

**WEIDA (M) BHD (Company No. 504747-W)**  
**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

Consolidated Statement of Financial Position

As at 30 September 2016

	Note	30 September 2016 RM'000	31 March 2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		104,618	107,488
Prepaid lease payments		2,991	3,051
Investment in an associate		1,410	292
Goodwill		779	799
Other intangible assets	16	14,897	18,712
Other receivables		881	3,018
Other investments		228	228
Deferred tax assets		2,251	2,293
		<u>128,055</u>	<u>135,881</u>
<b>Current assets</b>			
Inventories		67,930	43,077
Property development costs		162,073	176,649
Trade and other receivables		106,559	133,203
Deposits and prepayments		4,834	3,613
Current tax recoverable		3,971	5,267
Derivative financial assets		75	-
Cash and cash equivalents		126,374	98,543
		<u>471,816</u>	<u>460,352</u>
Asset classified as held for sale	17	868	868
		<u>472,684</u>	<u>461,220</u>
<b>Total assets</b>		<u>600,739</u>	<u>597,101</u>

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**Consolidated Statement of Financial Position**

As at 30 September 2016

	Note	30 September 2016 RM'000	31 March 2016 RM'000
(continued)			
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		66,667	66,667
Reserves		354,226	338,507
Treasury shares		(4,601)	(4,600)
		416,292	400,574
<b>Non-controlling interests</b>		10,483	9,674
<b>Total equity</b>		426,775	410,248
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	28	41,061	46,482
Deferred tax liabilities		13,738	11,885
		54,799	58,367
<b>Current liabilities</b>			
Trade and other payables	18	84,736	86,507
Derivative financial liabilities		6	327
Loans and borrowings	28	33,004	41,040
Current tax payable		1,419	612
		119,165	128,486
<b>Total liabilities</b>		173,964	186,853
<b>Total equity and liabilities</b>		600,739	597,101
Net assets per ordinary share attributable to owners of the Company, net of treasury shares (RM)		3.28	3.16

The consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report.

**WEIDA (M) BHD (Company No. 504747-W)**  
**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
For the financial period ended 30 September 2016

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		30	30	30	30
		September	September	September	September
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	8	88,866	100,217	179,520	203,128
<b>Operating profit</b>		12,912	7,209	24,309	21,053
Interest expense		(693)	(1,718)	(1,488)	(3,105)
Interest income		927	1,013	2,176	1,862
Gain on disposal of other investments		-	128	-	251
Goodwill written off		-	(159)	-	(159)
Share of results of equity accounted associate		(29)	(23)	(58)	(47)
<b>Profit before taxation</b>	8	13,117	6,450	24,939	19,855
Income tax expense	25	(4,506)	(3,107)	(8,419)	(7,012)
<b>Profit after taxation</b>		8,611	3,343	16,520	12,843
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified to profit or loss</b>					
Foreign exchange translation differences for foreign operations		38	68	8	243
<b>Other comprehensive income for the financial period, net of tax</b>		38	68	8	243
<b>Total comprehensive income for the financial period, net of tax</b>		8,649	3,411	16,528	13,086
<b>Profit attributable to:</b>					
Owners of the Company		8,067	3,959	15,711	13,341
Non-controlling interests		544	(616)	809	(498)
<b>Profit for the financial period</b>	33	8,611	3,343	16,520	12,843
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		8,105	3,697	15,719	13,128
Non-controlling interests		544	(286)	809	(42)
<b>Total comprehensive income for the financial period</b>		8,649	3,411	16,528	13,086
<b>Basic/Diluted earnings per ordinary share (Sen)</b>	35	6.36	3.12	12.38	10.51

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report.

**WEIDA (M) BHD (Company No. 504747-W)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

**Consolidated Statement of Changes in Equity**

For the financial period ended 30 September 2016

-----Attributable to owners of the Company ----->											
Note	Issued and fully paid ordinary shares		Non-Distributable				Distributable		Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Number of shares '000	Share capital RM'000	Revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	RM'000			
At 1 April 2016	133,333	66,667	24,867	(1,145)	5	(4,600)	314,780	400,574	9,674	410,248	
Realisation of revaluation reserve	-	-	(236)	-	-	-	236	-	-	-	
<i>Foreign exchange translation differences for foreign operations</i>	-	-	-	8	-	-	-	8	-	8	
Total other comprehensive profit for the financial period	-	-	-	8	-	-	-	8	-	8	
Profit for the financial period	-	-	-	-	-	-	15,711	15,711	809	16,520	
Total comprehensive income for the financial period	-	-	-	8	-	-	15,711	15,719	809	16,528	
<i>Distributions to owners of the Company:</i>											
- Own shares acquired	6	-	-	-	-	(1)	-	(1)	-	(1)	
- Dividends to owners of the Company	34	-	-	-	-	-	-	-	-	-	
Total transactions with owners of the Company		-	-	-	-	(1)	-	(1)	-	(1)	
At 30 September 2016	133,333	66,667	24,631	(1,137)	5	(4,601)	330,727	416,292	10,483	426,775	

**WEIDA (M) BHD (Company No. 504747-W)**
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**
**Consolidated Statement of Changes in Equity**

For the financial period ended 30 September 2015

Note	-----Attributable to owners of the Company ----->										
	Issued and fully paid ordinary shares		Non-Distributable				Distributable		Sub- total	Non- controlling interests	Total equity
	Number of shares '000	Share capital RM'000	Revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	RM'000			
At 1 April 2015	133,333	66,667	25,150	(2,121)	5	(4,600)	293,860	378,961	10,881	389,842	
Realisation of revaluation reserve	-	-	(173)	-	-	-	173	-	-	-	
<i>Foreign exchange translation differences for foreign operations</i>	-	-	-	(213)	-	-	-	(213)	456	243	
Total other comprehensive (loss)/income for the financial period	-	-	-	(213)	-	-	-	(213)	456	243	
Profit for the financial period	-	-	-	-	-	-	13,341	13,341	(498)	12,843	
Total comprehensive (loss)/income for the financial period	-	-	-	(213)	-	-	13,341	13,128	(42)	13,086	
<i>Distributions to owners of the Company:</i>											
- <i>Own shares acquired</i>	-	-	-	-	-	0	-	-	-	-	
- <i>Dividends to owners of the Company</i>	-	-	-	-	-	-	(3,807)	(3,807)	-	(3,807)	
Total transactions with owners of the Company	-	-	-	-	-	0	(3,807)	(3,807)	-	(3,807)	
Change in ownership interest in subsidiaries	-	-	-	-	-	-	(1,598)	(1,598)	(302)	(1,900)	
At 30 September 2015	133,333	66,667	24,977	(2,334)	5	(4,600)	301,969	386,684	10,537	397,221	

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report.

**WEIDA (M) BHD (Company No. 504747-W)**  
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**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

**Consolidated Statement of Cash Flows**

For the financial period ended 30 September 2016

	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
Profit after taxation for the financial period	16,520	12,843
Adjustments for:		
Amortisation of intangible assets	3,815	5,787
Amortisation of goodwill	20	21
Amortisation of prepaid lease payments	60	60
Depreciation of property, plant and equipment	4,414	4,667
Derivative gain on forward foreign currency contracts	(69)	(247)
Interest expense	1,488	3,105
Interest income	(2,176)	(1,862)
Unrealised loss on foreign exchange	64	1,508
Gain on disposal of property, plant and equipment	(13)	(161)
Gain on disposal of other investments	-	(251)
Goodwill written off	-	159
Net (reversal)/Allowance for impairment loss on receivables	(12)	1,918
Property, plant and equipment written off	463	38
Income tax expense	8,419	7,012
Share of results of equity accounted associate	58	47
Operating profit before changes in working capital	33,051	34,644
Change in inventories	(24,853)	(2,653)
Change in property development costs	14,576	(104,112)
Change in trade and other receivables, including derivatives and deposits and prepayments	21,576	(16,818)
Change in trade and other payables, including derivatives	4,725	15,183
Cash generated from/(used in) operations	49,075	(73,756)
Interest paid	(504)	(959)
Income tax paid	(4,728)	(4,360)
<b>Net cash from/(used in) operating activities</b>	<b>43,843</b>	<b>(79,075)</b>
<b>Cash flows from investing activities</b>		
Decrease in cash and cash equivalents pledged with licensed banks	(21)	(1,543)
Acquisition of shares in a subsidiary	-	(1,900)
Acquisition of goodwill	-	(159)
Net increase in investment in associate	(1,176)	-
Acquisition of property, plant and equipment	(1,796)	(2,919)
Proceeds from disposal of other investments	-	251
Proceeds from disposal of property, plant and equipment	26	676
Interest received	1,628	1,426
<b>Net cash used in investing activities</b>	<b>(1,339)</b>	<b>(4,168)</b>

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**Consolidated Statement of Cash Flows**

For the financial period ended 30 September 2016

	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
(continued)		
<b>Cash flows from financing activities</b>		
Net (repayments of)/proceeds from other loans and borrowings	(13,681)	4,586
Interest paid	(856)	(1,997)
<b>Net cash (used in)/from financing activities</b>	<b>(14,537)</b>	<b>2,589</b>
Net increase/(decrease) in cash and cash equivalents	27,967	(80,654)
Effects of exchange rate fluctuations on cash held	(157)	(1,163)
Cash and cash equivalents at beginning of financial period	96,533	175,349
Cash and cash equivalents at end of financial period	<u>124,343</u>	<u>93,532</u>

**Note**

Cash and cash equivalents included in the consolidated statement of cash flows comprise:

Deposits, bank and cash balances	126,374	95,915
Less: Cash and cash equivalents pledged for banking facilities	(2,031)	(2,383)
<b>Total cash and cash equivalents shown in consolidated statement of cash flows</b>	<b><u>124,343</u></b>	<b><u>93,532</u></b>

The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report.

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Notes to the consolidated interim financial statements

**1. Basis of preparation**

The consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and Financial Reporting Standard (“FRS”) 134, *Interim Financial Reporting*.

The preparation of an interim financial statements in conformity with FRS 134, *Interim Financial Reporting*, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial statements of the Group as at and for the financial period ended 30 September 2016 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 March 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with FRSSs.

**2. Significant accounting policies**

**2.1 Changes in accounting policies**

The financial statements of the Group have been prepared in accordance with FRSSs and the requirement of the Companies Act, 1965 in Malaysia.

Given that certain Group entities are transitioning entities (being entities subject to the application of IC Interpretation 15, *Agreements for the Construction of Real Estate* and the entity that consolidates or equity accounts on proportionately consolidating the first mentioned entities), the Group is exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) Framework until 1 April 2018 as mandated by the Malaysian Accounting Standards Board (“MASB”). As a result, the Group (including the transitioning entities) will continue to apply FRSSs as their financial reporting framework to prepare their financial statements for annual periods ending on 31 March 2017 and 31 March 2018.

The significant accounting policies adopted in the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2016, except for the adoption of the following accounting standards, amendments and interpretations which are effective for annual periods beginning on or after the respective dates indicated herein:

<b>Standard/Amendment/Interpretation</b>	<b>Effective date</b>
Amendments to FRS 5, <i>Non-Current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to FRS 7, <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to FRS 10, <i>Consolidated Financial Statements</i> , FRS 12, <i>Disclosure of Interests in Other Entities</i> and FRS 128, <i>Investments in Associate and Joint Ventures- Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11, <i>Joints Arrangements - Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101, <i>Presentation of Financial Statement – Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116, <i>Property, Plant and Equipment</i> and FRS 138, <i>Intangible Assets - Clarification of Acceptance Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127, <i>Separate Financial Statements- Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 134, <i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016



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Notes to the consolidated interim financial statements

(continued)

**2. Significant accounting policies** (continued)

**2.2 Standards, amendments and interpretations yet to be effective**

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the MASB but are not yet effective nor early adopted by the Group:

<b>Standard/Amendment/Interpretation</b>	<b>Effective date</b>
Amendments to FRS 107, <i>Statement of Cash Flows – Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112, <i>Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9, <i>Financial Instruments (2014)</i>	1 January 2018
MFRS 16, <i>Leases</i>	1 January 2019
Amendments to FRS 10, <i>Consolidated Financial Statements</i> and FRS 128, <i>Investments in Associates and Joint Venture - Sale or Contribution to Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The initial application of an accounting standard, an amendment or an interpretation, which is to be applied prospectively or which requires extended disclosures, is not expected to have any material financial impacts on the financial statements for the current and prior periods upon its first adoption.

**3. Seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors in the current quarter.

**4. Unusual items due to their nature, size and incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the three months ended 30 September 2016.

**5. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter.

**6. Debt and equity securities**

There were no issuance, cancellation, resale and repayment of equity securities in the cumulative and current quarter under review except for the repurchase of 100 own shares as treasury shares at an average price of RM1.73 per share using internally generated funds in May 2016.

**7. Dividends paid**

There was no dividend paid during the quarter under review.

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(continued)

**8. Segment information**

The Group has four reporting segments, which are the Group's strategic business units. For each of the strategic units, the Group Executive Chairman, being the Chief Operating Decision maker, reviews internal management reports for resource allocation and decision making at least on a quarterly basis. The following summary describes the operations in each of the Group's existing reporting segments :-

- |     |                      |  |
|-----|----------------------|--|
| (a) | Manufacturing        | - Manufacturing and sale of high density polyethylene engineering ("HDPE") products, reclaimed rubber and trading of other specialised and technical engineering products  |
| (b) | Works                | - Construction of telecommunication towers and share of rental proceeds of telecommunication towers as well as design, construction and installation of water supply, storage infrastructure and treatment systems, wastewater treatment specialised systems, hydro systems and other infrastructure |
| (c) | Property development | - Development and construction of residential properties   |
| (d) | Others               | - Sewerage treatment services, treatment and disposal of sludge services as well as quarry operation   |

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Notes to the consolidated interim financial statements

(continued)

**8. Segment information** (continued)

	<b>Manufacturing</b>	<b>Works</b>	<b>Property development</b>	<b>Others</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>For the 6 months ended 30 September 2016</b>					
Segment revenue	83,651	33,998	48,920	12,951	179,520
Segment profit	10,773	6,996	6,647	2,034	26,450
Unallocated corporate expenses					(1,453)
Share of results of equity accounted associate					(58)
Profit before taxation					24,939
Tax expense					(8,419)
Profit for the financial period					16,520
<b>For the 6 months ended 30 September 2015</b>					
Segment revenue	102,789	55,627	34,964	9,748	203,128
Segment profit	11,414	6,800	1,283	1,391	20,888
Unallocated corporate expenses					(986)
Share of results of equity accounted associate					(47)
Profit before taxation					19,855
Tax expense					(7,012)
Profit for the financial period					12,843

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Notes to the consolidated interim financial statements

(continued)

**8. Segment information** (continued)

	<b>Cumulative Quarter 6 months ended</b>	
	<b>30 September 2016</b>	<b>30 September 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers		
Malaysia	175,602	200,139
Other countries	3,918	2,989
	<u>179,520</u>	<u>203,128</u>

**9. Property, plant and equipment**

*a) Acquisitions and disposals*

During the six months ended 30 September 2016, the Group acquired items of property, plant and equipment costing RM2.0 million (six months ended 30 September 2015: RM5.0 million), of which RM0.2 million (six months ended 30 September 2015: RMNil) was in the form of finance lease assets.

During the six months ended 30 September 2016, the Group disposed of items of property, plant and equipment with a carrying amount of RM13,000 (six months ended 30 September 2015: RM0.5 million), resulting in a net gain on disposal of RM26,000 (six months ended 30 September 2015: RM0.2 million).

*b) Valuations*

The valuations of land and buildings have been brought forward, since the previous audited financial statements.

**10. Subsequent events**

There were no material events subsequent to the end of the quarter under review.

**11. Changes in composition of the Group**

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

**12. Contingent assets and contingent liabilities**

As at the date of this report, the Group does not have any contingent assets or contingent liabilities.

**13. Capital commitments**

	<b>30 September 2016</b>	<b>31 March 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Authorised but not contracted for	4,133	5,964
Contracted but not provided for	233	215
	<u>4,366</u>	<u>6,179</u>

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Notes to the consolidated interim financial statements

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**14. Material related party transactions**

There were no material related party transactions except for the following:-

a) *Transactions with companies in which certain Directors of the Company and its subsidiaries have interests*

<u>Nature of transaction</u>	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Rental of premises	60	70	120	145
Purchase of finished goods	-	-	-	89

b) *Transactions with certain directors, substantial shareholder and key management personnel of the Company and the Group*

<u>Nature of transaction</u>	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Progress billings for properties under development	(2,721)	(1,058)	(3,958)	(1,407)

**15. Compensation to key management personnel**

Compensation paid/payable to key management personnel are as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company	2,809	2,571	3,334	2,998
Directors of subsidiaries and other key management personnel	4,589	1,861	5,684	2,543
	7,398	4,432	9,018	5,541

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**16. Other intangible assets**

Other intangible assets consist of rights to share rental proceeds of telecommunication towers. This arose from the construction of telecommunication towers for a network facility provider licence holder (“NFPLH”) in prior years. As payment consideration for the construction works carried out, the NFPLH and the Group share the rental proceeds from the leasing of the telecommunication towers based on pre-determined ratios for a period of ten years commencing from the month when the rental proceeds were first received.

**17. Assets classified as held for sale**

In last financial year, a subsidiary of the Group entered into a settlement agreement with two (2) of its customers. Pursuant to the settlement agreement, the debts owing to be the subsidiary by the two (2) customers, was settled by way of set-off against a residential property which the customers are joint beneficial owner. The Group is committed to a plan to sell the said property and has appointed an estate agent to secure a purchaser.

**18. Trade and other payables**

The Group through its subsidiaries, Loyal Paragon Sdn. Bhd. (“LPSB”), Good Axis Sdn. Bhd. (“GASB”) and Atlas Arrow Sdn. Bhd. (“AASB”), had entered into three separate joint development agreements (“JDAs”) with three companies (“the Land Owners”) respectively:

- to develop a parcel of leasehold land into residential properties;
- to develop a parcel of freehold land into residential properties; and
- to develop two parcels of leasehold land into residential properties.

The projects are hereinafter referred to as “the Joint Developments” and the lands, as “the Project Lands”.

Through the JDAs, the Land Owners shall contribute the Lands for the Joint Developments and LPSB, GASB and AASB shall undertake the Joint Developments pursuant to and in accordance with the provisions of the JDAs. LPSB, GASB and AASB shall be responsible for the entire costs and expenses of the Joint Developments and shall make available all the necessary finances in respect thereof.

Included in the other payables is a sum of RM4.6 million (31.03.2016: RM7.3 million) which relates to the Land Owners’ entitlements from the Joint Developments after deducting the payments made on their behalf in connection with the Joint Developments.

**19. Financial risk management**

The Group’s financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the financial year ended 31 March 2016.

**20. Fair value hierarchy**

In the three months ended 30 September 2016, there were no transfers between fair value hierarchies and no reclassifications of the financial assets as a result of a change in the purpose or use of those assets.

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**21. Review of performance**

For the current quarter, the Group recorded lower revenue of RM88.9 million (six months ended 30 September 2016: RM179.5 million) compared to RM100.2 million in 2Q FYE 31 March 2016 (six months ended 30 September 2015: RM203.1 million), mainly due to low revenue from the manufacturing and slightly lower revenue from works divisions which are partly mitigated by higher revenue from property development and other divisions.

However, the effect of lower contribution from manufacturing division was partly offset by a better margin from works, property development and other divisions of the Group. As a result, the Group recorded higher profit before taxation of RM13.1 million in current quarter ended 30 September 2016 (six months ended 30 September 2016: RM24.9 million) compared to 2Q FYE 31 March 2016 of RM6.5 million and RM19.9 million for six months ended 30 September 2015 respectively.

Performance of each operating segment below is shown before accounting for unallocated corporate expenses.

**a) Manufacturing**

The manufacturing segment achieved a lower revenue of RM38.5 million in the current quarter and RM83.7 million for six months ended 30 September 2016 (2Q FYE 31 March 2016: RM58.5 million and six months ended 30 September 2015: RM102.8 million), as lower demand in polyethylene engineering products. It leads to a lower segment profit of RM4.5 million in the current quarter (six months ended 30 September 2016: RM10.8 million) as compared to RM6.0 million in 2Q FYE 31 March 2016 (six months ended 30 September 2015: RM11.4 million) respectively.

However, the profit margin of the manufacturing segment has improved in the current quarter as compared to the corresponding quarter due to more favorable mix of products and customers, leading to an increase in segment margin by 1.5%.

**b) Works**

Given the nature of the works segment, its revenue and profit contribution typically fluctuates according to the ebb and flow of projects.

In the current quarter, this segment posted a slight lower revenue of RM15.2 million and RM34.0 million for six months ended 30 September 2016 (2Q FYE 31 March 2016: RM15.4 million and six month ended 30 September 2015: RM55.6 million) respectively mainly due to less construction work done in the current quarter.

However, this segment achieved a segment profit of RM3.3 million in the current quarter (six month ended 30 September 2016: segment profit of RM7.0 million) as compared to segment loss of RM0.8 million in 2Q FYE 31 March 2016 (six month ended 30 September 2015: segment profit of RM6.8 million), due to unrealised foreign exchange loss from an overseas project and an one off expense incurred in 2Q FYE 31 March 2016.

**c) Property development**

In the current quarter, the Group recognised higher revenue of RM28.1 million (six months ended 30 September 2016: RM48.9 million) as compared to RM20.6 million in the corresponding quarter in the previous financial year (six months ended 30 September 2015: RM35.0 million). This was contributed by the Group's first development project, Urbana Residences in Ara Damansara, which was successfully completed during the current financial period and higher revenue was recognised based on the units sold upon handed over vacant possession of the project by end of current financial period.

As a result of recognition of the higher revenue, the Group recorded higher segment profit of RM4.9 million as compared to RM0.9 million in the corresponding quarter in the previous financial year.

Profit contribution from Urbana Residences was partly offset by preparation expenses for the Group's proposed future developments located at Mont' Kiara and Cheras, causing slight distortion in the segment profit. As a result, profit contribution for six months ended 30 September 2016 was RM6.6 million (six months ended 30 September 2015: RM1.3 million).

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**21. Review of performance (continued)**

**d) Others**

This segment registered higher revenue of RM7.0 million in the current quarter (six months ended 30 September 2016: RM13.0 million) as compared to the corresponding quarter in the previous financial year of RM5.7 million (six months ended 30 September 2015: RM9.7 million), mainly due to higher contribution from the collection and treatment of septic sludge and higher extraction and processing of quarry stone in the current quarter and current financial period under review.

The increase in revenue as mentioned in the preceding paragraph has resulted in higher segment profit for the six months ended 30 September 2016 of RM2.0 million (2Q FYE 31 March 2017: RM1.3 million) as compared to RM1.4 million for six months ended 30 September 2015 (2Q FYE 31 March 2016: RM0.9 million).

**22. Variation of results against preceding quarter**

The Group recorded marginally lower revenue of RM88.9 million as compared to RM90.7 million in the preceding quarter due to lower contribution from manufacturing and works divisions which are partly offset by higher contribution from property development and others divisions. However, the Group's profit before tax for current quarter ended 30 September 2016 of RM13.1 million was higher compared to 1Q FYE 31 March 2017 of RM11.8 million mainly due to better contribution from property development division of the Group.

Analysis of performance of each operating segment is as follows:

- Manufacturing segment: achieved lower segment revenue of RM38.5 million as compared to RM45.1 million in the preceding quarter due to the lower demand in polyethylene engineering products. Also as a result of less favorable mix of products and customers in the current quarter, lower segment profit of RM4.5 million as compared to RM6.3 million in the preceding quarter.
- Works segment: posted lower segment revenue and segment profit of RM15.2 million and RM3.3 million respectively compared to RM18.8 million and RM3.7 million respectively in the preceding quarter, mainly due to lesser construction work done in the current quarter.
- Property development segment: generated higher profit of RM4.9 million with revenue of RM28.1 million in the current quarter compared to profit before tax of RM1.7 million with revenue of RM20.8 million in the preceding quarter, contributed by Urbana Residence project in Ara Damansara of which higher revenue was recognised based on the units sold upon completion and handed over vacant possession of the project in the current quarter.
- Others segment: achieved a slightly higher revenue of RM7.0 million in the current quarter compared to RM6.0 million in the preceding quarter mainly due to higher contribution from both septic sludge treatment and quarry operation in the current quarter. As a result, this segment achieved higher segment profit of RM1.3 million in the current quarter against RM0.8 million in the preceding quarter.



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**23. Prospects for the financial year ending 31 March 2017**

Despite global external challenges, Malaysia's economy is anticipated to grow at 4.6% in 2016. Private spending is expected to grow at a reasonable rate supported by accommodative monetary policy and stable domestic demand, as well as measures implemented by the Government.

In light of the foreseeable opportunities arise from the Budget 2016 (subsequent calibration), the recently announced Budget 2017 and the 11th Malaysia Plan, the Group's manufacturing segment is expected to reap benefit particularly in the areas of water supply, sanitation facilities, the building of affordable homes and general infrastructure developments such as roads and drainage which lead to sustained demand for polyethylene water tanks and pipes manufactured by the Group.

As announced in the Budget 2017, the government will accelerate the implementation of construction of the RM28.0 billion Pan Borneo Highway spanning the lengths of Sarawak and Sabah. Also as in line with the strategies to strengthen Malaysia's economy, growth in the construction sector is expected and continues to be propelled by the rail infrastructure projects, urban housing and affordable housing segments. These strategies highlighted in the Budget 2017 is expected to offer attractive markets for the Group's products, including products for public utilities along the highway, such as water pipelines, electrical power conduits, telecom conduits and towers and drainage culverts. The Group's polyethylene culverts are increasingly being accepted by both the government sector in road construction projects, and the private sector especially oil palm plantations for drainage infrastructure.

The volatility of the Malaysian Ringgit continues to pose a challenge to the profit margins of the Group's manufactured products. However, the Group expects to be able to contain the effects with increased sales volume arising from the above mentioned opportunities and various cost rationalisation processes.

The contracts entered by the Group to construct telecommunication towers under Phase 1 of Time 3 Extension Programme in FYE 31 March 2015 will continue to contribute positively to the Group's earnings for the financial year ending 31 March 2017. The Group foresees opportunity for work division in previous Budget 2016 and recent announced Budget 2017 on Government's plan to improve telecommunication infrastructure especially internet access to ensure greater internet connectivity coverage.

The growing emphasis on environmental sustainability also bodes well for the Group. Over the years, the Group has significantly grown and enhanced its human and engineering capital, via active involvement and collaboration with a network of established international organisations. The Group has successfully been playing, and will continue to play, the role as a provider of environmental engineering solutions; such as in the field of water and wastewater treatment, septic sludge treatment and renewable energy.

For property development, the Group has successfully completed its project, Urbana Residence project in Ara Damansara. Process of vacant possession and handing over of keys are ahead of schedule, and the process is being reciprocated with very encouraging customers' compliments. The property market is indeed softer due to macro-economic factors as highlighted earlier and the move by Bank Negara enforcing a strict debt-to-income ratio for loan qualifications to address the country's growing household debt. The property's buying activities are expected to remain slow. As such, the Group is therefore taking a cautious approach with regards to the timing and launching of our other projects in Mont' Kiara and Cheras in the pipeline while preparing ourselves for the future with further development plans.

Despite these challenges and barring unforeseen circumstances, given the above mentioned prospects, the Directors will ensure continuous efforts in achieving sustainable results for the Group for the financial year ending 31 March 2017 on the strength of the diversified base of the Group.

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**24. Financial estimate, forecast, projection or internal targets**

Not applicable as no financial estimate, forecast, projection or internal targets was published.

**25. Income tax expense**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current period	2,876	3,594	6,511	7,315
- prior years	320	194	320	258
	3,196	3,788	6,831	7,573
Deferred tax expense				
- current period	1,310	(681)	1,539	(561)
- prior years	-	-	49	-
	1,310	(681)	1,588	(561)
Tax expense for the period	4,506	3,107	8,419	7,012

The Group's effective tax rates for the current quarter, corresponding quarter, current cumulative quarters and corresponding cumulative quarters are higher than the prima facie tax rate mainly due to non-deductible expenses and the unrecognised deferred tax assets arising from loss making operations.

**26. Status of corporate proposals**

Not applicable.

**27. Utilisation of share proceeds**

Not applicable.

**28. Loans and borrowings**

	30 September 2016 RM'000	31 March 2016 RM'000
Non-current		
Unsecured	12,500	16,071
Secured	28,561	30,411
	41,061	46,482
Current		
Unsecured	31,669	39,531
Secured	1,335	1,509
	33,004	41,040
Total	74,065	87,522

All borrowings are denominated in Ringgit Malaysia.

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**29. Derivatives financial instruments**

The outstanding forward foreign currency contracts as at the end of the quarter under review are as follows:

	<b>Contract/Notional Value RM'000</b>	<b>Net Fair Value RM'000</b>
Forward foreign currency contracts - less than 1 year	6,926	6,995

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements as at and for the financial year ended 31 March 2016.

**30. Gains/Losses arising from fair value changes of financial liabilities**

There were no material gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period.

**31. Material litigation**

There was no pending material litigation during the quarter under review.

**32. Auditors' report on preceding annual financial statements**

The auditors' have expressed an unqualified opinion on the Group's and the Company's statutory financial statements for the financial year ended 31 March 2016 in their report dated 20 June 2016.

**33. Profit for the financial period**

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
<i>Profit is arrived at after charging:</i>				
Allowance for impairment loss on receivables	-	1,918	-	1,918
Amortisation of intangible assets	1,907	2,893	3,815	5,787
Amortisation of prepaid lease payments	30	30	60	60
Amortisation of goodwill	10	11	20	21
Depreciation of property, plant and equipment	2,185	2,367	4,414	4,667
Goodwill written off				
Unrealised loss on foreign exchange	-	159	-	159
Property, plant and equipment written off	64	1,056	64	1,508
Loss on disposal of property, plant and equipment	34	32	463	38
	2	-	-	-

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**33. Profit for the financial period (continued)**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<i>and after crediting:</i>				
Derivative gain on forward foreign exchange contracts	111	143	69	247
Net reversal of impairment loss on trade receivables	4	-	12	-
Gain on disposal of property, plant and equipment	-	35	13	161
Gain on disposal of other investment	-	128	-	251

There were no exceptional items for the current quarter and current financial period.

**34. Dividend payable**

A first and final single-tier exempt dividend of 3.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 March 2016, approved at the Annual General Meeting, held on 26 August 2016, was paid on 27 October 2016 to Depositors whose names appear in the Record of Depositors on 10 October 2016.

No dividend has been recommended or paid for the current financial quarter to date.

**35. Earnings per ordinary share**

*(a) Basic earnings per ordinary share*

Basic earnings per ordinary share is calculated by dividing the profit after taxation for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit for the financial period	8,611	3,343	16,520	12,843
Less: Amount attributable to non-controlling interests	(544)	616	(809)	498
Profit for the financial period attributable to owners of the Company	8,067	3,959	15,711	13,341
Weighted average number of ordinary shares in issue (‘000)	126,894	126,895	126,894	126,895
Basic earnings per ordinary share (sen)	6.36	3.12	12.38	10.51

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**35. Earnings per ordinary share (continued)**

*(a) Basic earnings per ordinary share (continued)*

The weighted average number of ordinary shares in issue during the current quarter under review has been adjusted for the treasury shares bought back by the Company during the period (see Note 6). The weighted average number of ordinary shares in issue, net of treasury shares acquired, as at quarter ended 30 September 2016 is 126,894,340 (30 September 2015: 126,894,540).

*(b) Diluted earnings per ordinary share*

This is not applicable as there exists no share option, warrants or other financial instruments that will dilute or have the effect of diluting the basic earnings per ordinary share.

**36. Breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	<b>30 September 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	376,375	348,477
- Unrealised	(3,398)	(3,005)
	<u>372,977</u>	<u>345,472</u>
Share of accumulated losses from associate		
- Realised	(256)	(198)
	<u>372,721</u>	<u>345,274</u>
Less: Consolidation adjustments	(41,994)	(30,494)
Total Group retained earnings as per consolidated statement of changes in equity	<u>330,727</u>	<u>314,780</u>

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

**37. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2016.