



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

**INTERIM FINANCIAL REPORT
FOR THE PERIOD FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023**

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

	QUARTER ENDED		YEAR-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	80,354	32,044	230,612	160,409
Cost of sales	(78,973)	(46,905)	(214,166)	(132,958)
Gross Profit/(Loss)	1,381	(14,861)	16,446	27,451
Other income	660	-	1,168	750
Administrative expenses	(10,309)	(8,656)	(32,700)	(29,484)
Impairment losses on receivables and contract assets	(708)	(960)	(708)	(960)
Other expenses	(266)	8,267	(266)	(566)
Operating loss	(9,242)	(16,210)	(16,060)	(2,809)
Finance income	7,423	6,472	28,227	20,640
Finance costs	(7,812)	(8,286)	(26,169)	(19,459)
Loss before tax	(9,631)	(18,024)	(14,002)	(1,628)
Tax expense	(278)	(987)	(2,582)	(4,481)
Loss for the financial year	(9,909)	(19,011)	(16,584)	(6,109)
Other comprehensive gain				
Fair value gain on cash flow hedge	-	83	-	-
Other comprehensive gain for the year	-	83	-	-
Total comprehensive loss for the financial year	(9,909)	(18,928)	(16,584)	(6,109)
Total comprehensive loss for the period attributable to:				
- Owners of the Company	(9,903)	-	(16,578)	-
- Non-controlling interest	(6)	-	(6)	-
	(9,909)	-	(16,584)	-
Earnings per share (sen)				
- Basic	(0.33)	(0.69)	(0.56)	(0.22)

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2023	Audited 31.12.2022
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	15,404	17,626
Right-of-use assets	40,581	41,747
Contract assets	446,102	382,231
Fixed deposit with licensed banks	12,371	9,477
Deferred tax assets	8,800	9,708
Goodwill	8,741	-
Total non-current assets	531,999	460,789
Current assets		
Contract assets	298,254	227,676
Trade receivables	95,077	26,042
Other receivables	3,449	17,922
Fixed deposit with licensed banks	231	157
Cash and bank balances	155,951	193,860
Total current assets	552,962	465,657
TOTAL ASSETS	1,084,961	926,446
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	303,644	202,750
Retained earnings	152,765	169,343
Total equity	456,409	372,093
Non-controlling interest	(3)	-
Total equity	456,406	372,093
LIABILITIES		
Non-current liabilities		
Borrowings	358,244	312,272
Lease liabilities	370	516
Deferred tax liabilities	64,425	67,146
Total non-current liabilities	423,039	379,934
Current liabilities		
Contract liabilities	28,863	22,622
Trade payables	47,359	42,184
Other payables	11,518	10,066
Borrowings	105,479	84,601
Lease liabilities	353	456
Tax payable	11,944	14,490
Total current liabilities	205,516	174,419
Total liabilities	628,555	554,353
TOTAL EQUITY AND LIABILITIES	1,084,961	926,446
Net Tangible Assets per share (RM)	0.15	0.13

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	DISTRIBUTABLE RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF THE COMPANY	NON- CONTROLLING INTEREST	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	202,750	169,343	372,093	-	372,093
Profit for the financial period	-	(16,578)	(16,578)	-	(16,578)
Transaction with owners:					
Issuance of ordinary shares via private placement	2,937	-	2,937	-	2,937
Issuance of ordinary shares upon exercise of warrants	97,957	-	97,957	-	97,957
Balance as at 31 December 2023	303,644	152,765	456,409	-	456,409

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
OPERATING ACTIVITIES		
Profit / (Loss) before tax	(14,002)	(1,628)
Adjustments for;		
Depreciation of property, plant and equipment	2,434	2,401
Depreciation of right-of-use assets	1,325	1,306
Gain on disposal of right-of-use assets	-	(50)
Impairment loss on financial assets	708	960
Amortisation of transaction cost	1,610	
Finance costs	17,863	18,346
Finance income	-	(470)
Finance income arising from concession contract	(27,170)	(18,760)
Operating profit before working capital changes	(17,232)	2,105
Changes in working capital;		
Contract balances	(33,748)	(8,727)
Payables	(17,150)	20,842
Receivables	(54,281)	21,966
Cash generated form operations	(122,410)	36,186
Finance costs paid	(535)	(692)
Finance income received	-	39
Tax paid	(7,860)	(16,139)
Net cash flows from operating activities	(130,805)	19,394
INVESTING ACTIVITIES		
Acquisition of subsidiary (Refer Note A12)	(16,626)	(15,926)
Finance income received	-	432
Placement of maintenance reserve fund	6,241	(2,557)
Placement of Designated Accounts	-	(72,506)
Proceed from disposal of right-of-use assets	159	50
Purchase of property, plant and equipment	(212)	(598)
Purchase of right-of-use assets	(159)	(67)
Withdrawal of fixed deposit	(2,736)	18,073
Net cash flows from investing activities	(13,334)	(73,099)

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



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

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
FINANCING ACTIVITIES		
Finance cost paid	(17,514)	(12,425)
Interest income arising from concession contract	27,170	
Issuance of Sukuk Wakalah, net of transaction costs	-	301,237
Drawdown of borrowings	155,188	49,244
Repayment of borrowings	(165,072)	(324,286)
Repayment of lease liabilities	(409)	(449)
Proceeds from issuance of shares pursuant to private placement and upon exercise of warrants, net of share issuance expenses	100,894	20,717
Net cash flow from financing activities	<u>100,255</u>	<u>34,038</u>
CASH AND CASH EQUIVALENTS		
Net changes	(43,884)	(19,667)
Balance brought forward	<u>72,710</u>	<u>92,377</u>
Carried forward	<u>28,826</u>	<u>72,710</u>
	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Cash and cash equivalent comprise of:-		
Cash and bank balances	155,951	193,860
Fixed deposit with licensed bank	12,601	9,634
Bank overdraft	<u>(11,591)</u>	<u>(12,379)</u>
	156,962	191,115
Less:		
Designated Bank Account	(87,276)	(86,537)
Fixed deposit with licensed bank	(12,371)	(9,477)
Maintenance Reserve Fund	<u>(28,489)</u>	<u>(22,391)</u>
	<u>28,826</u>	<u>72,710</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 BASIS OF PREPARATION

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 ("FYE 2022") and the accompanying explanatory notes attached to the interim financial statements.

The accompanying explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position, performance and cash flow of the Group since FYE 2022.

A2 SIGNIFICANT ACCOUNTING POLICIES

A2.1 Adoption of Amendments/Improvements to MFRS

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the FYE 2022.

A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the FYE 2022 was not subject to any qualification.

A4 SEASONAL OR CYCLICAL FACTORS

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

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

A6 MATERIAL CHANGES IN ESTIMATES

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

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134****A7 DEBTS AND EQUITY SECURITIES**

The Group paid the first Sukuk Wakalah annual principal payment amounting RM25 million on 30 March 2023. On 3 July 2023, the Group announced to Bursa Malaysia that its Warrants 2018/2023 expired on 5 August 2023.

Other than the above, there is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

A8 DIVIDEND

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

A9 SEGMENTAL REPORTING

Primary reporting basis by business segments:

Current Quarter	IFM*	Construction	Total
	RM'000	RM'000	RM'000
Revenue	8,066	72,288	80,354
Segment results;			
Other income	-	-	660
Depreciation	-	-	(1,535)
Finance costs	-	-	(7,812)
Finance income #	-	-	7,423
Taxation	-	-	(278)
Loss after tax	-	-	(9,909)

Year to-date	IFM	Construction	Total
	RM'000	RM'000	RM'000
Revenue	24,841	205,771	230,612
Segment results;			
Other income	-	-	1,168
Depreciation	-	-	(3,741)
Finance costs	-	-	(26,169)
Finance income #	-	-	28,227
Taxation	-	-	(2,582)
Loss after tax	-	-	(16,584)

Note

* IFM – Integrated Facility Management

Finance income includes lease rental under concession business

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134****A10 CARRYING AMOUNT OF REVALUED ASSET**

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

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statement.

A12 EFFECT OF CHANGES IN THE GROUP COMPOSITION, LONG TERM INVESTMENTS, RESTRUCTURING AND DISCONTINUED OPERATIONS

On 6 January 2023, the Group acquired 7,000,000 ordinary shares of Palm Shore Holdings Sdn Bhd ("PSHSB"), representing 100% equity in the company. Subsequently, on 19 January 2023 the Group announced to Bursa the completion of the acquisition.

The following summarized the major classes of consideration transferred and the recognized amount of assets and liabilities assumed for the acquisition of PSHSB.

	<u>RM'000</u>
Concession service receivables	100,701
Other receivables	990
Cash and bank balances	6,993
Borrowings	(76,099)
Other payables	(23,778)
Tax payable	(922)
Total identifiable net assets	<u>7,885</u>
Less: Cash and cash equivalent acquired	<u>(6,993)</u>
Net cash inflow from acquisition	<u>892</u>
<u>Calculation of goodwill:</u>	
Fair value of net identifiable assets	7,885
Fair value of consideration transferred	<u>(16,626)</u>
Goodwill	<u>8,741</u>

A13 CONTINGENT LIABILITIES/ASSETS

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

WIDAD GROUP BERHAD

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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

A14 CAPITAL COMMITMENT

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

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

	QUARTER ENDED		YEAR-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Rental of office space	147	147	588	588
<u>Company</u>				
Management fee charged to subsidiaries	1,200	1,200	4,800	4,800


B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
B1 REVIEW OF PERFORMANCE
(a) Comparison with preceding year corresponding period

	QUARTER		YEAR-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Revenue:</u>				
Construction	72,288	16,913	205,771	67,765
IFM	8,066	9,917	24,841	60,600
Total revenue	80,354	26,830	230,612	128,365
Gross profit/(loss)	1,381	(14,861)	16,446	27,451
Gross profit/(loss) margin (%)	1.72	(55.39)	7.13	21.39
Loss before tax	(9,631)	(18,024)	(14,002)	(1,628)

The Group's revenue for the fourth quarter (4Q2023) and financial year ending 31 December 2023 (FYE2023) was 199.49% and 79.65% higher as compared to the same period preceding year. The improved performance was solely contributed by the construction segment.

In terms of profitability, profit margin declined in both periods under review mainly attributable to rising project costs brought about by higher raw material price, exchange rate fluctuation and increase borrowing cost. Finance costs for FYE2023 was higher by RM6.71 million against same period preceding year due to term loan to finance new acquisition.

(b) Comparison with preceding quarter's results

	31.12.2023	30.9.2023
	RM'000	RM'000
<u>Revenue:</u>		
Construction	72,288	46,767
IFM	8,066	9,857
Total revenue	80,354	56,624
Gross profit ("GP")	1,381	2,787
(Loss)/Profit before tax	(9,631)	350

The Group's revenue growth continues in 4Q2023, led by the construction segment. As explained in B1(a) above, profitability was adversely affected by the rising project costs. Appropriate actions have been initiated to pass the extra costs to our customers, in accordance to the terms of contract.

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



B2 COMMENTARY ON PROSPECTS

As at the date of this report, the Group's order book stands at RM1.62 billion, comprising RM0.73 billion from construction segment and RM0.89 billion from IFM and concession segment. Existing projects in hand will last between a year to 15 years.

The Group continues to actively participate in both government and private tenders, submit development proposals and explore business opportunities in order to enhance its orderbooks. In ensuring improved profitability, the Group steers the business operations towards efficiency, productivity and cost competitiveness.

B3 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B4 TAXATION

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial year. The effective tax rate for the current year to date was lower than the statutory tax rate mainly due to adjustment of income not subject to tax.

B5 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

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

1. Proposed Private Placement Exercise

On 21 July 2022, on behalf of the Board of Directors of Widad Group Berhad ("Widad"), M&A Securities Sdn Bhd announced that the Company proposes to undertake a private placement of up to 259,250,000 new ordinary shares in Widad, representing not more than 9.42% of the issued ordinary shares in Widad ("**Proposed Private Placement**")

On 3 August 2022, M&A Securities Sdn Bhd, on behalf of the Company announced that the listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Private Placement has been submitted on even date.

Further on 16 August 2022, M&A Securities Sdn Bhd, on behalf of the Company made an announcement that Bursa Securities had, vide its letter dated 16 August 2022, approved the listing of and quotation for up to 259,250,000 new ordinary shares to be issued pursuant to the Proposed Private Placement on the ACE Market of Bursa Securities subject to the following conditions:

- a) Widad and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B5 Status of Corporate Proposals Announced But Not Completed (cont'd)****1. Proposed Private Placement Exercise (cont'd)**

- b) Widad and M&A Securities to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- c) Widad to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 29 November 2022, the Board of Directors of Widad announce that the resolution for the proposed waiver of statutory pre-emptive rights of the shareholders was duly passed at the Extraordinary General Meeting held on even date.

On 15 February 2023, on behalf of the Board, M&A Securities announced that Bursa Securities had vide its letter dated 15 February 2023, approve an extension of time of 6 months up to 15 August 2023 to complete the implementation of the Private Placement.

On 24 August 2023, on behalf of the Board, M&A Securities announced that Bursa Securities had vide its letter dated 24 August 2023 approve further extension of time of 6 months from 16 August 2023 until 14 February 2024 to complete the implementation of the Private Placement ("Approval").

On 14 February 2024, on behalf of the Board, M&A Securities announced that the Private Placement is deemed completed upon expiry of the Approval.

B6 GROUP BORROWINGS

All borrowings are denominated in Ringgit Malaysia.

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term Loan	50,478	-	50,478
Revolving credit	11,922	11,591	23,513
Sukuk Wakalah	389,733	-	389,733
	<u>452,132</u>	<u>11,591</u>	<u>463,723</u>
 Total Assets			<u>1,078,487</u>
Borrowings over Total Assets;			43%
 <u>Repayable:</u>			
- within one year			105,479
- within more than one year			358,244
			<u>463,723</u>

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B7 MATERIAL LITIGATIONS**

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

B8 DIVIDENDS

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

B9 EARNINGS PER SHARE

The basic earnings per share was calculated by dividing the profit attributable to the ordinary equity holders of the Company to the weighted average number of shares issued during the period.

	QUARTER ENDED		YEAR-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loss attributable to ordinary equity holders of the Company (RM'000) shares in issue ('000):				
Number of ordinary shares at 1 January	2,809,075	2,753,895	2,809,075	2,753,895
Effect of ordinary shares issued during the financial period	155,241	-	155,241	-
Weighted average number of ordinary shares at 31.12.2023	2,964,316	2,753,895	2,964,316	2,753,895
Basic earnings per share (sen)	(0.33)	(0.69)	(0.56)	(0.22)

B10 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

	QUARTER ENDED		YEAR-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Finance income	1,186	-	1,470	-
Finance lease income	6,237	4,413	26,757	14,168
Depreciation	(1,535)	(941)	(3,741)	(2,770)
Finance costs	(7,812)	(1,428)	(26,169)	(19,459)