

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Consolidated Statement of Financial Position

As at 30 June 2018

| | Note | 30 June 2018 RM'000 | 31 March 2018 RM'000 |
|-----------------------------------|------|---------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 100,487 | 101,967 |
| Prepaid lease payments | | 2,783 | 2,813 |
| Investment properties | | 7,132 | 7,161 |
| Goodwill | | 341 | 341 |
| Other intangible assets | 16 | 6,525 | 7,227 |
| Other investments | | 2 | 2 |
| Other receivables | | 8,267 | 2,956 |
| Deferred tax assets | | 1,820 | 1,267 |
| | | 127,357 | 123,734 |
| Current assets | | | |
| Inventories | | 69,780 | 65,795 |
| Property development costs | | 161,090 | 160,812 |
| Trade and other receivables | | 121,616 | 118,039 |
| Derivative financial assets | | 224 | - |
| Deposits and prepayments | | 5,441 | 4,310 |
| Current tax recoverable | | 3,667 | 3,711 |
| Cash and cash equivalents | | 99,014 | 96,739 |
| | | 460,832 | 449,406 |
| Asset classified as held for sale | 17 | 868 | 868 |
| | | 461,700 | 450,274 |
| Total assets | | 589,057 | 574,008 |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Consolidated Statement of Financial Position

As at 30 June 2018

| | Note | 30 June 2018 RM'000 | 31 March 2018 RM'000 |
|---|------|---------------------------|----------------------------|
| (continued) | | | |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 66,667 | 66,667 |
| Reserves | | 375,851 | 369,510 |
| Treasury shares | | (4,601) | (4,601) |
| | | 437,917 | 431,576 |
| Non-controlling interests | | 10,440 | 10,543 |
| Total equity | | 448,357 | 442,119 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 27 | 12,146 | 12,513 |
| Deferred tax liabilities | | 12,002 | 12,578 |
| | | 24,148 | 25,091 |
| Current liabilities | | | |
| Trade and other payables | | 83,512 | 67,162 |
| Derivative financial liabilities | | - | 121 |
| Loans and borrowings | 27 | 31,423 | 37,441 |
| Current tax payable | | 1,617 | 2,074 |
| | | 116,552 | 106,798 |
| Total liabilities | | 140,700 | 131,889 |
| Total equity and liabilities | | 589,057 | 574,008 |
| Net assets per ordinary share attributable to owners of the Company, net of treasury shares (RM) | | 3.45 | 3.40 |

The unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 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 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial period ended 30 June 2018

| | Note | Individual Quarter | | Cumulative Quarter | |
|--|------|---|---|---|---|
| | | 3 months ended 30 June 2018 RM'000 | 3 months ended 30 June 2017 RM'000 | 3 months ended 30 June 2018 RM'000 | 3 months ended 30 June 2017 RM'000 |
| Revenue | 8 | 67,208 | 52,549 | 67,208 | 52,549 |
| Operating profit | | 9,221 | 4,838 | 9,221 | 4,838 |
| Interest expense | | (1,439) | (689) | (1,439) | (689) |
| Interest income | | 1,207 | 998 | 1,207 | 998 |
| Share of results of equity accounted associate | | - | (26) | - | (26) |
| Profit before taxation | 8 | 8,989 | 5,121 | 8,989 | 5,121 |
| Income tax expense | 24 | (2,855) | (1,994) | (2,855) | (1,994) |
| Profit after taxation | | 6,134 | 3,127 | 6,134 | 3,127 |
| Other comprehensive expense, net of tax | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Foreign exchange translation differences for foreign operations | | 104 | (166) | 104 | (166) |
| Other comprehensive income/(expense) for the financial period, net of tax | | 104 | (166) | 104 | (166) |
| Total comprehensive income for the financial period, net of tax | | 6,238 | 2,961 | 6,238 | 2,961 |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the Company | | 6,237 | 2,628 | 6,237 | 2,628 |
| Non-controlling interests | | (103) | 499 | (103) | 499 |
| Profit for the financial period | 32 | 6,134 | 3,127 | 6,134 | 3,127 |
| Total comprehensive income/(expense) attributable to: | | | | | |
| Owners of the Company | | 6,341 | 2,462 | 6,341 | 2,462 |
| Non-controlling interests | | (103) | 499 | (103) | 499 |
| Total comprehensive income for the financial period | | 6,238 | 2,961 | 6,238 | 2,961 |
| Basic/Diluted earnings per ordinary share (Sen) | 34 | 4.92 | 2.07 | 4.92 | 2.07 |

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 2018 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 2018

Consolidated Statement of Changes in Equity

For the financial period ended 30 June 2018

<-----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 | Foreign currency translation reserve RM'000 | Fair value reserve RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Sub- total RM'000 | | |
| At 1 April 2018 | 133,333 | 66,667 | (1,001) | 5 | (4,601) | 370,506 | 431,576 | 10,543 | 442,119 |
| <i>Foreign exchange translation differences for foreign operations</i> | - | - | 104 | - | - | - | 104 | - | 104 |
| Total other comprehensive income for the financial period | - | - | 104 | - | - | - | 104 | - | 104 |
| Profit for the financial period | - | - | - | - | - | 6,237 | 6,237 | (103) | 6,134 |
| Total comprehensive income for the financial period | - | - | 104 | - | - | 6,237 | 6,341 | (103) | 6,238 |
| <i>Distributions to owners of the Company:</i> | | | | | | | | | |
| - Own shares acquired | 7 | - | - | - | - | - | - | - | - |
| - Dividends to owners of the Company | 33 | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | - | - | - | - | - | - | - |
| At 30 June 2018 | 133,333 | 66,667 | (897) | 5 | (4,601) | 376,743 | 437,917 | 10,440 | 448,357 |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2018
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 | | Non- controlling interests RM'000 | Total equity RM'000 |
|--|---------------------------------------|----------------------|---|---------------------------|------------------------|--------------------------|------------------|--------------------------------------|------------------------|
| | Number of shares '000 | Share capital RM'000 | Foreign currency translation reserve RM'000 | Fair value reserve RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Sub-total RM'000 | | |
| At 1 April 2017 | 133,333 | 66,667 | (1,165) | 5 | (4,601) | 353,975 | 414,881 | 11,640 | 426,521 |
| <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 (expense)/income for the financial period | - | - | (166) | - | - | 2,628 | 2,462 | 499 | 2,961 |
| <i>Distributions to owners of the Company:</i> | - | - | - | - | - | - | - | - | - |
| - Own shares acquired | - | - | - | - | - | - | - | - | - |
| - Dividends to owners of the Company | 7 | - | - | - | - | - | - | - | - |
| 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 | (1,331) | 5 | (4,601) | 356,603 | 417,343 | 10,379 | 427,722 |

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 2018 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 2018

Consolidated Statement of Cash Flows

For the financial period ended 30 June 2018

| | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
|---|------------------------------------|------------------------------------|
| Profit after taxation for the financial period | 6,134 | 3,127 |
| Adjustments for: | | |
| Amortisation of intangible assets | 702 | 1,270 |
| Amortisation of prepaid lease payments | 30 | 30 |
| Amortisation of investment properties | 29 | - |
| Depreciation of property, plant and equipment | 2,004 | 2,182 |
| Derivative (gain)/loss on forward foreign currency contracts | (345) | 55 |
| Interest expense | 1,439 | 689 |
| Interest income | (1,207) | (998) |
| Unrealised foreign exchange loss | 390 | 56 |
| Gain on disposal of property, plant and equipment | (10) | (70) |
| Net reversal of impairment loss on receivables | (1) | (36) |
| Net bad debt recovered | (20) | - |
| Property, plant and equipment written off | 90 | 2 |
| Income tax expense | 2,855 | 1,994 |
| Share of results of equity accounted associate | - | 26 |
| Operating profit before changes in working capital | 12,090 | 8,327 |
| Change in inventories | (3,985) | (131) |
| Change in property development costs | (278) | (614) |
| Change in trade and other receivables, deposits and prepayments, including derivatives | (10,243) | 6,308 |
| Change in trade and other payables, including derivatives | 15,744 | (4,927) |
| Cash generated from operations | 13,328 | 8,963 |
| Interest paid | (310) | (329) |
| Income tax paid | (4,397) | (2,315) |
| Net cash from operating activities | 8,621 | 6,319 |
| Cash flows from investing activities | | |
| Decrease/(Increase) in cash and cash equivalents pledged with licensed banks | 2,085 | (5) |
| Acquisition of property, plant and equipment | (645) | (5,112) |
| Proceeds from disposal of property, plant and equipment | 32 | 70 |
| Interest received | 803 | 966 |
| Net cash from/(used in) investing activities | 2,275 | (4,081) |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Consolidated Statement of Cash Flows

For the financial period ended 30 June 2018

| | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
|--|------------------------------------|------------------------------------|
| (continued) | | |
| Cash flows from financing activities | | |
| Net repayments of other loans and borrowings | (6,399) | (2,771) |
| Dividends paid to: | | |
| -Non-controlling interests | - | (1,760) |
| Interest paid | (273) | (347) |
| Net cash used in financing activities | (6,672) | (4,878) |
| Net increase/(decrease) in cash and cash equivalents | 4,224 | (2,640) |
| Effects of exchange rate fluctuations on cash held | 136 | (136) |
| Cash and cash equivalents at beginning of financial period | 94,654 | 116,989 |
| Cash and cash equivalents at end of financial period | <u>99,014</u> | <u>114,213</u> |

Note

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

| | | |
|---|----------------------|-----------------------|
| Deposits, bank and cash balances | 99,014 | 116,272 |
| Less: Cash and cash equivalents pledged for banking facilities | - | (2,059) |
| Total cash and cash equivalents as shown in consolidated statement of cash flows | <u>99,014</u> | <u>114,213</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 2018 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 2018

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 Malaysia Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting*.

The preparation of interim financial statements in conformity with MFRS 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 2018 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 2018. 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 MFRSs.

The Group has adopted MFRS framework with effect from 1 April 2018. The financial effects of convergence to the MFRS framework as a result of the convergence are discussed in Note 2.

2. Changes in accounting policies

This interim financial report are for part of the period covered by the Group’s first annual financial statements prepared under the MFRS framework. Accordingly, the Group have applied MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards* in their transition to the MFRS framework on 1 April 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 2018 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 MFRS 1, <i>First Time Adoption of Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i> | 1 January 2018 |
| Amendments to MFRS 2, <i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions</i> | 1 January 2018 |
| MFRS 9, <i>Financial Instruments (2014)</i> | 1 January 2018 |
| 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 |
| Amendments to MFRS 128, <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i> | 1 January 2018 |
| Amendments to MFRS 140, <i>Investment Property - Transfers of Investment Property</i> | 1 January 2018 |
| IC Interpretation 22, <i>Foreign Currency Transactions and Advance Considerations</i> | 1 January 2018 |

Migration to new accounting framework

The adoption of the new and revised MFRSs, IC Interpretations and Amendments has no material impact to the Group’s consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year, except for property, plant and equipment. Upon transition to MFRSs, Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM24.4 million and RM23.9 million at 1 April 2017 and 31 March 2018 was reclassified respectively to retained earnings.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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 30 June 2018.

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, maintenance of waste treatment and biogas plants as well as quarry operation |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Notes to the consolidated interim financial statements

(continued)

8. Segment information (continued)

| For the 3 months ended 30 June 2018 | Manufacturing RM'000 | Works RM'000 | Property development RM'000 | Others RM'000 | Consolidated RM'000 |
|--|---------------------------------|-------------------------|--|--------------------------|--------------------------------|
| Segment revenue | 39,202 | 22,620 | - | 5,386 | 67,208 |
| Segment profit/(loss) before taxation | 5,414 | 4,112 | (721) | 805 | 9,610 |
| Unallocated corporate expenses | | | | | (621) |
| Share of results of equity accounted associate | | | | | - |
| Profit before taxation | | | | | 8,989 |
| Tax expense | | | | | (2,855) |
| Profit for the financial period | | | | | 6,134 |
| 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 |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Notes to the consolidated interim financial statements

(continued)

8. Segment information (continued)

| | Cumulative Quarter | |
|---------------------------------|---------------------------|---------------------|
| | 3 months ended | |
| | 30 June 2018 | 30 June 2017 |
| | RM'000 | RM'000 |
| Revenue from external customers | | |
| Malaysia | 65,708 | 50,519 |
| Other countries | 1,500 | 2,030 |
| | <u>67,208</u> | <u>52,549</u> |

9. Property, plant and equipment

a) Acquisitions and disposals

During the three months ended 30 June 2018, the Group acquired items of property, plant and equipment costing RM645,000 (three months ended 30 June 2017: RM5.1 million) by internal generated funds.

During the three months ended 30 June 2018, the Group disposed of items of property, plant and equipment with a carrying amount of RM42,000 (three months ended 30 June 2017: RMNil), resulting in a net gain on disposal of RM10,000 (three months ended 30 June 2017: net gain of RM70,000).

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 | 31 March |
|---------------------------------|----------------|-----------------|
| | 2018 | 2018 |
| | RM'000 | RM'000 |
| Property, plant and equipment | | |
| Contracted but not provided for | 731 | 273 |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Notes to the consolidated interim financial statements

(continued)

14. Material related party transactions

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

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

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|--|--------------------------------------|------------------------|--------------------------------------|------------------------|
| | 30 June 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| <u>Nature of transaction</u> | | | | |
| Rental of premises | 41 | 69 | 41 | 69 |
| Management fee and technical fee received | (45) | (37) | (45) | (37) |
| Technical fee paid | - | 4 | - | 4 |
| Service charge | 23 | 5 | 23 | 5 |

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

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|------------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|
| | 30 June 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| <u>Nature of transaction</u> | | | | |
| Rental of premises | 22 | 15 | 22 | 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 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| Directors of the Company | 332 | 325 | 332 | 325 |
| Directors of subsidiaries and other key management personnel | 1,238 | 863 | 1,238 | 863 |
| | 1,570 | 1,188 | 1,570 | 1,188 |

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Notes to the consolidated interim financial statements

(continued)

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 2018.

19. Fair value hierarchy

In the three months ended 30 June 2018, 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

In current quarter, the Group recorded higher revenue of RM67.2 million (1Q FYE 31 March 2018: RM52.5 million) mainly due to higher contribution from both manufacturing and works segments. The Group achieved higher profit before tax of RM9.0 million (1Q FYE 31 March 2018: RM5.1 million) as a result of higher revenue coupled with better profit margin for current quarter which contributed by both manufacturing and works segments.

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

a) Manufacturing

The manufacturing segment recorded higher revenue of RM39.2 million (1Q FYE 31 March 2018: RM37.6 million) due to higher demand in certain polyethylene engineering products. As a result, this segment recorded higher segment profit of RM5.4 million (1Q FYE 31 March 2018: RM4.6 million) due to more favourable mix of products and customers in the current quarter.

b) Works

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

In current quarter, this segment posted higher revenue and segment profit of RM22.6 million (1Q FYE 31 March 2018: RM5.8 million) and RM4.1 million (1Q FYE 31 March 2018: RM0.8 million) respectively as there were more construction works done.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

20. Review of performance (continued)

c) Property development

There were preparation expenses for the Group's proposed future developments located at Mont' Kiara and Cheras. As a result, the property development segment recorded loss of RM0.7 million (1Q FYE 31 March 2018: RM0.7 million). The Group plans to launch the Cheras project by this financial year.

d) Others

In current quarter, this segment registered lower revenue of RM5.4 million (1Q FYE 31 March 2018: RM6.0 million) mainly due to decrease in contribution from quarry operation. This had resulted in lower segment profit achieved of RM0.8 million (1Q FYE 31 March 2018: RM1.0 million).

21. Variation of results against preceding quarter

The Group recorded higher revenue and profit before tax for current quarter of RM67.2 million and RM9.0 million respectively as compared to 4Q FYE 31 March 2018 of RM51.2 million and RM7.6 million.

Analysis of performance of each operating segment is as follows:

- Manufacturing segment: This segment recorded higher revenue of RM39.2 million as compared to RM29.9 million in the preceding quarter due to higher demand in polyethylene engineering products. Also as a result of more favorable mix of products and customers coupled with lower expenses in current quarter, this segment recorded higher profit of RM5.4 million as compared to RM0.7 million in the preceding quarter.
- Works segment: This segment recorded a higher revenue of RM22.6 million compared to RM15.2 million in the preceding quarter mainly due to more construction work done in current quarter. However, as a result of higher expenses in current quarter, this has resulted in lower segment profit of RM4.1 million in current quarter as compared to RM7.8 million in preceding quarter.
- Property development segment: There is no significant variation as compared to preceding quarter. The Group are still in the midst of preparation for the proposed future developments located at Mont' Kiara and Cheras. In view of the current soft property market sentiment, the Group is therefore taking cautious approach in launching other projects in our pipeline.
- Others segment: Both revenue and profit for this segment are in line with preceding quarter, i.e. revenue at RM5.4 million (4Q FYE 31 March 2018: RM5.3 million) and segment profit of RM0.8 million (4Q FYE 31 March 2018: RM0.8 million) respectively.

22. Prospects for the financial year ending 31 March 2019

Malaysian economy is expected to remain resilient in 2018 despite some volatility is seen near term in the post-14th general election environment, given its resilient and robust financial system. Malaysia's annual economic growth had dropped from 5.4% to 4.5% in the second quarter of year 2018. 2018 full year gross domestic product growth projection is brought down to 5.0%. Bank Negara Malaysia will maintain the Overnight Policy Rate ("OPR") at 3.25% as at the date of this report. However, the ringgit is expected to weaken against the US dollar on the back of worries over escalating trade tensions between the United States ("US") and China and also the rise of interest rate in US.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

22. Prospects for the financial year ending 31 March 2019 (continued)

The Group's manufacturing segment is expected to continuously benefit particularly in products for public utilities in relation to the infrastructures and projects 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 private sector's outlook appears to be cautious in view of the pending implementation of the Sales and Service Tax ("SST"). During the tax holiday period, most companies have increased their stocks in anticipation of potential price adjustments from the impact of SST implementation. This may temporarily lead to a softer market demand in the coming months. The Group will continuously take precautionary measures to enhance operating cost efficiency to achieve competitiveness.

The Group foresees opportunity for works segment as continuous support by the Government's initiatives to improve on public infrastructures although there are uncertainties after change of government. Recently, the Sarawak Government had just launched its Digital Economy Strategy 2018-2022 which requires adequate telecommunication infrastructure to support the development. 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. Construction works have started toward end of last financial year and are progressing well with positive public perception. The construction works for the concession will have a positive impact for the coming financial year and thus, is expected to contribute positively to the future earnings of the Group in the longer term.

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 still remains challenging in year 2018. Following recently concluded 14th General Election, the country as a whole is still adjusting to the historic transition. The sector is likely to remain neutral in the immediate term, as both developers and purchasers are likely to temporarily put on hold any major investments or purchases. In addition, current curbs on the housing sector, such as stringent requirements on the margin of financing, taxes and stamp duties remain in place.

Moving forward, given the abovementioned prospects and factors which will affect the Group's business, the Directors and management 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 2019 on the strength of the diversified base of the Group which will help to offset the adverse impacts to the Group. However, in view on the change of Government recently, uncertainty in market sentiment and volatility in the financial markets will take time to unfold in the coming months.

23. Financial estimate, forecast, projection or internal targets

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

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

24. Income tax expense

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|-------------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|
| | 30 June 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| Current tax expense | | | | |
| Malaysian - current period | 3,886 | 1,838 | 3,886 | 1,838 |
| - prior years | 98 | - | 98 | - |
| | 3,984 | 1,838 | 3,984 | 1,838 |
| Deferred tax (income)/expense | | | | |
| - current period | (1,082) | 156 | (1,082) | 156 |
| - prior years | (47) | - | (47) | - |
| | (1,129) | 156 | (1,129) | 156 |
| Tax expense for the period | 2,855 | 1,994 | 2,855 | 1,994 |

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

Proposed Selective Capital Reduction and Repayment Exercise ("Offer" of "Proposed SCR")

On 29 January 2018, the Board of Directors ("the Board") 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 Depositors 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.

On 9 March 2018, RHB Investment Bank Berhad on behalf of the Board, announced that the Board, save for the Interested Directors, i.e. Dato' Lee Choon Chin (being the ultimate offeror to the Proposed SCR) and Mr Jee Hon Chong, had deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the shareholders of Weida for their consideration and approval.

On 13 March 2018, RHB Investment Bank on behalf of the Board, announced that the application in relation to the Proposed SCR had been submitted to the Securities Commission Malaysia ("SC") pursuant to Paragraph 2(a) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

On 12 April 2018, RHB Investment Bank on behalf of the Board, announced that the SC had vide its letter dated 12 April 2018, approved the extension of time to despatch the circular of the Proposed SCR by 30 April 2018 or until such time that the SC has notified that it has no further comments on the circular of the Proposed SCR.

For further details, please refer to the respective announcements as mentioned above.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

26. Utilisation of share proceeds

Not applicable.

27. Loans and borrowings

| | 30 June 2018 RM'000 | 31 March 2018 RM'000 |
|-------------|------------------------------------|-------------------------------------|
| Non-current | | |
| Unsecured | - | - |
| Secured | 12,146 | 12,513 |
| | 12,146 | 12,513 |
| Current | | |
| Unsecured | 29,539 | 35,458 |
| Secured | 1,884 | 1,983 |
| | 31,423 | 37,441 |
| Total | 43,569 | 49,954 |

All borrowings are denominated in Ringgit Malaysia.

28. Derivative 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 Gain RM'000 |
|------------------------------------|---|---|
| Forward foreign currency contracts | | |
| - less than 1 year | 8,015 | 224 |

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 2018.

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 year.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

30. Material litigation

On 23 May 2017, Weida Works Sdn Bhd (“Weida Works”), a wholly owned subsidiary of the Company had issued a Notice of Arbitration against Common Tower Technology Sdn Bhd (“CTT”) and filed with the Kuala Lumpur Regional Centre for Arbitration (KLRCA) and commenced arbitration proceedings against CTT for *inter alia*:

- a) breach of the joint venture agreement entered into between the parties dated 22 June 2005 by CTT in not paying Weida Works its entitled share of all license income from the new operators amounting to RM23,435,000 which represents Weida Works’ share of the same;
- b) an account of all undeclared license income received from the new operators; and
- c) breach of CTT’s fiduciary duty to Weida Works under the joint venture agreement entered into between the parties dated 22 June 2005 and the first supplementary joint venture agreement dated 23 March 2006 (“Telco JVA”) causing *inter alia* loss of business opportunities pursuant to a license agreement entered into between CTT and the original operators as well as damages (including aggravated and exemplary damages), interest; and costs.

Weida Works and CTT had executed the Telco JVA to undertake the telecommunication infrastructure projects in Sabah (“**Projects**”). Under the Telco JVA, Weida Works was to fund and build telecommunication towers in Sabah while CTT would secure the tower sites and to license these towers to mobile telecommunication operators for licence fees, to which CTT shall then share such licence fees income received from both the original operators and new operators with Weida Works at an agreed ratio.

Weida Works had filed its points of claim on 3 January 2018 and CTT had filed its reply to the Weida Works’ points of claim and counterclaim (“**Counterclaim**”) on 5 March 2018. The Counterclaim seeks declaratory orders that the Telco JVA is not binding and/or void in law and/or seeks a refund of all monies received from CTT save for telecommunication towers construction costs as well as to pay RM131,842,529.46 being wrongful interest imposed by the Weida Works, with pre-award and post-arbitration award interest and costs. This is despite CTT obtaining the full benefits of the Telco JVA since its inception in 2005 to date. The Weida Works’s response is that the CTT’s alleged “wrongful interest” is in fact the Weida Works’s share of licence fees pursuant to the Telco JVA and was treated as “interest” in accordance with the Financial Reporting Standards at that material time. The same manner has been practised since 2006 without any objection.

On 30 April 2018, Weida Works had filed and serviced its reply to CTT’s Defence and Defence to Counterclaim as well as change of hearing dates. The arbitration has been fixed for hearing between 3 October 2018 to 9 November 2018. On 18 June 2018, CTT had filed and serviced its reply to the Defence and to Counterclaim.

As advised by Weida Works’s solicitors, the Company is of the view that the Counterclaim is not supported with valid grounds and has no legal basis for its allegations in its reply and counterclaim. On the contrary, the Company is of the view that Weida Works has a legal basis for this arbitration of which Weida Works is *inter alia* claiming against CTT for losses suffered by Weida Works in consequence of CTT’s breach of the terms of Telco JVA in not paying Weida Works its entitled share of all license fees from new operators using Weida Works’s built towers for RM23,435,000.00 which represents Weida Works approximate share of the same and/or in breach of CTT’s fiduciary duty towards Weida Works under the Telco JVA.

The counter claim and the arbitration proceedings are not expected to have any material financial and operational impact on the Weida Group. Weida Group does not expect any losses to arise by reason of the commencement of the said arbitration proceeding other than legal cost and time in defending Weida Works’s claim and CTT’s Counterclaim.

Further announcement on the development of the above matter will be made to Bursa Malaysia Securities Berhad in due course.

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

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 2018 in their report dated 22 June 2018.

32. Profit for the financial period

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|--|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
| | 30 June 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| <i>Profit is arrived at after charging:</i> | | | | |
| Amortisation of intangible assets | 702 | 1,270 | 702 | 1,270 |
| Amortisation of prepaid lease payments | 30 | 30 | 30 | 30 |
| Amortisation of properties investments | 29 | - | 29 | - |
| Depreciation of property, plant and equipment | 2,004 | 2,182 | 2,004 | 2,182 |
| Unrealised loss on foreign exchange | 390 | 56 | 390 | 56 |
| Property, plant and equipment written off | 90 | 2 | 90 | 2 |
| Derivative loss on forward foreign exchange contract | - | 55 | - | 55 |
| <i>and after crediting:</i> | | | | |
| Derivative gain on forward foreign exchange contract | 345 | - | 345 | - |
| Reversal of allowance for impairment loss on receivables | 1 | 36 | 1 | 36 |
| Gain on disposal of property, plant and equipment | 10 | 70 | 10 | 70 |
| Bad debt recovered | 20 | - | 20 | - |

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

33. Dividends payable

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

WEIDA (M) BHD (Company No. 504747-W)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

(continued)

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 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| Profit for the financial period | 6,134 | 3,127 | 6,134 | 3,127 |
| Less: Amount attributable to non-controlling interests | 103 | (499) | 103 | (499) |
| Profit for the financial period attributable to owners of the Company | 6,237 | 2,628 | 6,237 | 2,628 |
| Weighted average number of ordinary shares in issue ('000) | 126,894 | 126,894 | 126,894 | 126,894 |
| Basic earnings per ordinary share (sen) | 4.92 | 2.07 | 4.92 | 2.07 |

The weighted average number of ordinary shares in issue during the current quarter under review has been adjusted for the treasury shares held by the Company during the period. The weighted average number of ordinary shares in issue, net of treasury shares acquired, as at 30 June 2018 is 126,894,232 (31 March 2018: 126,894,232).

(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 29 August 2018.