

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2017

(The figures have not been audited)

Condensed Consolidated Income Statements For The Financial Year
Ended 31 December 2017

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	1,136,808	1,023,445	4,305,051	4,186,376
Operating expenses	(1,122,862)	(983,472)	(4,191,833)	(3,956,481)
Other operating income	21,905	24,507	148,763	171,282
Share of net profits less losses of associates	359,160	467,257	1,052,924	830,462
Share of profit of joint venture	561	1,427	3,689	4,841
Finance costs	(6,336)	(6,339)	(25,447)	(25,370)
Profit before tax	<u>389,236</u>	<u>526,825</u>	<u>1,293,147</u>	<u>1,211,110</u>
Tax expense	(9,019)	(21,415)	(54,456)	(104,239)
Profit for the period/year	<u><u>380,217</u></u>	<u><u>505,410</u></u>	<u><u>1,238,691</u></u>	<u><u>1,106,871</u></u>
Attributable to :				
Owners of the parent	375,925	496,028	1,205,447	1,044,993
Non-controlling interests	4,292	9,382	33,244	61,878
Profit for the period/year	<u><u>380,217</u></u>	<u><u>505,410</u></u>	<u><u>1,238,691</u></u>	<u><u>1,106,871</u></u>
Basic earnings per share (sen)	<u><u>31.71</u></u>	<u><u>41.84</u></u>	<u><u>101.68</u></u>	<u><u>88.15</u></u>

(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2017

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	380,217	505,410	1,238,691	1,106,871
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	(746,401)	1,334,939	(1,772,242)	729,340
Fair value of available-for-sale financial assets	73,718	(9,650)	282,677	13,171
Share of associates' other comprehensive income / (loss)	110,935	(327,025)	497,144	(441,751)
Total comprehensive income/(loss)	<u>(181,531)</u>	<u>1,503,674</u>	<u>246,270</u>	<u>1,407,631</u>
Attributable to :				
Owners of the parent	(178,742)	1,481,858	232,145	1,339,922
Non-controlling interests	(2,789)	21,816	14,125	67,709
Total comprehensive income/(loss)	<u>(181,531)</u>	<u>1,503,674</u>	<u>246,270</u>	<u>1,407,631</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Financial Position

	As at 31-Dec-17 RM'000	As at 31-Dec-16 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,344,173	1,353,204
Investment properties	216,811	194,455
Biological assets	2,844	3,364
Goodwill	73,704	73,704
Other intangible assets	3,059	3,233
Land held for property development	85,272	84,923
Investments in associates	17,221,581	17,662,449
Investment in joint venture	61,595	65,418
Other investments	722,221	440,356
Deferred tax assets	2,164	2,771
	<u>19,733,424</u>	<u>19,883,877</u>
Current Assets		
Inventories	815,569	620,464
Biological assets	18,969	19,417
Other intangible assets	14,510	14,850
Property development costs	5,360	-
Receivables	932,885	952,821
Derivative financial instruments	17	3,276
Current tax assets	18,086	5,985
Cash, bank balances, deposits and short-term fund placements	1,339,143	1,178,261
	<u>3,144,539</u>	<u>2,795,074</u>
Assets classified as held for sale	10,163	23,759
	<u>3,154,702</u>	<u>2,818,833</u>
TOTAL ASSETS	<u><u>22,888,126</u></u>	<u><u>22,702,710</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,192,215	1,185,500
Reserves	19,705,825	19,787,090
Equity attributable to owners of the parent	<u>20,898,040</u>	<u>20,972,590</u>
Non-controlling interests	676,176	695,143
Total equity	<u><u>21,574,216</u></u>	<u><u>21,667,733</u></u>

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Financial Position
(continued)

	As at 31-Dec-17 RM'000	As at 31-Dec-16 RM'000
Non-current Liabilities		
Long-term borrowings	35,974	72,918
Deferred tax liabilities	91,857	99,266
	<u>127,831</u>	<u>172,184</u>
Current Liabilities		
Payables	433,401	377,726
Derivative financial instruments	337	5,221
Short-term borrowings	744,749	455,086
Current tax liabilities	6,107	24,760
	<u>1,184,594</u>	<u>862,793</u>
Liabilities associated with assets classified as held for sale	1,485	-
	<u>1,186,079</u>	<u>862,793</u>
Total liabilities	<u>1,313,910</u>	<u>1,034,977</u>
TOTAL EQUITY AND LIABILITIES	<u>22,888,126</u>	<u>22,702,710</u>
Net assets per share attributable to owners of the parent (RM)	<u>17.63</u>	<u>17.69</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 2017

	Non-distributable						Distributable		Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			
12 months ended 31 December 2017											
At 1 January 2017	1,185,500	6,715	39,511	3,099,410	9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733
Total comprehensive income/(loss)	-	-	-	(1,345,544)	282,677	64,528	25,037	1,205,447	232,145	14,125	246,270
Transfer of reserves	-	-	(545)	-	-	-	26,348	(25,803)	-	-	-
Transfer pursuant to Companies Act 2016 (Note)	6,715	(6,715)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(30,873)	(327,248)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(2,219)	(2,219)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(10,320)	(10,320)	-	(10,320)
At 31 December 2017	1,192,215	-	38,966	1,753,866	292,119	13,528	180,305	17,427,041	20,898,040	676,176	21,574,216
12 months ended 31 December 2016											
At 1 January 2016	1,185,500	6,715	40,477	2,729,110	(3,729)	(11,516)	165,798	15,804,622	19,916,977	635,594	20,552,571
Total comprehensive income/(loss)	-	-	-	370,300	13,171	(39,484)	(49,058)	1,044,993	1,339,922	67,709	1,407,631
Transfer of reserves	-	-	(966)	-	-	-	12,180	(10,929)	285	(285)	-
Issue of shares to a non-controlling interest	-	-	-	-	-	-	-	-	-	9,664	9,664
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	5,569	5,569	(7,118)	(1,549)
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(463)	(463)
Realisation upon liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(3,165)	(3,165)
Changes in equity interest in an associate	-	-	-	-	-	-	-	6,212	6,212	-	6,212
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(6,793)	(303,168)
At 31 December 2016	1,185,500	6,715	39,511	3,099,410	9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733

Note :

Pursuant to Section 74 of the Companies Act 2016 ("Act"), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provisions in Section 618 (2) of the Act, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have 24 months from the commencement of the Act to utilise the credit for purposes as set out in Section 618 (3) of the Act. During the current financial year, the Company did not utilise the credit in the share premium account which has now become part of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Cash Flows
For The Financial Year Ended 31 December 2017

	12 months ended 31 December	
	2017	2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,293,147	1,211,110
Adjustments :		
Non-cash items	(885,195)	(667,480)
Non-operating items	(30,244)	(26,804)
Operating profit before working capital changes	377,708	516,826
Working capital changes :-		
Net change in current assets	(354,439)	111,766
Net change in current liabilities	62,620	(155,382)
Cash generated from operations	85,889	473,210
Tax paid	(91,485)	(91,123)
Net cash (used in)/generated from operating activities	(5,596)	382,087
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(168,683)	(199,208)
Proceeds from disposal of property, plant and equipment, and assets held for sale	37,082	25,417
Purchase of investments	(29,177)	(4,399)
Proceeds from disposal of investments	-	12,184
Dividends received	282,619	300,823
Income from short-term fund placements	15,036	20,348
Interest received	16,871	20,117
Repayment from/(Advances to) associates	68,034	(49,470)
Distribution of profits from joint venture	5,532	4,988
Other investing activities	5,907	2,729
Net cash generated from investing activities	233,221	133,529
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	300,293	(219,772)
Interest paid	(25,122)	(24,997)
Dividends paid	(327,248)	(303,168)
Shares issued to non-controlling interests of a subsidiary	-	9,664
Net cash used in financing activities	(52,077)	(538,273)
Net increase/(decrease) in cash and cash equivalents	175,548	(22,657)
Cash and cash equivalents brought forward	1,177,203	1,196,309
Effect of exchange rate changes	(14,088)	3,551
Cash and cash equivalents carried forward	1,338,663	1,177,203
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	281,135	205,471
Bank deposits	240,511	305,831
Short-term fund placements	817,497	666,959
Bank overdrafts	(480)	(1,058)
	1,338,663	1,177,203

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

NOTES

A1. Accounting policies

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2017 :

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2014 - 2016 Cycle

The adoption of the above Amendments to FRSs does not have any significant financial impact on the Group.

A2. Seasonality or cyclicity of interim operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flow

There were no items of an unusual nature, size or incidence that affected the assets, liabilities, equity, net income and cash flows of the Group during the current financial year end under review.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the previous financial year which have a material effect in the current interim period.

A5. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to-date.

A6. Dividends paid

	Individual Quarter 3 months ended 31-Dec-17 RM'000	Cumulative Quarter 12 months ended 31-Dec-17 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2016 : Final single tier dividend - 17 sen per share	-	201,535
FY2017 : Interim single tier dividend - 8 sen per share	-	94,840
	-	296,375

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the financial year ended 31 December 2017 is as follows :

Business segments: <i>All figures in RM'000</i>	Grains and <u>agribusiness</u>	Consumer <u>products</u>	Film exhibition and <u>distribution</u>	Environmental engineering and <u>utilities</u>	Property	Investments <u>in equities</u>	Other <u>operations</u>	<u>Elimination</u>	<u>Total</u>
REVENUE									
External revenue	2,855,789	683,227	481,301	130,076	46,054	8,670	99,934	-	4,305,051
Inter-segment sales	158,084	2,121	-	11	2,001	-	30,690	(192,907)	-
Total revenue	<u>3,013,873</u>	<u>685,348</u>	<u>481,301</u>	<u>130,087</u>	<u>48,055</u>	<u>8,670</u>	<u>130,624</u>	<u>(192,907)</u>	<u>4,305,051</u>
RESULTS									
Segment results	135,887	30,225	54,698	6,369	4,644	8,670	763	-	241,256
Share of associates' profits less losses	67,310	(2,714)	8,973	6,310	6,188	-	966,857	-	1,052,924
Share of joint venture's profit	-	-	-	3,689	-	-	-	-	3,689
Interest income									16,557
Income from short-term fund placements									25,307
Finance costs									(25,447)
Unallocated corporate expenses									(21,139)
Profit before tax									<u>1,293,147</u>
ASSETS									
Segment assets	2,448,180	446,707	349,189	104,747	346,727	722,221	94,393	(260)	4,511,904
Investments in associates	435,569	27,405	170,050	50,272	191,763	-	16,346,522	-	17,221,581
Investment in joint venture	-	-	-	61,595	-	-	-	-	61,595
Bank deposits and short-term fund placements									1,058,008
Tax assets									20,250
Other unallocated corporate assets									14,788
Total assets									<u>22,888,126</u>

A8. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the financial year that have not been reflected in the financial statements for the financial period under review.

A9. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the fourth quarter and financial year under review, except for the following :

- a) Cathay Theatres (Sarawak) Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 17 November 2015, was dissolved on 6 June 2017 and has accordingly ceased to be a subsidiary of PPB.
- b) Kembang Developments Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 1 September 2016, was dissolved on 11 July 2017 and has accordingly ceased to be a subsidiary of PPB.
- c) On 11 September 2017, Minsec Properties Berhad, an inactive wholly-owned subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up is in progress.
- d) Tego Sdn Bhd ("Tego"), a 79.9%-owned indirect subsidiary of PPB, entered into an Agreement for Transfer of Shares dated 20 September 2017 to dispose of its entire equity interest in Tefel Packaging Industries Co Ltd ("Tefel") comprising 60 ordinary shares of Kyat 10,000/- each ("Proposed Disposal"). The Proposed Disposal is pending approval from the Myanmar Investment Commission.
- e) Solar Status Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 16 November 2016, was dissolved on 25 August 2017 and has accordingly ceased to be an indirect subsidiary of PPB.
- f) On 8 December 2017, Mediamore Sdn Bhd, an 100%-owned indirect subsidiary of PPB, subscribed for the entire issued and paid-up capital of USD2.00 in LGSC Cambodia Limited ("LGSC") for cash. Arising therefrom, LGSC has become a 100%-owned indirect subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

There were no changes in contingent assets and contingent liabilities since the end of previous financial year.

A11. Capital commitments

Authorised capital commitments as at 31 December 2017 are as follows :

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	39,410
- not contracted	434,233
	473,643
Other capital commitments	
- contracted	148,083
	621,726

A12. Significant related party transactions

Significant related party transactions during the financial year ended 31 December 2017 were as follows :

	RM'000
Transactions with associates	
- Management fee income	574
- Film rental income	2,634
- Interest income	3,530
- Sales of goods	1,104
- Sale of property, plant and equipment	35,245
- Purchase of goods	34,077
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	13,920
Transactions with subsidiaries of associates	
- Purchase of goods	226,654
- Sales of goods	73,254
- Rental income	3,577
- Security and other service fee expenses	14,594
- Marketing fee income	2,680
- Supervision fee income	1,884
- Charter hire of vessels	82,347

B1. Analysis of performance for the financial period to-date

The Group reported total revenue of RM1.14 billion in 4Q2017 (4Q2016 : RM1.02 billion), up 11% from a year ago. All major business segments recorded higher revenue in the current quarter under review. Pre-tax profit of the Group for the quarter was at RM389 million, 26% lower than RM527 million recorded a year ago.

For FY2017, Group revenue increase by 3% to RM4.31 billion (FY2016 : RM4.19 billion). FY2017 pre-tax profit was at RM1.29 billion (FY2016 : RM1.21 billion), 7% higher than that achieved in FY2016, this was mainly attributable to a significant increase in contribution from Wilmar, which recorded a net profit of USD1.23 billion (FY2016 : USD 0.98 billion).

Group financial performance by business segment

	4Q2017	4Q2016	Variance	
	RM'000	RM'000	RM'000	%
<u>Revenue</u>				
Grains and agribusiness	778,810	720,413	58,397	8%
Consumer products	167,375	158,977	8,398	5%
Film exhibition and distribution	125,888	101,637	24,251	24%
Environmental engineering and utilities	62,301	37,108	25,193	68%
Property	16,770	11,868	4,902	41%
Investments and Other operations	33,464	33,652	(188)	(1%)
Elimination	(47,800)	(40,210)	(7,590)	
Total revenue	1,136,808	1,023,445	113,363	11%

	FY2017	FY2016	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	3,013,873	2,864,377	149,496	5%
Consumer products	685,348	625,769	59,579	10%
Film exhibition and distribution	481,301	468,493	12,808	3%
Environmental engineering and utilities	130,087	186,361	(56,274)	(30%)
Property	48,055	55,593	(7,538)	(14%)
Investments and Other operations	139,294	141,140	(1,846)	(1%)
Elimination	(192,907)	(155,357)	(37,550)	
Total revenue	4,305,051	4,186,376	118,675	3%

	4Q2017	4Q2016	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	11,250	62,277	(51,027)	(82%)
Consumer products	4,151	6,648	(2,497)	(38%)
Film exhibition and distribution	11,745	1,371	10,374	>100%
Environmental engineering and utilities	3,550	(366)	3,916	>100%
Property	(168)	1,198	(1,366)	>(100%)
Investments and Other operations	1,934	(13,528)	15,462	>100%
Total segment results	32,462	57,600	(25,138)	(44%)
Share of associates and joint venture's profits less losses	359,721	468,684	(108,963)	(23%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(2,947)	541	(3,488)	>(100%)
Total profit before tax	389,236	526,825	(137,589)	(26%)

	FY2017	FY2016	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	135,887	267,209	(131,322)	(49%)
Consumer products	30,225	22,009	8,216	37%
Film exhibition and distribution	54,698	59,055	(4,357)	(7%)
Environmental engineering and utilities	6,369	6,151	218	4%
Property	4,644	18,013	(13,369)	(74%)
Investments and Other operations	9,433	6,908	2,525	37%
Total segment results	241,256	379,345	(138,089)	(36%)
Share of associates and joint venture's profits less losses	1,056,613	835,303	221,310	26%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(4,722)	(3,538)	(1,184)	(33%)
Total profit before tax	1,293,147	1,211,110	82,037	7%

Grains and agribusiness

Grains and agribusiness segment revenue increased by 8% to RM779 million in 4Q2017 (4Q2016 : RM720 million), mainly attributed to higher sales volume and additional capacity at the southern Vietnam mill which commenced production in July 2017. Segment profit was lower by 82% to RM11 million (4Q2016 : RM62 million) mainly attributable to foreign exchange translation loss and lower profit margin as a result of higher raw material costs in the flour and feed divisions.

Segment revenue for FY2017 increased by 5% to RM3.01 billion (FY2016 : RM2.86 billion) primarily attributed to higher sales volume of flour in Vietnam and Malaysia coupled with higher feed sales volume and selling prices in Malaysia. Segment profit was however 49% lower at RM135 million (FY2016 : RM267 million), mainly due to lower profit margin of flour.

Consumer products

Consumer products segment revenue grew by 5% to RM167 million in 4Q2017 (4Q2016 : RM159 million), mainly attributed to higher selling prices of edible oils and improved sales of existing in-house and agency products. Segment profit was lower by 38% to RM4.2 million (4Q2016 : RM6.6 million) mainly due to lower sales and lower profit margin of bakery products.

For FY2017, segment revenue increased by 10% to RM685 million (FY2016 : RM626 million), contributed by higher revenue from edible oils, bakery products as well as other sales of in-house and agency products. Segment profit was higher by 37% to RM30 million (FY2016 : RM22 million), mainly attributed to a gain on sale of land and building of RM8 million during the financial year.

Film exhibition and distribution

Film exhibition and distribution segment revenue increased by 24% to RM126 million in 4Q2017 (4Q2016 : RM102 million). Segment profit was significantly higher at RM11.7 million in 4Q2017 (4Q2016 : RM1.4 million), primarily due to foreign exchange translation gains and higher number of blockbuster movies released during the quarter under review.

For FY2017, segment revenue was higher by 3% to RM481 million (FY2016 : RM468 million). Segment profit for FY2017 was lower at RM55 million (FY2016 : RM59 million), the lower profit was mainly due to lower admission rate and increased film exhibition operating costs partially mitigated by an increase in average ticket prices and improved concession sales.

Environmental engineering and utilities

Revenue was higher by 68% to RM62 million for 4Q2017 (4Q2016 : RM37 million) mainly contributed by revenue from new projects. In line with the increase in revenue, segment profit was higher at RM3.5 million (4Q2016 : RM0.4 million loss).

For FY2017, revenue was lower by 30% to RM130 million (FY2016 : RM186 million), as most of the environmental engineering projects secured before 2017 were at their completing stages whilst new projects secured during the year only began to contribute from the 4th quarter of 2017. Segment profit increased by 4% to RM6.4 million (FY2016 : RM6.2 million) due mainly to lower operational expenses and improved contribution from on-going projects.

Property

Property segment revenue was higher at RM17 million in 4Q2017 (4Q2016 : RM12 million) due mainly to higher sales in 4Q2017. For 4Q2017, the segment reported a loss of RM0.2 million (4Q2016 : RM1.2 million profit) attributable to lower rental income and project management fees.

For FY2017, revenue was lower by 14% at RM48 million (FY2016 : RM56 million). This was mainly due to lower rental income, lower project management fees and the completion of the Taman Tanah Aman project in 2016. Segment profit decreased by 74% to RM4.6 million (FY2016 : RM18 million).

Investments and Other operations

The combined segment revenue was marginally lower in 4Q2017 at RM33 million (4Q2016 : RM34 million). The combined segment reported a profit of RM1.9 million (4Q2016 : RM13.5 million loss) mainly attributed to a lower loss in the packaging division in Myanmar. The Group is in the process of disposing of the loss-making packaging business (see note A9(d)).

FY2017 segment revenue was lower at RM139 million (FY2016 : RM141 million) mainly due to lower revenue from the packaging division. Segment profit was RM9.4 million for FY2017 (FY2016 : RM6.9 million), mainly due to lower losses in the packaging division and higher dividend income.

Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits was at RM360 million in 4Q2017 (4Q2016 : RM469 million). Profit contribution from Wilmar International Limited ("Wilmar"), our main associate, was at RM336 million in 4Q2017 (4Q2016 : RM444 million).

The Group's share of associates and joint venture profit increased significantly to RM1.06 billion for FY2017 (FY2016 : RM0.84 billion) on the back of robust 9M2017 results from Wilmar.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

Segment results	4Q2017	3Q2017	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	11,250	68,244	(56,994)	(84%)
Consumer products	4,151	7,590	(3,439)	(45%)
Film exhibition and distribution	11,745	6,805	4,940	73%
Environmental engineering and utilities	3,550	258	3,292	>100%
Property	(168)	588	(756)	>(100%)
Investments and Other operations	1,934	4,822	(2,888)	(60%)
Total segment results	32,462	88,307	(55,845)	(63%)
Share of associates and joint venture's profits less losses	359,721	319,273	40,448	13%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(2,947)	453	(3,400)	>(100%)
Total profit before tax	389,236	408,033	(18,797)	(5%)

Group pre-tax profit was lower at RM389 million in 4Q2017 (3Q2017 : RM408 million) due mainly to :

- lower *Grains and agribusiness* segment profit mainly due to higher raw material costs for the flour and feed milling divisions; partially offset by
- higher profit contribution from Wilmar of RM336 million in the current quarter (3Q2017 : RM292 million).

B3. Prospects for the next financial year

The Malaysian economy is expected to maintain its positive growth momentum, driven mainly by domestic demand and the spillover effect of global growth.

The *Grains and agribusiness* segment is expected to perform satisfactorily amidst a competitive operating environment. Performance of the *Consumer products* segment is expected to remain stable. The *Film exhibition and distribution* business is expected to be supported by its newly-opened cinemas in Malaysia and Vietnam. The *Environmental engineering and utilities* segment will focus on timely completion of on-going projects and participate in tendering for prospective projects. The launch of the Megah Rise project in Petaling Jaya in November 2017 is expected to contribute positively to the *Property* segment going forward.

Against the backdrop of a positive growth momentum in the domestic and global economies, the Group's main business segments are expected to perform satisfactorily in FY2018. The overall Group financial results will continue to be supported by the business performance of Wilmar.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 31-Dec-17 RM'000	Cumulative Quarter 12 months ended 31-Dec-17 RM'000
Profit before tax is stated after crediting :		
Dividend income	45	8,670
Fair value gain on derivatives	(1,510)	47,977
Foreign exchange gain	2,653	15,652
Interest income	4,886	16,557
Income from short-term fund placements	6,551	25,307
Rental income	1,699	5,157
Gain on disposal of land and building	-	7,974
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(555)	(1,480)
Depreciation and amortisation	(48,170)	(150,609)
Fair value loss on derivatives	3,286	(5,833)
Foreign exchange loss	(12,594)	(33,541)
Inventories written down	1,218	(299)
Biological assets written down	(2,666)	(2,666)
Interest expense	(6,336)	(25,447)

B6. Tax expense

	Individual Quarter 3 months ended 31-Dec-17 RM'000	Cumulative Quarter 12 months ended 31-Dec-17 RM'000
Taxation comprises :		
Malaysian taxation		
Current	8,510	57,831
Deferred	(4,759)	(12,579)
Foreign taxation		
Current	454	4,071
Deferred	1,127	5,292
Under/(Over) provision in prior year		
Current	(293)	(668)
Deferred	3,980	509
	<u>9,019</u>	<u>54,456</u>

The effective tax rate is lower than the average statutory rate for the period mainly due to utilisation of reinvestment allowance by a subsidiary.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 21 February 2018.

B8. Group borrowings

Total Group borrowings as at 31 December 2017 are as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	63,785	63,785	-
Long-term bank loans (VND)	11,721	11,721	-
Repayments due within the next 12 months	(39,532)	(39,532)	-
	<u>35,974</u>	<u>35,974</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	149,198	-	149,198
Bills payable (IDR)	42,650	-	42,650
Short-term loans	450	-	450
Short-term loans (USD)	341,735	-	341,735
Short-term loans (IDR)	53,670	-	53,670
Short-term loans (VND)	117,034	-	117,034
Current portion of long-term bank borrowings	39,532	39,532	-
	<u>744,269</u>	<u>39,532</u>	<u>704,737</u>
Bank overdrafts	480	-	480
	<u>744,749</u>	<u>39,532</u>	<u>705,217</u>

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities

	FY2017	
	Contract / Notional value RM'000	Fair value - Liabilities / Assets RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	1,825	11
ii) Forward foreign currency contracts	2,127	6
Total derivative assets		<u>17</u>
<u>Derivative financial liabilities</u>		
i) Futures contracts	38,672	(227)
ii) Forward foreign currency contracts	12,267	(110)
Total derivative liabilities		<u>(337)</u>

All contracts will mature within one year.

Futures and options contracts

The Group is exposed to market risk mainly from fluctuations in the prices of agricultural commodities, namely wheat and corn which are the key raw materials to be used in the Group's *Grains and agribusiness* segment. Commodity futures and options contracts are entered into with the objective to mitigate and hedge against the volatility of commodities prices. It is the policy of the Group to hedge only in contracts with corresponding underlying commodities that are used in its agribusiness.

The Group is required to maintain a minimum cash deposit in the margin accounts opened with an authorised broker.

There is minimal credit risk as the commodity derivative contracts are entered into with a regulated international commodity exchange.

Forward foreign currency contracts

The Group enters into foreign currency forwards contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency. Under the Group's policy, foreign currency hedging is only considered for committed transactions and shall not exceed 100% of the committed amount.

The associated credit risk in these forward foreign currency contracts is minimal as they are entered only with credit-worthy financial institutions.

(b) Fair value changes of financial liabilities

Type of financial liabilities	Fair value gain/(loss)		Basis of fair value measurement	Reason for gain/(loss)
	Current quarter RM'000	Cumulative quarter RM'000		
Option contracts	15,081	-	The difference between the contracted prices and market settlement prices at reporting date.	Options premium recognised upon expiry and the corresponding reversal of unfavourable movement of market prices against contracted prices to futures contracts assigned.
Futures contracts	861	(227)	The difference between the contracted prices and market settlement prices at reporting date.	The market prices of commodity futures contracts had moved favourably from the last measurement date.
Forward foreign currency contracts	(74)	(110)	The difference between the contracted rates and market forward rates.	The exchange rates had moved unfavourably from the last measurement date.

B10. Material litigation

There was no material litigation as at 21 February 2018.

B11. Dividends

The Board of Directors is pleased to recommend a final single tier dividend for financial year ended 31 December 2017 of 22 sen per share (2016 : 17 sen per share) payable on Thursday, 31 May 2018 subject to the approval of shareholders at the 49th Annual General Meeting to be held on Tuesday, 15 May 2018.

Together with the interim single tier dividend of 8 sen per share paid on 28 September 2017, the total dividend paid and payable for financial year ended 31 December 2017 would total to 30 sen per share (2016 - Interim : 8 sen per share; Final : 17 sen per share).

Dividend entitlement/payment date

Notice is hereby given that subject to shareholders' approval, the final dividend is payable on Thursday, 31 May 2018 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 18 May 2018.

A Depositor shall qualify for entitlement only in respect of :-

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 18 May 2018 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of BMSB.

Dividends paid/payable

Dividends paid/payable from financial year 2016 and up to the date of this report are as follows :

Financial year	Type (all single tier)	Amount per share	Payment date
2016	Interim dividend	8 sen	28 September 2016
2016	Final dividend	17 sen	25 May 2017
2017	Interim dividend	8 sen	28 September 2017
2017	Proposed final dividend	22 sen	31 May 2018

B12. Earnings per share

The basic earnings per share has been calculated by dividing the Group's profit attributable to owners of the parent for the current financial year end by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings per share for the current quarter and financial period to-date as there were no potential dilutive ordinary shares issued or to be issued.

B13. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report on the preceding annual financial statements.

Kuala Lumpur
28 February 2018

By Order of the Board
Mah Teck Keong
Company Secretary