

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 RM'000	31 March 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		112,702	109,810
Prepaid lease payments		2,902	2,932
Investment in an associate		1,334	1,361
Goodwill		341	341
Other intangible assets	16	10,228	11,498
Other investments		3	3
Deferred tax assets		1,468	1,559
		128,978	127,504
Current assets			
Inventories		69,193	69,062
Property development costs		159,477	158,863
Trade and other receivables		97,897	105,987
Derivative financial assets		22	-
Deposits and prepayments		5,066	7,444
Current tax recoverable		4,624	3,900
Cash and cash equivalents		116,272	119,043
		452,551	464,299
Asset classified as held for sale	17	868	868
		453,419	465,167
Total assets		582,397	592,671

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Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 RM'000	31 March 2017 RM'000
(continued)			
EQUITY			
Equity attributable to owners of the Company			
Share capital		66,667	66,667
Reserves		355,277	352,815
Treasury shares		(4,601)	(4,601)
		417,343	414,881
Non-controlling interests		10,379	11,640
Total equity		427,722	426,521
LIABILITIES			
Non-current liabilities			
Loans and borrowings	27	16,354	19,226
Deferred tax liabilities		14,640	14,575
		30,994	33,801
Current liabilities			
Trade and other payables		69,857	78,910
Derivative financial liabilities		77	40
Loans and borrowings	27	52,840	52,739
Current tax payable		907	660
		123,681	132,349
Total liabilities		154,675	166,150
Total equity and liabilities		582,397	592,671
Net assets per ordinary share attributable to owners of the Company, net of treasury shares (RM)		3.29	3.27

The unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial period ended 30 June 2017

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		3 months ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Revenue	8	52,549	90,654	52,549	90,654
Operating profit		4,838	11,397	4,838	11,397
Interest expense		(689)	(795)	(689)	(795)
Interest income		998	1,249	998	1,249
Share of results of equity accounted associate		(26)	(29)	(26)	(29)
Profit before taxation	8	5,121	11,822	5,121	11,822
Income tax expense	24	(1,994)	(3,913)	(1,994)	(3,913)
Profit after taxation		3,127	7,909	3,127	7,909
Other comprehensive expense, net of tax					
Items that may be reclassified to profit or loss					
Foreign exchange translation differences for foreign operations		(166)	(30)	(166)	(30)
Other comprehensive expense for the financial period, net of tax		(166)	(30)	(166)	(30)
Total comprehensive income for the financial period, net of tax		2,961	7,879	2,961	7,879
Profit attributable to:					
Owners of the Company		2,628	7,644	2,628	7,644
Non-controlling interests		499	265	499	265
Profit for the financial period	32	3,127	7,909	3,127	7,909
Total comprehensive income attributable to:					
Owners of the Company		2,462	7,614	2,462	7,614
Non-controlling interests		499	265	499	265
Total comprehensive income for the financial period		2,961	7,879	2,961	7,879
Basic/Diluted earnings per ordinary share (Sen)	34	2.07	6.02	2.07	6.02

The unaudited 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 2017 and the accompanying explanatory notes attached to this interim financial report.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017
Consolidated Statement of Changes in Equity

For the financial period ended 30 June 2017

-----Attributable to owners of the Company ----->										
Note	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			
At 1 April 2017	133,333	66,667	24,394	(1,165)	5	(4,601)	329,581	414,881	11,640	426,521
Realisation of revaluation reserve	-	-	(118)	-	-	-	118	-	-	-
<i>Foreign exchange translation differences for foreign operations</i>	-	-	-	(166)	-	-	-	(166)	-	(166)
Total other comprehensive expense for the financial period	-	-	-	(166)	-	-	-	(166)	-	(166)
Profit for the financial period	-	-	-	-	-	-	2,628	2,628	499	3,127
Total comprehensive income for the financial period	-	-	-	(166)	-	-	2,628	2,462	499	2,961
<i>Distributions to owners of the Company:</i>										
- <i>Own shares acquired</i>	6	-	-	-	-	-	-	-	-	-
- <i>Dividends to owners of the Company</i>	33	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	(1,760)	(1,760)
Total transaction to non-controlling interest	-	-	-	-	-	-	-	-	(1,760)	(1,760)
At 30 June 2017	133,333	66,667	24,276	(1,331)	5	(4,601)	332,327	417,343	10,379	427,722

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Consolidated Statement of Changes in Equity

For the financial period ended 30 June 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			
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	-	-	(118)	-	-	-	118	-	-	-
<i>Foreign exchange translation differences for foreign operations</i>	-	-	-	(30)	-	-	-	(30)	-	(30)
Total other comprehensive income for the financial period	-	-	-	(30)	-	-	-	(30)	-	(30)
Profit for the financial period	-	-	-	-	-	-	7,644	7,644	265	7,909
Total comprehensive (expense)/income for the financial period	-	-	-	(30)	-	-	7,644	7,614	265	7,879
<i>Distributions to owners of the Company:</i>										
- <i>Own shares acquired</i>	-	-	-	-	-	(1)	-	(1)	-	(1)
- <i>Dividends to owners of the Company</i>	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	(1)	-	(1)	-	(1)
At 30 June 2016	133,333	66,667	24,749	(1,175)	5	(4,601)	322,542	408,187	9,939	418,126

The unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

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Consolidated Statement of Cash Flows

For the financial period ended 30 June 2017

	30 June 2017 RM'000	30 June 2016 RM'000
Profit after taxation for the financial period	3,127	7,909
Adjustments for:		
Amortisation of intangible assets	1,270	1,908
Amortisation of goodwill	-	10
Amortisation of prepaid lease payments	30	30
Depreciation of property, plant and equipment	2,182	2,229
Derivative loss on forward foreign currency contracts	55	42
Interest expense	689	795
Interest income	(998)	(1,249)
Unrealised foreign exchange loss/(gain)	56	(47)
Gain on disposal of property, plant and equipment	(70)	(15)
Net Reversal of impairment loss on receivables	(36)	(8)
Property, plant and equipment written off	2	429
Income tax expense	1,994	3,913
Share of results of equity accounted associate	26	29
Operating profit before changes in working capital	8,327	15,975
Change in inventories	(131)	1,538
Change in property development costs	(614)	(2,025)
Change in trade and other receivables, deposits and prepayments, including derivatives	6,308	11,206
Change in trade and other payables, including derivatives	(4,927)	7,112
Cash generated from operations	8,963	33,806
Interest paid	(329)	(276)
Income tax paid	(2,315)	(1,083)
Net cash from operating activities	6,319	32,447
Cash flows from investing activities		
Increase in cash and cash equivalents pledged with licensed banks	(5)	-
Net increase in investment in an associate	-	(1,176)
Acquisition of property, plant and equipment	(5,112)	(359)
Proceeds from disposal of property, plant and equipment	70	15
Interest received	966	865
Net cash used in investing activities	(4,081)	(655)

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FOR THE FIRST QUARTER ENDED 30 JUNE 2017

Consolidated Statement of Cash Flows

For the financial period ended 30 June 2017

	30 June 2017 RM'000	30 June 2016 RM'000
(continued)		
Cash flows from financing activities		
Net repayments of other loans and borrowings	(2,771)	(6,068)
Dividends paid to:		
-Non-controlling interests	(1,760)	-
Interest paid	(347)	(450)
Net cash used in financing activities	(4,878)	(6,518)
Net (decrease)/increase in cash and cash equivalents	(2,640)	25,274
Effects of exchange rate fluctuations on cash held	(136)	(37)
Cash and cash equivalents at beginning of financial period	116,989	96,533
Cash and cash equivalents at end of financial period	114,213	121,770

Note

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

Deposits, bank and cash balances	116,272	123,780
Less: Cash and cash equivalents pledged for banking facilities	(2,059)	(2,010)
Total cash and cash equivalents as shown in consolidated statement of cash flows	114,213	121,770

The unaudited consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 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 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 June 2017 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 2017. 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 FRSs.

2. Changes in accounting policies

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 or proportionately consolidates the first-mentioned entities), the Group is currently 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 FRSs as their financial reporting framework to prepare their financial statements for annual period ending 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 2017, 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:

Standard/Amendment/Interpretation	Effective date
Amendments to FRS 12, <i>Disclosure of Interest in Other Entities (Annual Improvements to FRS Standards 2014-2016 cycle)</i>	1 January 2017
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

Migration to new accounting framework

The Group’s financial statements for the annual period beginning on 1 April 2018 and subsequent annual periods will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards.

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Notes to the consolidated interim financial statements

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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 June 2017.

5. Material changes in estimates

There were no material changes in estimates reported in prior periods that have a material effect on the results for the current quarter.

6. Debt and equity securities

There were no issuance, cancellation, resale and repayment of equity securities in the current quarter under review.

7. Dividends paid

There was no dividend paid during the quarter under review.

8. Segment information

The Group has four reporting segments, which are the Group's strategic business units. For each of the strategic business 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 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)

	Manufacturing	Works	Property development	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
For the 3 months ended 30 June 2017					
Segment revenue	37,567	5,773	3,170	6,039	52,549
Segment profit/(loss) before taxation	4,561	756	(666)	968	5,619
Unallocated corporate expenses					(472)
Share of results of equity accounted associate					(26)
Profit before taxation					5,121
Tax expense					(1,994)
Profit for the financial period					3,127
For the 3 months ended 30 June 2016					
Segment revenue	45,134	18,760	20,780	5,980	90,654
Segment profit before taxation	6,263	3,689	1,730	773	12,455
Unallocated corporate expenses					(604)
Share of results of equity accounted associate					(29)
Profit before taxation					11,822
Tax expense					(3,913)
Profit for the financial period					7,909

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Notes to the consolidated interim financial statements

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8. Segment information (continued)

	Cumulative Quarter 3 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000
Revenue from external customers		
Malaysia	50,519	88,822
Other countries	2,030	1,832
	52,549	90,654

9. Property, plant and equipment

a) Acquisitions and disposals

During the three months ended 30 June 2017, the Group acquired items of property, plant and equipment costing RM5.1 million (three months ended 30 June 2016: RM0.6 million), of which RMNil (three months ended 30 June 2016: RM0.2 million) was in the form of finance lease assets.

During the three months ended 30 June 2017, the Group disposed of items of property, plant and equipment with a carrying amount of RMNil (three months ended 30 June 2016: RMNil), resulting in a net gain on disposal of RM70,000 (three months ended 30 June 2016: net gain of RM15,000).

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

	30 June 2017 RM'000	31 March 2017 RM'000
Property, plant and equipment		
Authorised but not contracted for	4,940	5,329
Contracted but not provided for	714	275
	5,654	5,604

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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 3 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Rental of premises	69	60	69	60
Technical fee paid	4	-	4	-
Management fee and technical fee received	(37)	-	(37)	-
Service fee paid	5	-	5	-

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 3 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Progress billings for properties under development	-	(1,237)	-	(1,237)
Rental of premises	15	-	15	-

15. Compensation to key management personnel

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company	325	525	325	525
Directors of subsidiaries and other key management personnel	863	1,095	863	1,095
	1,188	1,620	1,188	1,620

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16. Other intangible assets

Other intangible assets mainly 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.
- Rights to provide sewerage services, treatment and disposal of the sludge
This arose from the concession granted to a subsidiary of the Group, which is engaged in the treatment and disposal of sludge from septic tanks on a 25 years contract.

17. Assets classified as held for sale

In the financial year ended 31 March 2016, 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 the subsidiary by the two (2) customers, were settled by way of set-off against a residential property which the customers are joint beneficial owners. The Group is committed to a plan to sell the said property and has appointed an estate agent to secure a purchaser.

18. 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 2017.

19. Fair value hierarchy

In the three months ended 30 June 2017, 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.

20. Review of performance

For the current quarter, the Group recorded lower revenue and profit before tax at RM52.5 million (1Q FYE 31 March 2017: RM90.7 million) and RM5.1 million (1Q FYE March 2017: RM11.8 million) respectively as compare to the corresponding quarter in previous financial year. The decrease in revenue in the current quarter was mainly attributed to lower revenue from manufacturing, works and also lower revenue recognition from property development segment.

No analysis on cumulative quarters is needed as this is the first quarter for the financial year under review.

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

a) Manufacturing

In current quarter, the manufacturing segment recorded a lower revenue of RM37.6 million (1Q FYE 31 March 2017: RM45.1 million), due to lower demand in polyethylene engineering products. The profit margin of the manufacturing segment has dropped in the current quarter as compared to the corresponding quarter due to less favorable mix of products and customers. As a result, it leads to a lower segment profit of RM4.6 million in the current quarter as compared to RM6.3 million in 1Q FYE 31 March 2017.

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Additional information required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(continued)

20. Review of performance (continued)

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 recorded lower revenue of RM5.8 million (Q1 FYE 31 March 2017: RM18.8 million) with a decrease in segment profit of RM0.8 million (Q1 FYE 31 March 2017: RM3.7 million), mainly due to less construction work done.

c) Property development

The Group does not have new launches so far and the revenue recognized for the current quarter amounting to RM3.2 million was derived from the sales of the remaining units of Urbana Residences.

The minimal contribution from Urbana Residences in the current quarter was further distorted by preparation expenses for the Group's proposed future developments located at Mont' Kiara and Cheras, causing loss in the segment result.

d) Others

This segment registered slightly higher revenue of RM6.1 million in the current quarter as compared to the corresponding quarter in the previous financial year of RM6.0 million. The increase was mainly due to higher contribution from collection and treatment of septic sludge, despite lower delivery of quarry stone in the current quarter under review. Hence, this had resulted an increase in segment profit before tax of RM1.0 million and also higher profit margin in the current quarter (1Q FYE 31 March 2017: RM0.8 million) due to higher expenses incurred in the last corresponding quarter.

21. Variation of results against preceding quarter

The Group recorded higher profit before tax for current quarter of RM5.1 million as compared to Q4 FYE 31 March 2017 of RM1.0 million. However, the Group revenue decreased 14.6% from RM61.5 million to RM52.5 due to lower contribution from works segment and others segment.

Analysis of performance of each operating segment is as follows:

- Manufacturing segment: This segment achieved slightly higher revenue of RM37.5 million as compared to RM36.5 million in the preceding quarter due to the higher demand in polyethylene engineering products. Also as a result of more favorable mix of products and customers in the current quarter, higher segment profit of RM4.6 million as compared to RM3.0 million in the preceding quarter.
- Works segment: This segment recorded a lower revenue of RM5.8 million compared to RM16.8 million in the preceding quarter mainly due to less construction work done in the current quarter. However, there was only slight decrease in segment profit of RM0.8 million in the current quarter as compared to RM1.2 million in preceding quarter due to higher expenses incurred in the preceding quarter.
- Property development segment: As there is no new launches, this segment's revenue of RM3.2 million was recognised on the sales of remaining completed units of Urbana Residences as compared to RM1.2 million recognised in the preceding quarter. It recorded a lower segment loss of RM0.7 million (4Q FYE 31 March 2017: segment loss of RM3.8 million) due to higher preparation cost charged out as expenses on the other on-going projects in the preceding quarter.
- Others segment: This segment recorded lower revenue of RM6.1 million in the current quarter compared to RM6.9 million in the preceding quarter mainly due to lower revenue contribution from both septic sludge treatment and quarry operation. As a result, it led to lower segment profit from RM1.2 million in the preceding quarter to RM1.0 million in the current quarter.

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Additional information required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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22. Prospects for the financial year ending 31 March 2018

Taking into consideration the current development in the world economy as well as on the domestic front, Malaysian economy is projected to grow at 4.8% this year, an upward revision by 0.3 percentage point from Malaysian Institute of Economic Research April's forecast. The growth is driven primarily by domestic demand and reinforced by stronger external demand. The growth projection for 2018 is maintained at 4.7% - 5.3%.

The Group's manufacturing segment is expected to benefit particularly in products for public utilities in relation to the infrastructures and projects as highlighted in the Budget 2017 and 11th Malaysia Plan for strengthening Malaysia's economy. 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 Group foresees opportunity for work segment as supported by the Government's plan and Budget 2017 to improve on public infrastructures, and also the Digital Free Trade Zone ("DFTZ") initiative to improve on telecommunication infrastructure especially internet access to ensure greater internet connectivity coverage. The Group had secured a 20-year government concession to upgrade Hospital Umum Sarawak (the "HUS") by way of development of new buildings and facilities comprising the Day Care Centre, the Medi-Hotel and Multi-Storey Car Park and the Multi-Storey Car Park Complex on a public private partnership by way of private financing initiative under the build, lease, maintain and transfer model. As the concession is still in early stage of construction, the concession is expected to contribute positively to the future earnings of the Group in the longer term.

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 been successfully 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.

The property market appears to have moderated, with some increased activities. Developers in general are slowly adapting to what is the new norm and gradually testing the market with new products and strategies with varied success. Banks are more cautious in lending to this sector. The Group has consciously employed the strategy of focusing on niche residential developments, in mature locations in the Klang Valley where demand and spending power remains resilient. The Group will exercise great discipline in any launch or land bank acquisition and the management is continuously reviewing our planned launches.

Moving forward, given the above mentioned prospects and despite the global economic downturn, stringent lending requirements by financial institutions, increasing volatility in the capital markets and weak consumer sentiment, the Directors will ensure continuous efforts in achieving sustainable results for the Group for the financial year ending 31 March 2018 on the strength of the diversified base of the Group which has helped to offset the adverse impacts to the Group.

23. Financial estimate, forecast, projection or internal targets

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

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24. Income tax expense

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Current tax expense				
Malaysian - current period	1,838	3,635	1,838	3,635
- prior years	-	-	-	-
	1,838	3,635	1,838	3,635
Deferred tax expense				
- current period	156	229	156	229
- prior years	-	49	-	49
	156	278	156	278
Tax expense for the period	1,994	3,913	1,994	3,913

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.

25. Status of corporate proposals

Not applicable.

26. Utilisation of share proceeds

Not applicable.

27. Loans and borrowings

	30 June 2017 RM'000	31 March 2017 RM'000
Non-current		
Unsecured	7,143	8,929
Secured	9,211	10,297
	16,354	19,226
Current		
Unsecured	40,102	32,911
Secured	12,738	19,828
	52,840	52,739
Total	69,194	71,965

All borrowings are denominated in Ringgit Malaysia.

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28. Derivatives financial instruments

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

	Contract/Notional Value RM'000	Net Fair Value Loss RM'000
Forward foreign currency contracts	6,718	55
- less than 1 year		

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 2017.

29. 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.

30. Material litigation

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

31. 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 2017 in their report dated 19 June 2017.

32. Profit for the financial period

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<i>Profit is arrived at after charging:</i>				
Amortisation of intangible assets	1,270	1,908	1,270	1,908
Amortisation of prepaid lease payments	30	30	30	30
Amortisation of goodwill	-	10	-	10
Depreciation of property, plant and equipment	2,182	2,229	2,182	2,229
Unrealised loss on foreign exchange	56	-	56	-
Property, plant and equipment written off	2	429	2	429
Derivative loss on forward foreign exchange contract	55	42	55	42

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32. Profit for the financial period (continued)

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<i>and after crediting:</i>				
Gain on disposal of property, plant and equipment	70	15	70	15
Reversal of allowance for impairment loss on receivables	36	8	36	8

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

33. Dividends 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 2017, if approved at the forthcoming Annual General Meeting, will be payable on 27 October 2017 to Depositors whose names appear in the Record of Depositors on 9 October 2017.

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

34. 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 3 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit for the financial period	3,127	7,909	3,127	7,909
Less): Amount attributable to non-controlling interests	(499)	(265)	(499)	(265)
Profit for the financial period attributable to owners of the Company	2,628	7,644	2,628	7,644
Weighted average number of ordinary shares in issue ('000)	126,894	126,894	126,894	126,894
Basic earnings per ordinary share (sen)	2.07	6.02	2.07	6.02

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(continued)

34. 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 June 2017 is 126,894,299 (30 June 2016: 126,894,340).

(b) Diluted earnings per ordinary share

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

35. Breakdown of realised and unrealised profits or losses

	30 June 2017 RM'000	31 March 2017 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	387,608	383,614
- Unrealised	(7,262)	(6,735)
	<u>380,346</u>	<u>376,879</u>
Share of accumulated losses from associate		
- Realised	(331)	(305)
	<u>380,015</u>	<u>376,574</u>
Less: Consolidation adjustments	(47,688)	(46,993)
Total Group retained earnings as per consolidated statement of changes in equity	<u>332,327</u>	<u>329,581</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.

36. 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 22 August 2017.