trade payables	17,653,396	17,653,396	17,653,396	-	-
Other payables	12,629,778	12,629,778	12,629,778	-	-
Borrowings**	618,641	680,451	164,105	516,346	-
Lease liabilities	982,822	1,044,248	434,180	610,068	-
Total undiscounted financial liabilities	384,336,836	410,832,458	266,978,417	120,407,858	23,446,183
Company					
2022					
Non-derivative financial liabilities					
Secured					
Borrowing	10,000,000	10,000,000	10,000,000	-	-
Unsecured					
Other payables	131,502,792	131,502,792	16,051,934	50,172,000	65,278,858
	141,502,792	141,502,792	26,051,934	50,172,000	65,278,858
Financial guarantee*	382,252,101	382,252,101	382,252,101	382,252,101	382,252,101

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.2 Liquidity Risk (cont'd)

Analysis of financial liabilities by remaining contractual maturity period (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (cont'd):-

			Current	Non-current	
	Carrying amount RM	Total contractual cash flows RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Company					
2021					
Non-derivative financial liabilities					
Secured					
Borrowing	10,000,000	10,000,000	10,000,000	-	-
Unsecured					
Other payables	116,393,273	116,393,273	485,266	61,848,000	54,060,007
	126,393,273	126,393,273	10,485,266	61,848,000	54,060,007
Financial guarantee*	349,282,343	349,282,343	349,282,343	349,282,343	349,282,343

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holder as at the end of the reporting period.

** Exclude bank overdrafts.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

30.2.3 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 placement in fixed rate deposits, fixed rate borrowings and fixed rate 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. Short term receivables and payables are not significantly exposed to interest rate risk.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.3 Interest Rate Risk (cont'd)

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.

The Group has entered into cross currency swap with a notional contract amount of RMNil (2021: RM40,268,800) in order to hedge its floating rate bank loan. As at the end of the financial reporting period, the swap was terminated early during the financial year (2021: mature over 1 year) following the maturity of the floating rate bank loan and had a fixed swap rate of 4.50% (2021: 4.50%).

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:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed rate instruments				
Financial assets				
- Fixed deposits with licensed banks	9,634,188	30,795,592	5,186,711	5,000,000
- Other receivables	-	-	145,066,610	134,607,245
	9,634,188	30,795,592	150,253,321	139,607,245
Financial liabilities				
- Borrowings	340,650,100	21,900,000	10,000,000	10,000,000
- Lease liabilities	972,468	982,822	-	-
- Other payables	-	-	130,450,858	115,908,007
	341,622,568	22,882,822	140,450,858	125,908,007
Net financial (liabilities)/assets	(331,988,380)	7,912,770	9,802,463	13,699,238
Floating rate instrument				
Financial liability				
- Borrowings	56,222,938	342,193,122	-	-

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.3 Interest Rate Risk (cont'd)

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 the Group and the Company 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.

Cash flow sensitivity analysis for variable rate instruments

A change in 25 basis point ("bp") (2021:25bp) in interest rates at the end of the reporting period would have increase/(decreased) profit for the year and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	(Loss)/Profit for the financial year		Equity	
	+25bp RM	-25bp RM	+25bp RM	-25bp RM
Group				
2022				
Floating rate instruments	(140,557)	140,557	(140,557)	140,557
2021				
Floating rate instruments	(855,483)	855,483	(855,483)	855,483

30.2.4 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") and United State Dollar ("USD").

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.4 Foreign Currency Risk (cont'd)

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:-

Group and Company	Denominated in SGD RM	Denominated in USD RM
2022		
Cash and bank balances	289	389
2021		
Cash and bank balances	289	389

Foreign currency sensitivity analysis

There is no foreign currency sensitivity analysis as the foreign currency risk exposure is minimal.

30.3 Fair Values of Financial Instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature, or insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair Value Hierarchy

The following table provides an analysis of the financial instrument that was measured subsequent to initial recognition at fair value.

	Level 2 2022 RM	Level 2 2021 RM
Group		
Financial asset		
Cross currency swap	-	413,076

There were no transfer between Level 1, 2 and 3 in 2022 and 2021.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Fair Values of Financial Instruments (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 Fair Value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 Fair Value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(i) Derivative

The fair value of interest rate swap which is calculated as the present value of the estimated future cash flows based on observable yield curves.

Level 3 Fair Value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

30.4 Net Gain or Losses Arising from Financial Instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial liabilities at FVTPL - recognised in other comprehensive (loss)/ income	(413,076)	2,699,621	-	-

31. CAPITAL MANAGEMENT

The capital structure of the Group and of the Company consists of net debt of the Group and of the Company comprising borrowings as detailed in Note 16 of the financial statements off set with cash and bank balances, and equity of the Group comprising issued capital and retained earnings.

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and sustain future development of the business.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total debt divided by total equity. Total debt is including lease liabilities, revolving credit, bill purchase, term financing/loan and bank overdrafts.

31. CAPITAL MANAGEMENT (CONT'D)

The debt-to-equity ratio of the Group and of the Company at the end of the reporting year was as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total debts	397,845,506	365,075,944	10,000,000	10,000,000
Less: Cash and cash equivalents	(72,710,087)	(92,376,848)	(40,209)	(7,634,061)
Net debt	325,135,419	272,699,096	9,959,791	2,365,939
Total equity	372,092,656	357,916,377	686,099,743	671,561,270
Debt-to-equity ratio	0.874	0.762	0.015	0.004

There were no changes in the Group's and the Company's approach to capital management during the financial year.

32. SIGNIFICANT EVENTS

Facility agreement with MBSB Bank Berhad

On 29 November 2022, a wholly-owned subsidiary of Widad Builders Sdn. Bhd., Widad Capital Sdn. Bhd. entered into an agreement with Malaysian Building Society Berhad ("MBSB") for the Islamic Financing Facility amounted to RM110,000,000, subject to the terms and conditions as defined in the Facility Agreement.

The Facility Agreement was completed and effective on 9 January 2023.

Acquisition of Palm Shore Holdings Sdn. Bhd.

On 14 April 2021, a wholly-owned subsidiary of Widad Builders Sdn. Bhd., Widad Capital Sdn. Bhd. had entered into a Head of Agreement ("HOA") with Palm Shore Holdings Sdn. Bhd. ("PSHSB") and the shareholders of PSHSB ("the Vendors") for the proposed acquisition of 100% equity interest or 25,000,000 ordinary shares in PSHSB for a purchase consideration of RM35,000,000 to be fully satisfied in cash, subject to terms and conditions of share sale and purchase agreement. Subsequently, the Company and the Vendors had mutually agreed to extend the Head of Agreement several times. The purchase transaction was completed on 19 January 2023.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Total number of Issued Shares	:	2,839,087,971
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

SIZE OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Size of Holdings	No. of Shareholders	Total Holdings	%
LESS THAN 100 SHARES	21	300	0.00
100 TO 1,000 SHARES	1,009	596,606	0.02
1,001 TO 10,000 SHARES	3,322	19,718,749	0.69
10,001 TO 100,000 SHARES	2,656	96,906,285	3.41
100,001 TO LESS THAN 5% OF ISSUED SHARES	633	2,102,229,031	74.05
5% AND ABOVE OF ISSUED SHARES	2	619,637,000	21.83
TOTAL	**7,643**	**2,839,087,971**	**100.00**

DIRECTORS' SHAREHOLDINGS
AS AT 31 MARCH 2023

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1.	Dato' Dr Mohd Rizal Bin Mohd Jaafar	28,050,000	0.99	-	-
2.	Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim	-	-	-	-
3.	Tung Ghee Meng	-	-	-	-
4.	Ong Kuan Wah	-	-	-	-
5.	Nor Adha Bin Yahya	-	-	-	-

SUBSTANTIAL SHAREHOLDERS
AS AT 31 MARCH 2023

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1.	Widad Business Group Sdn Bhd	1,236,447,680	43.55	-	-
2.	Tan Sri Muhammad Ikmal Opat Bin Abdullah	152,472,600	5.37	1,258,242,980[1]	44.32

Notes
(1) Deemed interest via shareholding in Widad Business Group Sdn Bhd pursuant to Section 8 of the Companies Act ("**Act**") and through his children, Isyraf Widad Bin Muhammad Ikmal Opat and Ilham Widad Bin Muhammad Ikmal Opat and shareholdings in Steadfast Capital Inc.

**THIRTY (30) LARGEST SHAREHOLDERS
AS AT 31 MARCH 2023**

No.	Name	No. of Shares Held	Percentage (%)
1	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *LIMRA CAPITAL BERHAD FOR WIDAD BUSINESS GROUP SDN BHD*	424,637,000	14.96
2	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	195,000,000	6.87
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR WIDAD BUSINESS GROUP SDN BHD*	118,777,695	4.18
4	PERTUBUHAN KESELAMATAN SOSIAL	117,000,000	4.12
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *PEMBANGUNAN SUMBER MANUSIA BERHAD*	96,463,000	3.40
6	APEX NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	90,300,000	3.18
7	HSBC NOMINEES (ASING) SDN BHD *SOCIETE GENERALE PARIS*	79,000,000	2.78
8	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	77,500,000	2.73
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND*	76,900,000	2.71
10	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *CGS-CIMB FUTURES SDN.BHD.*	67,350,000	2.37
11	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')*	56,650,000	2.00
12	BI NOMINEES (TEMPATAN) SDN BHD *WIDAD BUSINESS GROUP SDN BHD*	52,000,000	1.83
13	MENUJU ASAS CAPITAL SDN BHD	40,000,000	1.41
14	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH*	37,270,000	1.31
15	M & A NOMINEE (ASING) SDN BHD *FOR WINFIELDS DEVELOPMENT PTE. LTD.*	37,000,000	1.30
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN.BHD.*	36,988,000	1.30
17	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG (SMART)*	31,000,000	1.09
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH*	30,419,500	1.07
19	KOPERASI SAHABAT AMANAH IKHTIAR MALAYSIA BERHAD	30,000,000	1.06
20	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH*	29,832,000	1.05

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
AS AT 31 MARCH 2023

No.	Name	No. of Shares Held	Percentage (%)
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	27,270,000	0.96
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH*	24,099,900	0.85
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	22,816,800	0.80
24	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG*	21,875,000	0.77
25	DANION A/L LEWIS	20,867,000	0.74
26	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG SOON HO*	19,995,000	0.70
27	BIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SENTOSA JAYA CAPITAL SDN BHD*	19,850,000	0.70
28	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	19,800,000	0.70
29	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	19,600,000	0.69
30	HSBC NOMINEES (ASING) SDN BHD *J.P. MORGAN SECURITIES PLC*	19,078,800	0.67

ANALYSIS OF WARRANTHOLDINGS
AS AT 31 MARCH 2023

No. of Warrants in issue	:	355,402,469
Exercise price of the Warrants	:	RM0.35
Expiry date of the Warrants	:	5 August 2023

SIZE OF WARRANTHOLDINGS
AS AT 31 MARCH 2023

Size of Holdings	No. of Warrantholders	Total Holdings	%
LESS THAN 100 WARRANTS	120	4,365	0.00
100 TO 1,000 WARRANTS	345	150,376	0.04
1,001 TO 10,000 WARRANTS	732	4,317,819	1.21
10,001 TO 100,000 WARRANTS	903	35,635,357	10.03
100,001 TO LESS THAN 5% OF ISSUED WARRANTS	387	271,768,152	76.47
5% AND ABOVE OF ISSUED WARRANTS	2	43,526,400	12.25
TOTAL	**2,489**	**355,402,469**	**100.00**

DIRECTORS' WARRANTHOLDINGS
AS AT 31 MARCH 2023

		No. of Warrants Held			
No.	Name	Direct	%	Indirect	%
1.	Dato' Dr Mohd Rizal Bin Mohd Jaafar	-	-	-	-
2.	Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim	-	-	-	-
3.	Tung Ghee Meng	-	-	-	-
4.	Ong Kuan Wah	-	-	-	-
5.	Nor Adha Bin Yahya	-	-	-	-

SUBSTANTIAL WARRANTHOLDERS
AS AT 31 MARCH 2023

		No. of Warrants Held			
No.	Name	Direct	%	Indirect	%
1.	Tan Sri Muhammad Ikmal Opat Bin Abdullah	23,212,260	6.53	32,591,600[1]	9.17
2.	Widad Business Group Sdn Bhd	30,859,500	8.68	-	-
3.	Lee Kian Kah	19,974,700	5.62	-	-

Notes
[1] Deemed interest via shareholding in Widad Business Group Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and through his children shareholdings, Ilham Widad Bin Muhammad Ikmal Opat.

ANALYSIS OF WARRANTHOLDINGS
AS AT 31 MARCH 2023

**THIRTY (30) LARGEST WARRANTHOLDERS
AS AT 31 MARCH 2023**

No.	NAME OF WARRANTHOLDERS	No. of Warrant Held	Percentage (%)
1	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH (STF)*	23,066,900	6.49
2	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	20,459,500	5.76
3	BI NOMINEES (TEMPATAN) SDN BHD *WIDAD BUSINESS GROUP SDN BHD*	10,400,000	2.93
4	ENG MOK HOCK	9,800,000	2.76
5	LEE KIAN KAH	9,654,800	2.72
6	WONG MUN LOONG	9,160,000	2.58
7	KEE KU HUAK	8,600,000	2.42
8	ALI MUNAWAR BIN SALIM	8,270,200	2.33
9	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE KIAN KAH*	7,900,000	2.22
10	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK*	7,290,000	2.05
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR BENNIE HOO WEI CHUAN*	5,999,700	1.69
12	TING CHIH KUAN	5,300,000	1.49
13	TAN BOON HOCK	3,603,600	1.01
14	POO AH MOI	3,556,800	1.00
15	MASHARUDDIN BIN HARUN	3,500,000	0.98
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN LIP HAN*	3,234,000	0.91
17	CHENG SIEW FONG	3,050,000	0.86
18	NUM SIEW YOKE	2,850,000	0.80
19	ENG CHONG HENG	2,600,000	0.73
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN LIP HAN*	2,500,000	0.70
21	CHENG SIEW PENG	2,440,780	0.69
22	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN*	2,437,580	0.69
23	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR LIEW JOEVIS*	2,243,500	0.63
24	FATHANAH AMIRAH BINTI MOHAMED	2,241,000	0.63
25	TAN LIP HAN	2,100,000	0.59
26	TAN YEO LEK	2,100,000	0.59
27	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR LONG SU BING*	2,033,500	0.57
28	CHAN CHONG MING	2,010,300	0.57
29	CHENG KIAM FEI	2,002,800	0.56
30	GAM TONG KEONG	2,000,000	0.56

OTHER DISCLOSURE

REQUIREMENTS

1) Audit Fees and Non-Audit Fees

During the financial year ended 31 December 2022, 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	368,500	58,000
Non-Audit Fees	61,400	19,800

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 2022, there were some related party transaction which are summarized as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Rental of premises charged by Widad Builders Sdn. Bhd. ("WBSB") (1) to Dataprep Holding Berhad (2)	588	588

Notes:

(1) Widad Builders Sdn Bhd is a subsidiary of Widad Group Berhad. The principal activities of this subsidiary are general trading, construction and providing full facility management and mechanical and electrical maintenance, care and improvement.

(2) Dataprep Holdings Berhad is a subsidiary of Widad Business Group which is an ultimate holding company for Widad Group Berhad. The principal activities of the Company are investment holding and provision of management services to subsidiaries.

SUMMARY OF GROUP PROPERTIES
AS AT 31 DECEMBER 2022

Description	Existing Use	Location	Built-up / Land Area	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value As at 31 December 2022 (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	24	18 October 2013	40,664
5-storey shop-office	Vacant	Alam Avenue 2, Section 16, Shah Alam	9,220 sqft / 1,856 sqft	Leasehold for 99 years	7	30 January 2014	4,584

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth ("**14th**") Annual General Meeting ("**AGM**") of the Company will be conducted on a virtual basis at the Broadcast Venue at WBG Penthouse, Widad Semantan(WiSe), No. 3, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur on Monday, 12 June 2023 at 2.00 p.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees and benefits up to RM500,000.00 from this AGM until the next AGM of the Company. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring in accordance with Article 86 the Company's Constitution and being eligible, have offered themselves for re-election: -

   (i) Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim **Ordinary Resolution 2**

   (ii) Mr. Tung Ghee Meng **Ordinary Resolution 3**

4. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS

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

5. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 5**

   "THAT pursuant to Section 75 and Section 76 of the Companies Act, 2016 ("**the Act**") 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) per cent of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") 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."

   AND THAT pursuant to Section 85 of the Act to be read together with Article 3 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Section 75 and 76 of the Act."

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE").** **Ordinary Resolution 6**

"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 renew and enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 (i) and 2.4 (ii) of the Circular to Shareholders dated 28 April 2023, 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 AGM of the Company following the 14th AGM 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 AGM after the date it is required to be held pursuant to Section 340(2)(b) of 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 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".

7. 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) (SSM PC NO: 202008000054)
TANG CHI HOE (KEVIN) (MAICSA 7045754) (SSM PC NO: 202008002054)
SHUHILAWATI BINTI TAJUDDIN (LS0010190) (SSM PC NO: 202008001358)
Company Secretaries

Dated: 28 April 2023
Kuala Lumpur

Notes:-

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxies** from the public will be physically present at the meeting venue. Shareholders who wish to participate in the 14th AGM will therefore have to register via the link https://vps.megacorp.com.my/bXFTF2. Kindly refer to the annexure of the Administrative Details for further information.

2. For the purpose of determining a member who shall be entitled to attend, speak and vote at the 14th AGM, the Company shall be requesting the Record of Depositors as at 6 June 2023. Only a depositor whose name appears on the Record of Depositors as at 6 June 2023 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

3. 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.

4. 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.

5. 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.

6. 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.

7. The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd., situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.Widad@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at https://vps.megacorp.com.my/bXFTF2 to submit the proxy appointment electronically not later than Saturday, 10 June 2023 at 2.00 p.m. For further information on the electronic submission of proxy form, kindly refer to the annexure of the Administrative Details.

8. By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Explanatory Notes on Special Business

i. Ordinary Resolution 5 – Authority to issue shares

The proposed Resolution 5, if passed, will empower the Directors to issue shares up to 10% of the total number of issued shares of the Company at any one time during the validity of the authority granted for such purposes as they may consider being in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The general mandate sought to grant authority to Directors to issue shares is a renewal of the mandate that was approved by the shareholders at the Thirteenth AGM held on 29 June 2022. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Act will allow the Directors of the Company to issue new shares of the Company which rank equally with the existing issued shares of the Company, to any person without having to offer new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the mandate.

Up to the date of this Notice, 56,575,000 ordinary shares equivalent to 1.99% of share capital was issued by way of private placement ("**Private Placement**") during the year. Total proceeds of RM21,611,650 were raised from the Private Placement and has been fully utilized in accordance with the mandate of this exercise. The details of Private Placement as follows: -

Number of ordinary shares	Issue price per share (RM)	Amount (RM)
56,575,000	0.382	21,611,650

ii. Ordinary Resolution 6 – Proposed Shareholders' Mandate

The explanatory note on Ordinary Resolution 6 is set out in the Circular to Shareholders dated 28 April 2023.

WIDAD GROUP BERHAD

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

FORM OF PROXY

(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We * ______________________________ NRIC/Passport/Registration No.* ______________
(Full name in block)

of ____
(Address)

with email address ______________________________ mobile phone no. ______________
being a member/members* of **WIDAD GROUP BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us and on my/our behalf at the Fourteenth ("**14th**") Annual General Meeting ("**AGM**") of the Company to be conducted on a virtual basis at the Broadcast Venue at WBG Penthouse, Widad Semantan (WiSe), No. 3, Jalan Semantan, Damansara Heights, 50490, Kuala Lumpur on Monday, 12 June 2023 at 2.00 p.m. or any adjournment thereof.

Please indicate with an "x" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	To approve payment of Directors' fees and benefits up to RM500,000.00 from this AGM until the next AGM of the Company				
2.	To re-elect the director, Gen Tan Sri Dato' Sri Zulkiple Bin Haji Kassim				
3.	To re-elect the director, Mr. Tung Ghee Meng				
4.	To re-appoint the retiring auditors, Messrs. Grant Thornton Malaysia PLT				
5.	Authority to Issue Shares				
6.	Proposed of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature				

** delete whichever is not applicable.*

Dated this __________ 2023

____
Signature of Member(s) / Common Seal

Notes:-

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxies** from the public will be physically present at the meeting venue. Shareholders who wish to participate in the 14th AGM will therefore have to register via the link https://vps.megacorp.com.my/bXFTF2. Kindly refer to the annexure of the Administrative Details for further information.
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4. 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.
5. 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.
6. 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.
7. The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd, situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.Widad@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at https://vps.megacorp.com.my/bXFTF2 to submit the proxy appointment electronically not later than Saturday, 10 June 2023 at 2.00 p.m. For further information on the electronic submission of proxy form, kindly refer to the annexure of the Administrative Details.
8. By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Fold here to seal

STAMP

SHARE REGISTRAR
Mega Corporate Services Sdn. Bhd.
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Fold here to seal

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

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

www.widadgroup.com