



**PWF CONSOLIDATED BHD.**  
*(420049-H)*

**Condensed Consolidated Financial Statements  
for the Quarter Ended 31 December 2016**



**PWF CONSOLIDATED BHD.**

**Condensed Consolidated Statement of Financial Position  
As At 31 December 2016**

	<b>Quarter ended 31 Dec 2016 (RM'000)</b>	<b>Year ended 31 Dec 2015 (RM'000) (audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	267,447	282,807
Investment properties	8,745	6,333
Goodwill	5,241	5,241
	<u>281,433</u>	<u>294,381</u>
<b>Current assets</b>		
Inventories	52,027	57,079
Trade debtors	25,277	22,375
Other debtors, including derivatives	20,911	9,535
Tax recoverable	-	343
Investment securities	7,301	3,283
Fixed deposits with licensed bank	20	20
Cash and bank balances	7,073	5,955
	<u>112,609</u>	<u>98,590</u>
<b>Total assets</b>	<u><u>394,042</u></u>	<u><u>392,971</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	82,893	77,713
Share premium	751	1,572
Treasury shares	(999)	(4,568)
Retained earnings	73,524	65,911
Other reserves	78,665	83,227
<b>Total equity</b>	<u>234,834</u>	<u>223,855</u>
<b>Non-current liabilities</b>		
Long-term borrowings	24,364	28,956
Deferred taxation	15,306	17,333
	<u>39,670</u>	<u>46,289</u>
<b>Current liabilities</b>		
Trade creditors	26,772	42,685
Other creditors, including derivatives	8,889	9,858
Overdraft and short term borrowings	77,990	68,792
Taxation	2,597	1,492
Dividend payable	3,290	-
	<u>119,538</u>	<u>122,827</u>
<b>Total liabilities</b>	<u>159,208</u>	<u>169,116</u>
<b>Total equity and liabilities</b>	<u><u>394,042</u></u>	<u><u>392,971</u></u>
Net assets per share attributable to shareholders of the company (RM)*	1.43	1.51

\* The net tangible assets per share were calculated based on ordinary shares after Share Split of RM0.50 each. Preceding year net tangible assets per share has been adjusted for the effect of Share Split for comparison purpose.

**The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.**

**PWF CONSOLIDATED BHD.**

**Condensed Consolidated Statement of Comprehensive Income  
For The Period Ended 31 December 2016**

	<u>2016</u> Current qtr ended 31-Dec (RM'000)	<u>2015</u> Current qtr ended 31-Dec (RM'000)	<u>2016</u> 12 months cumulative To-date (RM'000)	<u>2015</u> 12 months cumulative To-date (RM'000)
Revenue	77,811	72,687	326,661	290,939
Operating expenses	(73,874)	(75,252)	(302,586)	(278,220)
Other operating income	<u>1,266</u>	<u>2,368</u>	<u>2,286</u>	<u>3,072</u>
<b>Profit from operations</b>	5,203	(197)	26,361	15,791
Finance costs	(1,546)	(1,598)	(6,527)	(6,426)
<b>Profit before taxation</b>	3,657	(1,795)	19,834	9,365
Taxation	<u>(1,829)</u>	<u>105</u>	<u>(6,922)</u>	<u>(3,358)</u>
<b>Profit for the period</b>	1,828	(1,690)	12,912	6,007
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>1,828</u></u>	<u><u>(1,690)</u></u>	<u><u>12,912</u></u>	<u><u>6,007</u></u>
<b>Attributable to:</b>				
Equity holders of the parent	1,828	(1,690)	12,912	6,007
<b>Profit for the period</b>	<u><u>1,828</u></u>	<u><u>(1,690)</u></u>	<u><u>12,912</u></u>	<u><u>6,007</u></u>
<b>Attributable to:</b>				
Equity holders of the parent	1,828	(1,690)	12,912	6,007
<b>Comprehensive income for the period</b>	<u><u>1,828</u></u>	<u><u>(1,690)</u></u>	<u><u>12,912</u></u>	<u><u>6,007</u></u>
<b>Earnings per share for profit attributable to equity holder of the parent</b>				
- Basic (sen), for profit for the period	<u><u>1.16</u></u>	<u><u>(1.17)</u></u>	<u><u>8.43</u></u>	<u><u>4.21</u></u>
- Diluted (sen)	<u><u>1.10</u></u>	<u><u>(1.16)</u></u>	<u><u>8.19</u></u>	<u><u>4.20</u></u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

**PWF CONSOLIDATED BHD**
**Condensed Consolidated Statement of Changes in Equity  
For The Period Ended 31 December 2016**

	← Attributable to Equity Holder of the Parent →						Total (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Treasury Share (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	ESOS Reserve (RM'000)	Retained Profit (RM'000)		
<i>12 months ended 31 December 2016</i>								
Balance as at 1 January 2016	77,713	(4,568)	1,572	82,872	355	65,911	223,855	223,855
<b>Total comprehensive income for the period</b>	-	-	-	(4,790)	-	17,702	12,912	12,912
<b>Transactions with owners:</b>								
Issued pursuant to ESOS	5,176	-	3,286	-	(2,238)	-	6,224	6,224
Pursuant to ESOS granted - share based compensation	-	-	-	-	2,466	-	2,466	2,466
Sale of treasury shares	-	226	208	-	-	-	434	434
Purchase of treasury shares	-	(972)	-	-	-	-	(972)	(972)
Exercise of warrants	4	-	-	-	-	-	4	4
Share dividend	-	4,315	(4,315)	-	-	-	-	-
Dividend	-	-	-	-	-	(10,089)	(10,089)	(10,089)
Balance as at 31 December 2016	<u>82,893</u>	<u>(999)</u>	<u>751</u>	<u>78,082</u>	<u>583</u>	<u>73,524</u>	<u>234,834</u>	<u>234,834</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

**Condensed Consolidated Statement of Changes in Equity  
For The Period Ended 31 December 2015**

	← Attributable to Equity Holder of the Parent →						Total (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Treasury Share (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	ESOS Reserve (RM'000)	Retained Profit (RM'000)		
<i>12 months ended 31 December 2015</i>								
Balance as at 1 January 2015	60,911	(4,568)	919	85,536	-	73,323	216,121	216,121
<b>Total comprehensive income for the period</b>	-	-	-	(2,664)	-	8,670	6,006	6,006
<b>Transactions with owners:</b>								
Bonus issue of shares	11,487	-	(919)	-	-	(10,568)	-	-
Share issued pursuant to Dividend Reinvestment Plan	3,152	-	599	-	-	-	3,751	3,751
Issued pursuant to ESOS	2,163	-	973	-	(648)	-	2,488	2,488
Pursuant to ESOS granted - share based compensation	-	-	-	-	1,003	-	1,003	1,003
Dividend	-	-	-	-	-	(5,514)	(5,514)	(5,514)
Balance as at 31 December 2015	<u>77,713</u>	<u>(4,568)</u>	<u>1,572</u>	<u>82,872</u>	<u>355</u>	<u>65,911</u>	<u>223,855</u>	<u>223,855</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014.

**PWF CONSOLIDATED BHD**

**Condensed Consolidated Statement of Cash Flows  
For The Period Ended 31 December 2016**

	<b>12 months ended 31 Dec 2016 (RM'000)</b>	<b>12 months ended 31 Dec 2015 (RM'000)</b>
Profit before tax	19,834	9,365
Adjustment for :		
Non-Cash items	21,487	11,638
Non-Operating items	6,641	6,826
Operating profit before changes in working capital	<u>47,962</u>	<u>27,829</u>
Changes in working capital		
Net Changes in current assets	(1,918)	(14,418)
Net Changes in current liabilities	<u>(16,881)</u>	<u>24,920</u>
	<u>(18,799)</u>	<u>10,502</u>
Cash generated from operations	<u>29,163</u>	<u>38,331</u>
Tax paid	(7,502)	(5,308)
Interest paid	(6,513)	(6,221)
<b>Net cash from operating activities</b>	<u>15,148</u>	<u>26,802</u>
Investing Activities		
Proceeds from disposal of property, plant and equipment	197	68
Proceeds from disposal of investment properties	-	1,295
Proceeds from disposal of investment securities	9,797	4,558
Proceeds from disposal of non-current assets held for sale	-	620
Acquisition of investment securities	(14,495)	(5,253)
Purchase of property, plant and equipment	(10,232)	(25,738)
Movement in fixed deposits	-	4,480
Dividend income from investment securities	31	78
Rental received	98	-
<b>Net cash used in investing activities</b>	<u>(14,604)</u>	<u>(19,892)</u>
Financing Activities		
Dividends paid	(6,799)	(1,763)
Proceeds from sale of treasury shares	435	-
Purchase of own shares	(973)	-
Proceeds from issuance of shares	6,227	2,486
Bank borrowings	1,396	(5,458)
<b>Net cash used in financing activities</b>	<u>286</u>	<u>(4,735)</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	<u>830</u>	<u>2,175</u>
Cash and cash equivalents as at 1 January	<u>(6,604)</u>	<u>(8,779)</u>
Cash and cash equivalents as at 31 December	<u><u>(5,774)</u></u>	<u><u>(6,604)</u></u>
Represented by:		
Cash and bank balances	7,073	5,955
Bank Overdrafts	<u>(12,847)</u>	<u>(12,559)</u>
	<u><u>(5,774)</u></u>	<u><u>(6,604)</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015



## **PWF CONSOLIDATED BHD.** (420049-H)

(Incorporated in Malaysia)

### **Notes to the financial report for the quarter ended 31 December 2016**

#### **A. DISCLOSURE REQUIREMENTS AS PER FRS 134**

##### **1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and Chapter 9 Part K Para 9.22 of the Bursa Malaysia Listing Requirements.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

##### Malaysian Financial Reporting Standards ("MFRS")

The Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") which are mandatory for annual financial periods beginning on or after 1 January 2012 with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRSs to 1 January 2018. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2018. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2018.

##### **2. Auditors' Report of the Preceding Annual Financial Statements**

There was no qualification on the Group's preceding annual financial statements.

##### **3. Seasonal or Cyclical Factors**

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

#### **4. Unusual Items**

There were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their size or incidence.

#### **5. Material Changes in Estimates**

There was no material changes in estimates that had any material effect on the quarter and financial year ended 31 December 2016 except the following :-

The Group has revised the estimates of useful life of certain assets classified under farm development due to intention of the Group to opt for early replacement and upgrading of the said assets. The revision will result in accelerated depreciation of the said assets. Net impact on the retained earnings is estimated at RM2,226,424 per year over 4 year.

#### **6. Debt and Equity Securities, Share Buy-backs, Share Cancellations and Treasury Shares**

There was no issuance, cancellations, repurchases resale and repayments of debts and equity security during the year to 31 December 2016 except :-

- (i) Issuance of additional 10,352,000 new ordinary shares of RM0.50 each during the period following exercise of ESOS options granted under the FY2015 Employees' Shares Option Scheme.
- (ii) Issuance of additional 7,683 new ordinary shares of RM0.50 each upon conversion of warrants.
- (iii) Resale of 302,400 treasury shares of RM1.00 each
- (iv) Purchase of 1,246,000 own shares of RM0.50 each.
- (v) Distribution of 6,312,882 treasury shares as share dividend on the basis of one (1) treasury share for every twenty-five (25) existing ordinary shares of RM0.50 each.

#### **7. Segmental Reporting**

Segmental information has not been prepared due to integrated nature of the Group's poultry business and that it operates wholly in Malaysia.

#### **8. Valuation of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward without any amendments from previous annual financial statements.

## 9. Subsequent Events

There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

## 10. Changes in the Composition of the Group

The Company had on 18 February 2016 acquired two (2) ordinary shares of RM1.00 each in PWF Timberhill Sdn Bhd (“PWF Timberhill”) representing 100% of its total issued and paid-up share capital. Subsequent to the acquisition, the Company subscribed to an additional 2,999,998 ordinary shares of RM1.00 each in PWF Timberhill for a cash consideration of RM2,999,998.

The Company had undertaken a members' voluntary winding-up exercise to wind-up its wholly owned inactive subsidiary, PW Nutri Processing Sdn. Bhd., pursuant to Section 254(1) (b) of the Companies Act, 1965 on 20 October 2016.

## 11. Contingent Liabilities and Contingent Assets

The corporate guarantees issued by the Company for the banking facilities granted to its subsidiaries totalled RM113.3 million as at the date of issue of this report.

## 12. Capital Commitments

Capital commitments of the Group as at end of the financial period were as follows :-

	<b>Approved but not contracted for</b>	<b>Approved and contracted for</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, Plant and Equipment	63,466	1,417



## **B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**

### **1. Review of Performance**

Group revenue for the quarter and year to 31 December 2016 grew 7.0% and 12.3% respectively from RM72.7 million and RM290.9 million to RM77.8 million and RM326.7 million recorded in corresponding period of preceding year. The higher revenue was mostly attributable to increase in selling price of broiler during the quarter and year to 31 December 2016.

The Group recorded higher Profit before tax ('PBT') for the quarter as PBT increased to RM3.7 million, compared to loss of RM1.8 million. Group PBT for the year to 31 December 2016 also increased from RM9.4 million recorded in the corresponding quarter of preceding year to RM19.8 million, representing an increase of 111.8%

The higher profit was attributable to increased production following the expansion in broiler farm and improved profit margin due to higher selling price of broiler.

### **2. Variation of Results for the Quarter Compared with the Preceding Quarter**

Group revenue and PBT for the quarter to 31 December 2016 dropped by 13.5% and 40.6% to RM77.8 million and RM3.7 million respectively from RM89.9 million and RM6.2 million recorded in the immediate preceding quarter.

The weaker performance was mainly attributable to comparatively lower selling price of broiler during the quarter...

### **3. Commentary on Prospects**

The company is confident that the financial result of the Group for financial year 2017 to be favourable despite challenging economic environment.

### **4. Profit Forecast**

Not applicable as the Company has not issued profit forecast or profit guarantee in a public document.

## 5. Profit for the Period

Profit for the period is arrived at after crediting/ (charging):-

	<b>Current Year To Date 31-12-2016 RM '000</b>	<b>Current Year Quarter 31-12-2016 RM '000</b>
Interest income	15	9
Other Income (including investment income)	1,972	1,656
Interest expense	(6,527)	(1,546)
Depreciation and amortization charged	(18,380)	(4,797)
Provision for and write off of receivables	(1,235)	(1,235)
Provision for and write off of inventories	-	-
Gain / (Loss) on disposal of property, plant and equipment	71	-
Profit / (Loss) on disposal of quoted or unquoted investment or properties	317	(605)
Impairment of assets	(350)	257
Foreign exchange gain / (loss)	31	131
Fair value gain / (loss) on derivative instruments	-	(12)
Exceptional items	-	-

## 6. Taxation

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>Current Year Quarter 31-12-2016 RM '000</b>	<b>Preceding Year Corresponding Quarter 31-12-2015 RM '000</b>	<b>Current Year To Date 31-12-2016 RM '000</b>	<b>Preceding Year Corresponding Period 31-12-2015 RM '000</b>
Current Taxation	3,044	1,118	8,950	5,175
Deferred Taxation	(1,215)	(1,223)	(2,028)	(1,817)
<b>Total</b>	<b>1,829</b>	<b>105</b>	<b>6,922</b>	<b>3,358</b>

The Group's effective tax rate for the current quarter and financial period ended 31 December 2016 are inconsistent with the statutory tax rate mainly due to claims of certain tax incentives under the Income Tax Act, 1967, disallowable expenses for tax purpose and losses of certain subsidiaries which cannot be set off against taxable profit made by other subsidiaries.

## **7. Status of Corporate Proposals Announced but Not Completed**

A Multiple Proposals was announced on 13 April 2016 as follows:

- (i) Proposed share split involving the subdivision of one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each (“Subdivided Shares”) held by the entitled shareholders on an entitlement date to be determined and announced later;
- (ii) Proposed bonus issue of up to 47,339,198 Warrants on the basis of three (3) Warrants for every ten (10) Subdivided Shares held by the entitled shareholders on an entitlement date to be determined and announced later;
- (iii) Proposed increase in authorised share capital from RM100,000,000 comprising 100,000,000 ordinary shares to RM200,000,000 comprising 400,000,000 Subdivided Shares; and
- (iv) Proposed amendments to the Memorandum and Articles of Association to facilitate the implementation of the Proposed Share Split and the Proposed Increase in Authorised Share Capital.

These proposals have been completed following the

- (i) Subdivision of 81,201,664 ordinary shares of RM1.00 each into 162,403,328 ordinary shares of RM0.50 each (including 6,346,200 treasury shares) (“Subdivided Shares”) and listing and quotation of the Subdivided Shares on the Main Market of Bursa Malaysia Securities Berhad on 14 July 2016; and
- (ii) Listing and Quotation of 46,817,046 Warrants pursuant to the Bonus Issue of Warrants on the Main Market of Bursa Malaysia Securities Berhad 25 July 2016.

The Company entered into a Memorandum Of Understanding (‘MOU’) with Founder Energy Sdn Bhd on 24 August 2015 to collaborate and work together to build and operate an ecotype biogas electricity plant through joint venture and/or investment scheme.

The MOU has expired on 23 August 2016. Following the MOU Expiry, the Parties have mutually agreed that neither Party shall have any claim whatsoever, directly or indirectly, against the other in respect of the MOU. The MOU Expiry will not have any material financial impact on the Group.

## 8. Borrowings

Group borrowings as at 31 December 2016 are as follows: -

	<b>31-12-2016</b> <b>RM'000</b>	<b>31-12-2015</b> <b>RM'000</b>
<b><i>Short term borrowings</i></b>		
Secured	19,255	12,139
Unsecured	58,735	56,653
	<u>77,990</u>	<u>68,792</u>
<b><i>Long term borrowings</i></b>		
Secured	24,364	28,956
Unsecured	-	-
	<u>24,364</u>	<u>28,956</u>
	<u>102,354</u>	<u>97,748</u>

All bank borrowings are in Ringgit Malaysia.

## 9. Material Litigation

Neither the Company nor its subsidiaries are engaged in any litigation or arbitration proceedings, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Directors do not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

## 10. Proposed Dividends

The Company has on 30 November 2016 declared a second interim dividend of 2.0 Sen per ordinary share of RM0.50 each in respect of financial year ending 31 December 2016. The dividend has been paid on 4 January 2017.

The following dividends have been declared and paid during the financial period to 31 December 2016 :

- (i) First interim single tier dividend of 3 Sen per ordinary share of RM1.00 each amounted to RM2,228,795 in respect of financial year ended 31 December 2015 declared on 7 January 2016 and paid on 5 February 2016.
- (ii) Second interim single tier dividend of 3 Sen per ordinary share of RM1.00 each amounted to RM2,229,095 in respect of financial year ended 31 December 2015 declared on 29 February 2016 and paid on 1 April 2016.
- (iii) A first interim single tier dividend of 1.5 Sen per ordinary share of RM0.50 each after completion of share split amounted to RM2,340,857 in respect of financial year ended 31 December 2016 paid on 27 July 2016.

- (iv) Distribution of share dividend on the basis of one (1) treasury share for every twenty-five (25) existing ordinary shares of RM0.50 each. A total of 6,312,882 shares dividend has been credited to the shareholders' securities account on 28 November 2016.

Total dividends per share declared and paid for financial year 2015 was 6 Sen per ordinary share of **RM1.00** each. Total dividends declared for the financial year 2016 was cash dividend of 5.5 Sen per ordinary share of **RM0.50** each and share dividend of 1 for every 25 existing ordinary shares.

## 11. Earnings/ (Loss) Per Share

The earnings/loss per share are computed by dividing the net profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issued during the financial year excluding treasury share.

The diluted earnings/loss per share are calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issued excluding treasury shares after adjustment for all dilutive potential ordinary shares.

	<b>Individual Current Year Quarter 31-12-2016</b>	<b>Individual Preceding Year Quarter 31-12-2015 (restated)</b>	<b>Cumulative Current Year To Date 31-12-2016</b>	<b>Cumulative Preceding Year To Date 31-12-2015 (restated)</b>
<b>Basic earnings per share</b>				
Profit for the period (RM'000)	1,828	(1,690)	12,912	6,007
Weighted average number of ordinary shares in issued * (in thousands)	157,673	144,338	153,146	142,553
Basic earnings per share for the period (Sen)	1.16	(1.17)	8.43	4.21

### Diluted earnings per share

Profit for the period (RM'000)	1,828	(1,690)	12,912	6,007
Weighted average number of ordinary shares in issued(basic) (in thousands)	157,673	144,338	153,146	142,553
Effect of share options (ESOS)	230	1,869	1,663	427
Effect of warrants	8,723	na	2,789	na
Weighted average number of ordinary shares in issued (in thousands)	166,626	146,207	157,598	142,980
Diluted earnings per share for the period (Sen)	1.10	(1.16)	8.19	4.20

\* The weighted average number of ordinary shares in issued has been restated to reflect the effect of Share Split that occurred after the reporting period.

### 12. Realised and Unrealised Profits/Losses

The retained earnings as at 31 December 2016 and 31 December 2015 is analysed as follows:

	As at 31-12-2016	As at 31-12-2015
	RM'000	RM'000
Realised	91,935	97,540
Unrealised	(10,078)	(13,051)
	81,857	84,489
Consolidation adjustments	(8,333)	(18,578)
	73,524	65,911

By Order of the Board

Ch'ng Lay Hoon  
Company Secretary

Dated this 28th day of February 2017