

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 RM'000	31 March 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		110,735	109,810
Prepaid lease payments		2,843	2,932
Investment in an associate		-	1,361
Goodwill		341	341
Other intangible assets	16	7,687	11,498
Other investments		3	3
Deferred tax assets		1,806	1,559
		123,415	127,504
Current assets			
Inventories		70,406	69,062
Property development costs		160,428	158,863
Trade and other receivables		109,897	105,987
Derivative financial assets		1	-
Deposits and prepayments		4,041	7,444
Current tax recoverable		3,038	3,900
Cash and cash equivalents		95,684	119,043
		443,495	464,299
Asset classified as held for sale	17	868	868
		444,363	465,167
Total assets		567,778	592,671

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 RM'000	31 March 2017 RM'000
(continued)			
EQUITY			
Equity attributable to owners of the Company			
Share capital		66,667	66,667
Reserves		366,423	352,815
Treasury shares		(4,601)	(4,601)
		428,489	414,881
Non-controlling interests		10,210	11,640
Total equity		438,699	426,521
LIABILITIES			
Non-current liabilities			
Loans and borrowings	27	12,183	19,226
Deferred tax liabilities		13,531	14,575
		25,714	33,801
Current liabilities			
Trade and other payables		66,936	78,910
Derivative financial liabilities		185	40
Loans and borrowings	27	32,724	52,739
Current tax payable		3,520	660
		103,365	132,349
Total liabilities		129,079	166,150
Total equity and liabilities		567,778	592,671
Net assets per ordinary share attributable to owners of the Company, net of treasury shares (RM)		3.38	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.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial period ended 31 December 2017

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Revenue	8	66,451	60,400	183,721	239,920
Operating profit		12,121	7,018	27,425	31,327
Interest expense		(674)	(637)	(2,101)	(2,125)
Interest income		738	1,009	2,758	3,185
Gain on disposal of other investment		-	1,042	-	1,042
Share of results of equity accounted associate		-	(23)	(44)	(81)
Profit before taxation	8	12,185	8,409	28,038	33,348
Income tax expense	24	(3,126)	(3,801)	(8,653)	(12,220)
Profit after taxation		9,059	4,608	19,385	21,128
Other comprehensive (expense)/income, net of tax					
Items that may be reclassified to profit or loss					
Foreign exchange translation differences for foreign operations		(168)	355	(450)	363
Other comprehensive (expense)/income for the financial period, net of tax		(168)	355	(450)	363
Total comprehensive income for the financial period, net of tax		8,891	4,963	18,935	21,491
Profit attributable to:					
Owners of the Company		8,611	4,295	17,875	20,006
Non-controlling interests		448	313	1,510	1,122
Profit for the financial period	32	9,059	4,608	19,385	21,128
Total comprehensive income attributable to:					
Owners of the Company		8,443	4,650	17,425	20,369
Non-controlling interests		448	313	1,510	1,122
Total comprehensive income for the financial period		8,891	4,963	18,935	21,491
Basic/Diluted earnings per ordinary share (Sen)	34	6.79	3.39	14.09	15.77

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 THIRD QUARTER ENDED 31 DECEMBER 2017
Consolidated Statement of Changes in Equity

For the financial period ended 31 December 2017

-----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 2017	133,333	66,667	24,394	(1,165)	5	(4,601)	329,581	414,881	11,640	426,521
Realisation of revaluation reserve	-	-	(355)	-	-	-	355	-	-	-
<i>Foreign exchange translation differences for foreign operations</i>	-	-	-	(450)	-	-	-	(450)	-	(450)
Total other comprehensive expense for the financial period	-	-	-	(450)	-	-	-	(450)	-	(450)
Profit for the financial period	-	-	-	-	-	-	17,875	17,875	1,510	19,385
Total comprehensive (expense)/income for the financial period	-	-	-	(450)	-	-	17,875	17,425	1,510	18,935
<i>Distributions to owners of the Company:</i>										
- Own shares acquired	6	-	-	-	-	-	-	-	-	-
- Dividends to owners of the Company	33	-	-	-	-	-	(3,807)	(3,807)	-	(3,807)
Total transactions with owners of the Company		-	-	-	-	-	(3,807)	(3,807)	-	(3,807)
Dividend to non-controlling interest		-	-	-	-	-	-	-	(5,136)	(5,136)
Acquisition of non-controlling interest in an existing subsidiary	11	-	-	-	-	-	(10)	(10)	10	0
Consolidation of an associate	11	-	-	-	-	-	-	-	2,186	2,186
Total transaction to non-controlling interest		-	-	-	-	-	-	-	(2,940)	(2,950)
At 31 December 2017	133,333	66,667	24,039	(1,615)	5	(4,601)	343,994	428,489	10,210	438,699

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Consolidated Statement of Changes in Equity

For the financial period ended 31 December 2016

-----Attributable to owners of the Company ----->										
Note	Issued and fully paid ordinary shares		Non-Distributable				Distributable		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	Sub- total 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	-	-	(355)	-	-	-	355	-	-	-
<i>Foreign exchange translation differences for foreign operations</i>	-	-	-	363	-	-	-	363	-	363
Total other comprehensive income for the financial period	-	-	-	363	-	-	-	363	-	363
Profit for the financial period	-	-	-	-	-	-	20,006	20,006	1,122	21,128
Total comprehensive income for the financial period	-	-	-	363	-	-	20,006	20,369	1,122	21,491
<i>Distributions to owners of the Company:</i>										
- <i>Own shares acquired</i>	-	-	-	-	-	(1)	-	(1)	-	(1)
- <i>Dividends to owners of the Company</i>	-	-	-	-	-	-	(3,807)	(3,807)	-	(3,807)
Total transactions with owners of the Company	-	-	-	-	-	(1)	(3,807)	(3,808)	-	(3,808)
At 31 December 2016	133,333	66,667	24,512	(782)	5	(4,601)	331,334	417,135	10,796	427,931

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.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Consolidated Statement of Cash Flows

For the financial period ended 31 December 2017

	31 December 2017 RM'000	31 December 2016 RM'000
Profit after taxation for the financial period	19,385	21,128
Adjustments for:		
Amortisation of intangible assets	3,811	5,723
Amortisation of goodwill	-	31
Amortisation of prepaid lease payments	89	89
Depreciation of property, plant and equipment	6,503	6,613
Derivative loss/(gain) on forward foreign currency contracts	144	(80)
Interest expense	2,101	2,125
Interest income	(2,758)	(3,185)
Unrealised foreign exchange (gain)/loss	(54)	76
Gain on disposal of property, plant and equipment	(304)	(81)
Gain on disposal of other investment	-	(1,042)
Net (reversal)/allowance of impairment loss on receivables	(36)	2
Property, plant and equipment written off	254	489
Income tax expense	8,653	12,220
Share of results of equity accounted associate	44	81
Operating profit before changes in working capital	37,832	44,189
Change in inventories	(1,344)	(25,994)
Change in property development costs	(1,565)	13,645
Change in trade and other receivables, deposits and prepayments, including derivatives	4,463	19,353
Change in trade and other payables, including derivatives	(16,066)	396
Cash generated from operations	23,320	51,589
Interest paid	(953)	(782)
Income tax paid	(6,222)	(7,489)
Net cash from operating activities	16,145	43,318
Cash flows from investing activities		
Increase in cash and cash equivalents pledged with licensed banks	(20)	(33)
Net increase in investment in an associate	(784)	(1,176)
Consolidation of an associate (Note 11)	3,011	-
Acquisition of property, plant and equipment	(7,728)	(3,118)
Proceeds from disposal of other investments	-	1,267
Net cash outflow from deconsolidation of a subsidiary	-	(18)
Proceeds from disposal of property, plant and equipment	466	165
Interest received	2,660	2,455
Net cash used in investing activities	(2,395)	(458)

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Consolidated Statement of Cash Flows

For the financial period ended 31 December 2017

	31 December 2017 RM'000	31 December 2016 RM'000
(continued)		
Cash flows from financing activities		
Net repayments of other loans and borrowings	(27,283)	(19,178)
Dividends paid to:		
-Shareholders of the Company	(3,807)	(3,807)
-Non-controlling interests	(5,136)	-
Interest paid	(955)	(1,209)
Net cash used in financing activities	(37,181)	(24,194)
Net (decrease)/increase in cash and cash equivalents	(23,431)	18,666
Effects of exchange rate fluctuations on cash held	52	(6)
Cash and cash equivalents at beginning of financial period	116,989	96,533
Cash and cash equivalents at end of financial period	<u>93,610</u>	<u>115,193</u>

Note

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

Deposits, bank and cash balances	95,684	117,235
Less: Cash and cash equivalents pledged for banking facilities	(2,074)	(2,042)
Total cash and cash equivalents as shown in consolidated statement of cash flows	<u>93,610</u>	<u>115,193</u>

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.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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 31 December 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.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Notes to the consolidated interim financial statements

(continued)

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 31 December 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 which include undertake infrastructure and building projects based on private financing initiative under the build, lease, maintain and transfer model. |
| (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 |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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 9 months ended 31 December 2017					
Segment revenue	132,315	28,820	3,810	18,776	183,721
Segment profit/(loss) before taxation	21,047	8,527	(3,056)	3,277	29,795
Unallocated corporate expenses					(1,713)
Share of results of equity accounted associate					(44)
Profit before taxation					28,038
Tax expense					(8,653)
Profit for the financial period					19,385
For the 9 months ended 31 December 2016					
Segment revenue	125,171	48,086	48,920	17,743	239,920
Segment profit before taxation	17,645	8,293	6,796	2,683	35,417
Unallocated corporate expenses					(1,988)
Share of results of equity accounted associate					(81)
Profit before taxation					33,348
Tax expense					(12,220)
Profit for the financial period					21,128

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Notes to the consolidated interim financial statements

(continued)

8. Segment information (continued)

	Cumulative Quarter 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000
Revenue from external customers		
Malaysia	177,226	234,185
Other countries	6,495	5,735
	183,721	239,920

9. Property, plant and equipment

a) Acquisitions and disposals

During the nine months ended 31 December 2017, the Group acquired items of property, plant and equipment costing RM7.9 million (nine months ended 31 December 2016: RM3.3 million), of which RM0.2 million (nine months ended 31 December 2016: RM0.2 million) was in the form of finance lease assets.

During the nine months ended 31 December 2017, the Group disposed of items of property, plant and equipment with a carrying amount of RM162,000 (nine months ended 31 December 2016: RM84,000), resulting in a net gain on disposal of RM304,000 (nine months ended 31 December 2016: net gain of RM81,000).

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

Reference made to the Company's announcement on 28 April 2017, Asaljuru Weida Sdn Bhd ("AWSB"), a 49% owned associated company of Weida Medic Development Sdn Bhd ("WMDSB"), which in turn is a wholly-owned subsidiary of Weida (M) Bhd ("Weida" or "the Company") entered into the Concession Agreement with the Government of Malaysia as represented by the Ministry of Health in relation for the upgrading of Hospital Umum Sarawak by way of development of new buildings and facilities, on a public private partnership by way of private financing initiative under the build, lease, maintain and transfer model.

On 30 August 2017, WMDSB had entered into a Shareholders' Agreement with other shareholders of AWSB, namely Asaljuru Construction Sdn Bhd and Cahaya Majestic Sdn Bhd, for the purpose of regulating the responsibilities and obligations of shareholders in AWSB. Subsequently, WMDSB will control the board composition of AWSB and govern the financial and operating policies of AWSB. Arising thereto, AWSB will be treated as a subsidiary of WMDSB.

The effect of the consolidation of AWSB on the Group's assets and liabilities on the date of the control existed is as follows:

	RM'000
Property, plant and equipment	11
Trade and other receivables	5,361
Cash and cash equivalents	3,011
Trade and other payables	(4,096)
Total identifiable net assets	4,287
Less: Non-controlling interests	(2,186)
Less: Investment in an associate	(2,101)
	-
Less: Cash and cash equivalents acquired	(3,011)
Net cash inflow	(3,011)

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Notes to the consolidated interim financial statements

(continued)

11. Changes in composition of the Group (continued)

On 13 October 2017, the Group acquired additional 30 ordinary shares of RM1.00 each in the share capital of Vista Cape Sdn Bhd (“VCSB”), for a cash consideration of RM30. As a result, VCSB became a 81% owned subsidiary of the Company.

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

	31 December 2017 RM'000	31 March 2017 RM'000
Property, plant and equipment Authorised but not contracted for	2,960	5,329
Contracted but not provided for	284	275
	3,244	5,604

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 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Rental of premises	72	66	214	186
Rental of motor vehicle	-	(22)	-	(22)
Technical fee paid	-	-	4	-
Technical fee income	(40)	-	(40)	-
Survey charge	-	3	-	3
Purchase of trading goods	11	-	11	-
Management fee and technical fee received	(38)	-	(112)	-
Service fee	-	(13)	12	(13)

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 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Progress billings for properties under development	-	(65)	-	(4,023)
Rental of premises	22	-	59	-

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Notes to the consolidated interim financial statements

(continued)

15. Compensation to key management personnel

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

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Directors of the Company	325	325	2,399	3,659
Directors of subsidiaries and other key management personnel	1,533	831	3,776	6,515
	1,858	1,156	6,175	10,174

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 31 December 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 achieved higher revenue and profit before tax of RM66.5 million and RM12.2 million respectively as compared to RM60.4 million and RM8.4 million respectively in 3Q FYE 31 March 2017, mainly due to higher revenue contribution with lower overheads incurred from all segments, except for property development segment.

As for the cumulative results, it recorded lower revenue and profit before tax of RM183.7 million and RM28.0 million respectively for nine months ended 31 December 2017 (nine months ended 31 December 2016: RM239.9 million and RM33.3 million respectively). Lower revenue mainly due to lower contribution from both works segment and property development segment as the projects were at tail end of completion but the impact has softened by higher revenue contributed from manufacturing segment. Despite lower revenue, the Group's profit margin was improved contributed from both manufacturing and works segments for the current financial period.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(continued)

20. Review of performance (continued)

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

a) Manufacturing

In the current quarter and the cumulative quarters ended 31 December 2017, the manufacturing segment recorded a higher revenue of RM47.1 million and RM132.3 million respectively (3Q FYE 31 March 2017: RM41.5 million and nine months ended 31 December 2016: RM125.2 million), due to higher demand in polyethylene engineering products.

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. As a result, it leads to a higher segment profit of RM7.9 million in the current quarter (nine months ended 31 December 2017: RM21.0 million) as compared to RM6.9 million in 3Q FYE 31 March 2017 (nine months ended 31 December 2016: RM17.6 million).

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 and the cumulative quarters ended 31 December 2017, this segment recorded lower revenue of RM13.1 million and RM28.8 million respectively (3Q FYE 31 March 2017: RM14.1 million and nine months ended 31 December 2016: RM48.1 million) mainly due to less construction work done.

However, it achieved higher segment profit of RM4.9 million for the current quarter and RM8.5 million for nine months ended 31 December 2017 (3Q FYE 31 March 2017: RM1.3 million and nine months ended 31 December 2016: RM8.3 million), mainly due to lower overhead incurred in the current financial period.

c) Property development

There was no revenue recognised for both the current quarter and the corresponding quarter. The revenue of RM3.8 million for nine months ended 31 December 2017 (nine months ended 31 December 2016: RM48.9 million) was derived from the sales of the remaining units of Urbana Residences. In view of the current soft property market sentiment, the Group is therefore taking cautious approach in launching other projects in our pipeline.

The losses incurred for this segment in the current quarter was mainly comprise of the preparation expenses for the Group's proposed future developments located at Mont' Kiara and Cheras.

d) Others

This segment registered higher revenue of RM6.2 million in the current quarter and RM18.8 million in the cumulative quarters ended 31 December 2017 as compared to the corresponding quarter in the previous financial year of RM4.8 million and RM17.7 million for nine months ended 31 December 2016. The increase was mainly due to better performance in septic sludge treatment in the current quarter and the cumulative quarters under review. Hence, it led to higher segment profit before tax of RM1.1 million in the current quarter and RM3.3 million for nine months ended 31 December 2017 (3Q FYE 31 March 2017: RM0.6 million and RM2.7 million for nine months ended 31 December 2016).

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(continued)

21. Variation of results against preceding quarter

The Group recorded higher revenue and profit before tax for current quarter of RM66.5 million and RM12.2 million respectively as compared to 2Q FYE 31 March 2018 of RM64.7 million and RM10.7 million mainly due to contribution from works segments.

Analysis of performance of each operating segment is as follows:

- Manufacturing segment: This segment recorded slightly lower revenue of RM47.1 million as compared to RM47.6 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, this segment recorded marginally lower profit of RM7.9 million as compared to RM8.6 million in the preceding quarter.
- Works segment: This segment recorded a higher revenue of RM13.1 million compared to RM9.9 million in the preceding quarter mainly due to more construction work done in the current quarter. Hence, there was higher segment profit of RM4.9 million in the current quarter as compared to RM2.9 million in preceding quarter which was also resulted by lower expenses incurred in the current quarter.
- Property development segment: There is no new launches and also no sales from the remaining completed units of Urbana Residences in the current quarter under review. In preceding quarter, there was RM0.6 million generated from sales of the completed units. Although there was no sale in this current quarter, it recorded lower segment loss of RM1.1 million (2Q FYE 31 March 2018: segment loss of RM1.3 million) as 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 RM6.2 million in the current quarter compared to RM6.6 million in the preceding quarter mainly due to lower 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 RM1.1 million in the current quarter.

22. Prospects for the financial year ending 31 March 2018

The Malaysia' gross domestic product (GDP) 2017 had been revised upward to 5.6%, an increase of 0.8% from its forecast earlier. The Malaysian economy is expected to remain resilient in 2018, GDP is forecast to grow at 5.4% year-on-year (y-o-y) in 2018, mainly driven by domestic demand.

The Group's manufacturing segment is expected to continuously benefit particularly in products for public utilities in relation to the infrastructures and projects as highlighted in the Budget 2018 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 will continuously take precautionary measures to enhance operating cost efficiency to achieve competitiveness.

The Group foresees opportunity for works segment as supported by the Government's plan and Budget 2018 to improve on public infrastructures and also telecommunication infrastructure especially internet access to ensure greater internet connectivity coverage and to empower the digital economy for both Sabah and Sarawak. 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. Initial site works are smoothly in progress. Public perception is positive. The concession is expected to contribute positively to the future earnings of the Group in the longer term.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(continued)

22. Prospects for the financial year ending 31 March 2018 (continued)

The growing emphasis on environmental sustainability and green technology 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 will remain challenging in year 2018. More developers are aware of the different segment in markets, review their development plans and also repackage their products towards more affordable housing projects. Latest improvement in economic indicators augur well for the Malaysia property market which will be driven by growth in private consumption and the government's infrastructure investments. However, difficulty of potential buyers in getting bank financing had resulted in a slowdown in sales of the properties priced above RM500,000. The management is reviewing our planned launches to meet market demands.

Moving forward, given the above mentioned prospects and factors which will affect the Group's business, the Directors will ensure continuous efforts to implement measures to improve operating efficiency 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. However, the Group's cost of operation will be affected by the recently raised overnight policy rate (OPR) by 25 basis points to 3.25%, which increased Malaysian commercial lending rates. Also, the strengthening of USD dollar against Malaysian Ringgit's which will affect our raw material cost.

23. Financial estimate, forecast, projection or internal targets

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

24. Income tax expense

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Current tax expense				
Malaysian - current period	4,566	1,514	10,130	8,025
- prior years	(219)	626	(186)	946
	4,347	2,140	9,944	8,971
Deferred tax expense				
- current period	(958)	1,712	(965)	3,251
- prior years	(263)	(51)	(326)	(2)
	(1,221)	1,661	(1,291)	3,249
Tax expense for the period	3,126	3,801	8,653	12,220

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.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(continued)

25. Status of corporate proposals

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE (“OFFER” or “PROPOSED SCR”)

On 29 January 2018, the Board of Directors had announced that it has received a letter from Weida Management Sdn. Bhd., a major shareholder of the Company, requesting the Company to undertake the Proposed SCR pursuant to Section 116 of the Companies Act 2016 (“Act”) (“SCR Offer Letter”). The Proposed SCR involves the Company undertaking a selective capital reduction and repayment exercise under Section 116 of the Act, involving all shareholders of the Company except Non-Entitled Shareholders (as defined in the SCR Offer Letter) whose names appear in the Record of Depositor of the Company as at the close of business on an entitlement date to be determined and announced later.

Under the Proposed SCR, the entitled shareholders are shareholders of the Company (other than Non-Entitled Shareholders), collectively holding 84,653,340 ordinary shares of the Company (“Weida Shares”), representing approximately 66.71% of the issued share capital of the Company (excluding 6,439,100 treasury shares held by the Company) and will receive a total of RM203,168,016 or RM2.40 cash for each Weida Share.

Please refer to the announcement dated 29 January 2018 for further details.

26. Utilisation of share proceeds

Not applicable.

27. Loans and borrowings

	31 December 2017 RM’000	31 March 2017 RM’000
Non-current		
Unsecured	3,571	8,929
Secured	8,612	10,297
	12,183	19,226
Current		
Unsecured	31,282	32,911
Secured	1,442	19,828
	32,724	52,739
Total	44,907	71,965

All borrowings are denominated in Ringgit Malaysia.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(continued)

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 - less than 1 year	4,641	184

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 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<i>Profit is arrived at after charging:</i>				
Allowance for impairment loss on receivables	-	14	-	2
Amortisation of intangible assets	1,271	1,908	3,811	5,723
Amortisation of prepaid lease payments	29	29	89	89
Amortisation of goodwill	-	11	-	31
Depreciation of property, plant and equipment	2,163	2,199	6,503	6,613
Unrealised loss on foreign exchange	-	12	-	76
Property, plant and equipment written off	1	26	254	489
Derivative loss on forward foreign exchange contract	120	-	144	-

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(continued)

32. Profit for the financial period (continued)

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<i>and after crediting:</i>				
Derivative gain on forward foreign exchange contract	-	11	-	80
Unrealised gain on foreign exchange	120	-	54	-
Reversal of allowance for impairment loss on receivables	-	-	36	-
Gain on disposal of property, plant and equipment	13	68	304	81
Gain on disposal of other investment	-	1,042	-	1,042

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, approved at the Annual General Meeting, held on 22 August 2017, was paid 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 9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Profit for the financial period	9,059	4,608	19,385	21,128
Less: Amount attributable to non-controlling interests	(448)	(313)	(1,510)	(1112)
Profit for the financial period attributable to owners of the Company	8,611	4,295	17,875	20,006
Weighted average number of ordinary shares in issue (‘000)	126,894	126,894	126,894	126,894
Basic earnings per ordinary share (sen)	6.79	3.39	14.09	15.77

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

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

(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 31 December 2017 is 126,894,232 (31 December 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. 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 13 February 2018.