

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

Consolidated Statement of Financial Position

As at 30 September 2018

	Note	30 September 2018 RM'000	31 March 2018 ¹ RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		100,029	101,967
Prepaid lease payments		2,486	2,540
Investment properties		7,102	7,161
Goodwill		341	341
Other intangible assets	16	5,823	7,227
Other investments		2	2
Other receivables	17	10,222	2,956
Deferred tax assets		1,827	1,267
		127,832	123,461
Current assets			
Inventories		67,314	65,795
Property development costs		162,115	160,812
Trade and other receivables		157,544	118,039
Derivative financial assets		82	-
Deposits and prepayments		3,124	4,310
Current tax recoverable		3,199	3,711
Cash and cash equivalents		97,074	96,739
		490,452	449,406
Asset classified as held for sale	18	868	868
		491,320	450,274
Total assets		619,152	573,735

¹ Certain comparative figures have been restated arising from the adoption of the MFRS framework with effect from 1 April 2018.

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Consolidated Statement of Financial Position

As at 30 September 2018

	Note	30 September 2018 RM'000	31 March 2018 ¹ RM'000
(continued)			
EQUITY			
Equity attributable to owners of the Company			
Share capital		66,667	66,667
Reserves		390,817	371,994
Treasury shares		(4,601)	(4,601)
		452,883	434,060
Non-controlling interests		11,735	10,543
Total equity		464,618	444,603
LIABILITIES			
Non-current liabilities			
Loans and borrowings	28	11,842	12,513
Deferred tax liabilities		9,108	9,821
		20,950	22,334
Current liabilities			
Trade and other payables		86,967	67,162
Derivative financial liabilities		6	121
Loans and borrowings	28	42,112	37,441
Current tax payable		4,499	2,074
		133,584	106,798
Total liabilities		154,534	129,132
Total equity and liabilities		619,152	573,735
Net assets per ordinary share attributable to owners of the Company, net of treasury shares (RM)		3.57	3.42

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.

¹ Certain comparative figures have been restated arising from the adoption of the MFRS framework with effect from 1 April 2018.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial period ended 30 September 2018

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Revenue	8	138,100	64,721	205,308	117,270
Operating profit		17,684	10,466	26,905	15,304
Interest expense		(685)	(738)	(2,124)	(1,427)
Interest income		2,144	1,022	3,351	2,020
Share of results of equity accounted associate		-	(18)	-	(44)
Profit before taxation	8	19,143	10,732	28,132	15,853
Income tax expense	25	(5,410)	(3,533)	(8,266)	(5,527)
Profit after taxation		13,733	7,199	19,866	10,326
Other comprehensive expense, net of tax					
Items that may be reclassified to profit or loss					
Foreign exchange translation differences for foreign operations		35	(116)	139	(282)
Other comprehensive income/(expense) for the financial period, net of tax		35	(116)	139	(282)
Total comprehensive income for the financial period, net of tax		13,768	7,083	20,005	10,044
Profit attributable to:					
Owners of the Company		12,448	6,636	18,684	9,264
Non-controlling interests		1,285	563	1,182	1,062
Profit for the financial period	33	13,733	7,199	19,866	10,326
Total comprehensive income attributable to:					
Owners of the Company		12,483	6,520	18,823	8,982
Non-controlling interests		1,285	563	1,182	1,062
Total comprehensive income for the financial period		13,768	7,083	20,005	10,044
Basic/Diluted earnings per ordinary share (Sen)	35	9.81	5.23	14.73	7.30

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 SECOND QUARTER ENDED 30 SEPTEMBER 2018

Consolidated Statement of Changes in Equity

For the financial period ended 30 September 2018

<-----Attributable to owners of the Company ----->

Note	Issued and fully paid ordinary shares		Non-Distributable			Distributable		Non- controlling interests ("NCI") 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)	372,990	434,060	10,543	444,603
<i>Foreign exchange translation differences for foreign operations</i>	-	-	139	-	-	-	139	-	139
Total other comprehensive income for the financial period	-	-	139	-	-	-	139	-	139
Profit for the financial period	-	-	-	-	-	18,684	18,684	1,182	19,866
Total comprehensive income for the financial period	-	-	139	-	-	18,684	18,823	1,182	20,005
<i>Distributions to owners of the Company:</i>									
- Own shares acquired	-	-	-	-	-	-	-	-	-
- Dividends to owners of the Company	34	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-
Subscription of shares by NCI	-	-	-	-	-	-	-	10	10
Total transaction to non-controlling interest	-	-	-	-	-	-	-	10	10
At 30 September 2018	133,333	66,667	(862)	5	(4,601)	391,674	452,883	11,735	464,618

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Consolidated Statement of Changes in Equity

For the financial period ended 30 September 2017

<-----Attributable to owners of the Company ----->

	<u>Issued and fully paid ordinary shares</u>		<u>Non-Distributable</u>			<u>Distributable</u>		<u>Non- controlling interests</u> RM'000	<u>Total equity</u> RM'000
	<u>Number of shares</u> '000	<u>Share capital</u> RM'000	<u>Foreign currency translation reserve</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Treasury shares</u> RM'000	<u>Retained earnings</u> RM'000	<u>Sub-total</u> RM'000		
At 1 April 2017	133,333	66,667	(1,165)	5	(4,601)	356,523	417,429	11,640	429,069
<i>Foreign exchange translation differences for foreign operations</i>	-	-	(282)	-	-	-	(282)	-	(282)
Total other comprehensive expense for the financial period	-	-	(282)	-	-	-	(282)	-	(282)
Profit for the financial period	-	-	-	-	-	9,264	9,264	1,062	10,326
Total comprehensive (expense)/income for the financial period	-	-	(282)	-	-	9,264	8,982	1,062	10,044
<i>Distributions to owners of the Company:</i>									
- <i>Own shares acquired</i>	-	-	-	-	-	-	-	-	-
- <i>Dividends to owners of the Company</i>	-	-	-	-	-	(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)
Consolidation of an associate	-	-	-	-	-	-	-	2,186	2,186
Total transaction to non-controlling interest	-	-	-	-	-	-	-	(2,950)	(2,950)
At 30 September 2017	133,333	66,667	(1,447)	5	(4,601)	361,980	422,604	9,752	432,356

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.

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FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

Consolidated Statement of Cash Flows

For the financial period ended 30 September 2018

	30 September 2018 RM'000	30 September 2017 RM'000
Profit after taxation for the financial period	19,866	10,326
Adjustments for:		
Amortisation of intangible assets	1,404	2,540
Amortisation of prepaid lease payments	54	60
Amortisation of investment properties	60	-
Depreciation of property, plant and equipment	3,982	4,340
Derivative (gain)/loss on forward foreign currency contracts	(197)	24
Interest expense	2,124	1,427
Interest income	(3,351)	(2,020)
Unrealised foreign exchange loss	200	66
Gain on disposal of property, plant and equipment	(152)	(291)
Net reversal of impairment loss on receivables	(184)	(36)
Bad debt recovered	(20)	-
Property, plant and equipment written off	115	253
Income tax expense	8,266	5,527
Share of results of equity accounted associate	-	44
Operating profit before changes in working capital	32,167	22,260
Change in inventories	(1,519)	640
Change in property development costs	(1,303)	(1,173)
Change in trade and other receivables, deposits and prepayments, including derivatives	(45,510)	2,796
Change in trade and other payables, including derivatives	20,530	(10,237)
Cash generated from operations	4,365	14,286
Interest paid	(736)	(721)
Income tax paid	(6,601)	(4,031)
Net cash (used in)/from operating activities	(2,972)	9,534
Cash flows from investing activities		
Decrease/(Increase) in cash and cash equivalents pledged with licensed banks	2,085	(15)
Net increase in investment in an associate	-	(784)
Consolidation of an associate	-	3,011
Acquisition of property, plant and equipment	(2,264)	(6,421)
Proceeds from disposal of property, plant and equipment	229	429
Interest received	1,629	1,981
Net cash from/(used in) investing activities	1,679	(1,799)

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Consolidated Statement of Cash Flows

For the financial period ended 30 September 2018

	30 September 2018 RM'000	30 September 2017 RM'000
(continued)		
Cash flows from financing activities		
Net proceeds from/(repayments of) other loans and borrowings	3,985	(16,139)
Increase in investment in a subsidiary	10	-
Dividends paid to:		
-Non-controlling interests	-	(5,136)
Interest paid	(448)	(672)
Net cash from/(used in) financing activities	3,547	(21,947)
Net increase/(decrease) in cash and cash equivalents	2,254	(14,212)
Effects of exchange rate fluctuations on cash held	166	58
Cash and cash equivalents at beginning of financial period	94,654	116,989
Cash and cash equivalents at end of financial period	<u>97,074</u>	<u>102,835</u>

Note

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

Deposits, bank and cash balances	97,074	104,904
Less: Cash and cash equivalents pledged for banking facilities	-	(2,069)
Total cash and cash equivalents as shown in consolidated statement of cash flows	<u>97,074</u>	<u>102,835</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.

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Notes to the consolidated interim financial statements

1. Basis of preparation

The consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and Malaysian 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 September 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 are discussed in Note 2.

2. Changes in accounting policies

This interim financial report forms part of the period covered by the Group’s first annual financial statements prepared under the MFRS framework. Accordingly, the Group has 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 Consideration</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.

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Notes to the consolidated interim financial statements

(continued)

2. Changes in accounting policies (continued)

Migration to new accounting framework (continued)

Certain comparative figures have been restated as follows:

	<u>31.03.2018</u>		<u>1.4.2017</u>	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
<i>Statement of financial position</i>				
Prepaid lease payments	2,540	2,813	2,647	2,932
Retained earnings	372,990	346,585	356,523	329,582
Revaluation reserve	-	23,921	-	24,394
Deferred tax liabilities	9,821	12,578	11,744	14,576
	=====	=====	=====	=====

3. Seasonal or cyclical factors

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

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

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

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Notes to the consolidated interim financial statements

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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

In financial year ended 2018, the Group had secured a 20-year government concession to upgrade Hospital Umum Sarawak (the "Sarawak General Hospital" or "SGH") 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.

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Notes to the consolidated interim financial statements

(continued)

8. Segment information (continued)

For the 6 months ended 30 September 2018	Manufacturing RM'000	Works RM'000	Property development RM'000	Others RM'000	Consolidated RM'000
Segment revenue	96,119	97,517	-	11,672	205,308
Segment profit/(loss) before taxation	16,083	13,865	(1,690)	2,150	30,408
Unallocated corporate expenses					(2,276)
Profit before taxation					28,132
Tax expense					(8,266)
Profit for the financial period					19,866
For the 6 months ended 30 September 2017					
Segment revenue	85,173	15,687	3,810	12,600	117,270
Segment profit/(loss) before taxation	13,185	3,643	(1,956)	2,165	17,037
Unallocated corporate expenses					(1,140)
Share of results of equity accounted associate					(44)
Profit before taxation					15,853
Tax expense					(5,527)
Profit for the financial period					10,326

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Notes to the consolidated interim financial statements

(continued)

8. Segment information (continued)

	Cumulative Quarter 6 months ended	
	30 September 2018	30 September 2017
	RM'000	RM'000
Revenue from external customers		
Malaysia	201,866	112,901
Other countries	3,442	4,369
	<u>205,308</u>	<u>117,270</u>

9. Property, plant and equipment

a) Acquisitions and disposals

During the six months ended 30 September 2018, the Group acquired items of property, plant and equipment costing RM2,624,000 (six months ended 30 September 2017: RM6.6 million of which RM210,000 was in form of finance lease assets) by internal generated funds.

During the six months ended 30 September 2018, the Group disposed of items of property, plant and equipment with a carrying amount of RM77,000 (six months ended 30 September 2017: RM138,000), resulting in a net gain on disposal of RM152,000 (six months ended 30 September 2017: net gain of RM291,000).

b) Valuations

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

10. Subsequent events

Other than those mentioned/disclosed in Note 26 in this report, there is no other 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 September 2018	31 March 2018
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	1,098	273

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14. Material related party transactions

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

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

<u>Nature of transaction</u>	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Rental of premises	72	72	114	142
Management fee and technical fee received	(49)	(37)	(95)	(74)
Technical fee paid	-	4	-	8
Service charge	263	7	286	12

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

<u>Nature of transaction</u>	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Service charge	278	-	278	-
Rental of premises	22	22	44	37

15. Compensation to key management personnel

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company	2,699	1,749	3,031	2,074
Directors of subsidiaries and other key management personnel	1,410	1,380	2,648	2,243
	4,109	3,129	5,679	4,317

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.

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Notes to the consolidated interim financial statements

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16. Other intangible assets (continued)

Other intangible assets mainly consist of:

- 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. Other receivables

Other receivables included in non-current assets are mainly represents amount due from government in relation to upgrading work done on Sarawak General Hospital (“SGH”) project detailed as in Note 8 of this report.

18. 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.

19. Financial risk management

The Group’s financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the financial year ended 31 March 2018.

20. Fair value hierarchy

In the three months ended 30 September 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.

21. Review of performance

In current quarter, the Group recorded higher revenue of RM138.1 million (2Q FYE 31 March 2018: RM64.7 million) mainly due to higher contribution from manufacturing and works segments. The Group achieved higher profit before tax of RM19.1 million (2Q FYE 31 March 2018: RM10.7 million) as boosted by higher revenue coupled with better profit margin for current quarter which contributed by manufacturing, works and others segments.

The Group recorded higher revenue and profit before taxation of RM205.3 million and RM28.1 million in current financial period ended 30 September 2018 (six months ended 30 September 2017: RM117.3 million and RM15.8 million respectively).

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

a) Manufacturing

The manufacturing segment recorded higher revenue and segment profit of RM56.9 million and RM10.7 million respectively in the current quarter (2Q FYE 31 March 2018: RM47.6 million and RM8.6 million respectively) due to higher demand in certain polyethylene engineering products and also coupled with most consumers were trying to take advantage of the temporary GST holiday, i.e. June to August 2018, prior to the reintroduction of SST in September 2018.

Consequently, this segment recorded higher revenue and segment profit of RM96.1 million and RM16.1 million (six months ended FYE 31 March 2018: RM85.1 million and RM13.2 million respectively) due to more favourable mix of products and customers, and also decreased in production cost arising from higher production volume.

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

(continued)

21. Review of performance (continued)

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 RM74.9 million (2Q FYE 31 March 2018: RM9.9 million) and RM9.8 million (2Q FYE 31 March 2018: RM2.9 million) respectively as there were more construction works done which mainly contributed by the revenue recognition in current quarter on SGH project commenced towards last financial year end.

As a result, this segment achieved higher revenue and segment profit of RM97.5 million and RM13.9 million in the cumulative quarters ended 30 September 2018 (six months ended 30 September 2017: RM15.7 million and RM3.6 million respectively).

c) Property development

There were preparation expenses for the Group's proposed future developments located at Mont' Kiara and Cheras. Therefore, the property development segment recorded loss of RM1.0 million in current quarter (2Q FYE 31 March 2018: loss of RM1.3 million). The Group plans to launch the Cheras project by this financial year.

d) Others

In current quarter, this segment registered lower revenue of RM6.3 million (2Q FYE 31 March 2018: RM6.6 million) mainly due to decrease in contribution from quarry operation. In respect to this, it recorded lower revenue of RM11.7 million (six months ended 30 September 2017: RM12.6 million) for the financial period ended 30 September 2018.

Despite its lower revenue, this segment achieved higher segment profit of RM1.3 million (2Q FYE 31 March 2018: RM1.2 million) in the current quarter due to the lower cost incurred in the current quarter.

22. Variation of results against preceding quarter

The Group recorded higher revenue and profit before tax for current quarter of RM138.1 million and RM19.1 million respectively as compared to 1Q FYE 31 March 2019 of RM67.2 million and RM9.0 million.

Analysis of performance of each operating segment is as follows:

- Manufacturing segment: This segment recorded higher revenue of RM56.9 million as compared to RM39.2 million in the preceding quarter due to higher demand in polyethylene engineering products which was mainly driven last minute rush buy as consumers were trying to take advantage of the tax break. 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 RM10.7 million as compared to RM5.4 million in the preceding quarter.
- Works segment: This segment recorded a higher revenue of RM74.9 million compared to RM22.6 million in the preceding quarter mainly due to more construction work done as revenue recognition on SGH project in current quarter. This has resulted in higher segment profit of RM9.8 million in current quarter as compared to RM4.1 million in preceding quarter.
- Property development segment: There is no significant variation as compared to preceding quarter. The Group is 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: This segment record higher revenue and segment profit of RM6.3 million and RM1.3 million as compared to preceding quarter of RM5.4 million and RM0.8 million respectively due to higher contribution from sludge operation.

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23. Prospects for the financial year ending 31 March 2019

From the recently announced Malaysian Budget 2019, Malaysian economy is expected to remain resilient in 2018 with Malaysia's GDP is forecast to expand 4.8% for the full year 2018 and 4.9% in 2019, supported by domestic demand, especially household spending. Bank Negara Malaysia will maintain the Overnight Policy Rate ("OPR") at 3.25% as at the date of this report. We expect the Group to benefit from the recently announced Budget 2019 and the mid-term revision of the Eleventh Malaysia Plan (11th MP), particularly in the areas of water supply, housing, general infrastructure developments such as roads, drainage and telecommunication infrastructure etc.

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. During the tax holiday period, most companies have increased their stocks in anticipation of potential price adjustments from the impact of Sales & Service Tax 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 as outlined in recently announced Budget 2019 and also in Sarawak Government's Digital Economy Strategy 2018-2022. The implementation of the National Fibre Connectivity Plan (NFCP) in Budget 2019 with an allocation of RM1 billion to support the growth of the digital economy will benefit companies engaging in the manufacturing of fibre optic cables and cable related products and fibre optic services.

The SGH 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. In the recently announced Budget 2019, government has taken some measures as efforts to improve current property market condition. These measures include the re-introduction of the National Home Ownership Campaign, stamp duty exemptions on the transfer of property priced between RM300,001 to RM1 million for first-time homebuyers as well as end-financing support by the government.

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.

24. Financial estimate, forecast, projection or internal targets

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

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25. Income tax expense

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current period	4,937	3,726	8,824	5,564
- prior years	616	33	714	33
	5,553	3,759	9,538	5,597
Deferred tax income				
- current period	(143)	(163)	(1,225)	(7)
- prior years	-	(63)	(47)	(63)
	(143)	(226)	(1,272)	(70)
Tax expense for the period	5,410	3,533	8,266	5,527

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

26. Status of corporate proposals

Proposed Selective Capital Reduction and Repayment Exercise ("Offer" or "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, in respect of all shareholders of the Company except the 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), who collectively hold 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 which represent a cash repayment of RM2.40 for each Weida Share.

On 9 March 2018, RHB Investment Bank Berhad ("RHB") 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 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 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 and independent advice letter ("IAL") in relation to 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 and IAL in relation to the Proposed SCR.

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26. Status of corporate proposals (continued)

On 6 September 2018, RHB on behalf of the Board, announced that the SC had vide its letter dated 5 September 2018, informed that they have no further comments on the circular and IAL in relation to the Proposed SCR. On the same day, the Company had received a letter from WMSB (“Letter”) notifying the Board that WMSB is offering a cash compensation scheme to the registered shareholders of Weida whose names appear on the record of depositors of Weida as at 5.00 p.m. on 18 December 2015 and persons who purchased Weida Shares between 9.00 a.m. on 16 December 2015 and 5.00 p.m. on 18 December 2015 (both dates inclusive) other than WMSB and its persons acting in concert, who sold their Weida Shares partially or fully during the compensation period between 9.00 a.m. on 19 December 2015 and 5.00 p.m. on the date of despatch of the compensation document at a price lower than RM1.90 per Weida Share, (“Qualified Shareholders”) (“Cash Compensation Scheme”). The Cash Compensation Scheme had closed at 5.00 p.m. on 6 November 2018.

On 7 September 2018, the circular dated 7 September 2018, containing the Notice of Extraordinary General Meeting (“EGM”) in respect of the Proposed SCR (“Special Resolution”) and the Cash Compensation Scheme were despatched to the shareholders of the Company and the Qualified Shareholders respectively.

On 9 October 2018, RHB on behalf of the Board, announced that the entitled shareholders of the Company have approved the Special Resolution set out in the Notice of EGM dated 7 September 2018 in respect of the Proposed SCR at the EGM of the Company held on 9 October 2018.

On 11 October 2018, RHB on behalf of the Board, announced that the Company had on 11 October 2018 filed the petition to the High Court of Malaya at Kuala Lumpur (“High Court”) to obtain an order by the High Court confirming the reduction of share capital in accordance with Section 116 of the Act to give effect to the Proposed SCR.

On 13 November 2018, RHB on behalf of the Board, announced that High Court had on the same day granted an order confirming the reduction of share capital in accordance with Section 116 of the Act (“High Court Order”). All the conditions of the SCR have been satisfied.

On 21 November 2018, RHB Investment Bank on behalf of the Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 7 December 2018.

On 22 November 2018, RHB on behalf of the Board, announced that a written notice for the suspension of trading of the ordinary shares in Weida and the entitlement date for the Proposed SCR (“Notice of Suspension”) will be despatched to the shareholders of Weida on 23 November 2018.

On 23 November 2018, the Notice of Suspension was despatched to the shareholders of the Company that the trading of Weida Shares on the Main Market of Bursa Securities will be suspended with effect from 9.00 a.m. on Monday, 3 December 2018 being 3 clear Market Days prior to the Entitlement Date. Accordingly, the last day and time for trading of Weida Shares on the Main Market of Bursa Securities prior to the suspension will be at 5.00 p.m. on Friday, 30 November 2018.

Weida Shares will no longer be traded on the Main Market of Bursa Securities following its suspension on Monday, 3 December 2018. For the avoidance of doubt, the trading of Weida Shares will continue to be suspended until the delisting of the Company from the Official List of Bursa Securities.

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

27. Utilisation of share proceeds

Not applicable.

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28. Loans and borrowings

	30 September 2018 RM'000	31 March 2018 RM'000
Non-current		
Secured	11,842	12,513
Current		
Unsecured	40,335	35,458
Secured	1,777	1,983
	42,112	37,441
Total	53,954	49,954

All borrowings are denominated in Ringgit Malaysia.

29. 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	8,885	76

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.

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

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

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31. Material litigation

On 23 May 2017, Weida Works Sdn Bhd (“Weida Works”), a wholly owned subsidiary of Weida (M) Bhd (the Company) issued a Notice of Arbitration dated 23 May 2017 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 (“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 filed its Points of Claim on 3 January 2018 and CTT filed its Defence and Counterclaim (“Counterclaim”) on 5 March 2018. Weida Works subsequently on 30 April 2018 filed its Reply to CTT’s Defence and Defence to CTT’s Counterclaim. On 18 June 2018, CTT filed and served its Reply to Weida Works Defence and to CTT’s Counterclaim.

On 2 November 2018, CTT filed a formal Discovery application seeking for copies of certain documents:

On 2 November 2018, Weida Works filed 2 applications to amend its Points of Claim as well as Discovery application respectively where:

- i. Weida Works claims from RM23,435,000.00 to an increase amount of approximately RM46,252,786.00 as at 30 June 2018 (and still continuing) which are Weida Works entitlement of share of licence fees received by CTT from the 3 disclosed New Operators [Sapura Research Sdn Bhd, Webe Digital Sdn Bhd, and Telekom Malaysia], based on the information recently provided by CTT to Weida Works, after the filing of Weida Works Points of Claim dated 3 January 2018; and
- ii. Pre-arbitration award interest as allowed by the Arbitration (amendment) (No.2) Act 2018 and which came into effect on May 2018, also after the filing of Weida Works Points of Claim dated 3 January 2018.

The new arbitration hearing dates have yet to be fixed by the Arbitral Tribunal pending determination of interlocutory applications made by parties and the same will only be fixed after disposal of all interlocutory applications on 3 December 2018. .

As advised by Weida Works’s solicitors, CTT’s Counterclaim is not seen to be supported by any valid grounds and has no legal basis for its allegations in CTT’s Reply and Counterclaim. On the contrary, Weida Works has a legal basis for this arbitration Weida Works arbitration proceedings and CTT’s Counterclaim is not expected to have any material financial and operational impact on the Company. The Company 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 Securities in due course.

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32. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's and the Company's statutory financial statements for the financial year ended 31 March 2018 in their report dated 22 June 2018.

33. Profit for the financial period

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
<i>Profit is arrived at after charging:</i>				
Amortisation of intangible assets	702	1,270	1,404	2,540
Amortisation of prepaid lease payments	24	30	54	60
Amortisation of properties investments	31	-	60	-
Depreciation of property, plant and equipment	1,978	2,158	3,982	4,340
Unrealised loss on foreign exchange	-	10	79	66
Property, plant and equipment written off	25	251	115	253
Derivative loss on forward foreign exchange contract	269	-	-	24
<i>and after crediting:</i>				
Derivative gain on forward foreign exchange contract	-	32	76	-
Reversal of allowance for impairment loss on receivables	183	-	184	36
Gain on disposal of property, plant and equipment	120	221	152	291
Bad debt recovered	-	-	20	-
Unrealised gain on foreign exchange	311	-	-	-

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

34. Dividends payable

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

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35. Earnings per ordinary share

(a) Basic earnings per ordinary share

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit for the financial period	13,733	7,199	19,866	10,326
Less: Amount attributable to non-controlling interests	(1,285)	(563)	(1,182)	(1,062)
Profit for the financial period attributable to owners of the Company	12,448	6,636	18,684	9,264
Weighted average number of ordinary shares in issue ('000)	126,894	126,894	126,894	126,894
Basic earnings per ordinary share (sen)	9.81	5.23	14.73	7.30

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 September 2018 is 126,894,232 (30 September 2017: 126,894,249).

(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.

36. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 2018.