



PWF CONSOLIDATED BHD.

(420049-H)

**Condensed Consolidated Financial Statements
for the Quarter Ended 31 December 2017**



PWF CONSOLIDATED BHD.

**Condensed Consolidated Statement of Financial Position
As At 31 December 2017**

	Quarter ended 31 Dec 2017 (RM'000)	Year ended 31 Dec 2016 (RM'000) (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	337,721	274,780
Investment properties	9,680	8,745
Goodwill	7,612	5,241
	<u>355,013</u>	<u>288,766</u>
Current assets		
Inventories	55,074	52,027
Trade debtors	21,196	25,933
Other debtors, including derivatives	19,486	13,965
Tax recoverable	24	5
Investment securities	7,965	7,301
Fixed deposits with licensed bank	-	20
Cash and bank balances	14,992	7,073
	<u>118,737</u>	<u>106,324</u>
Total assets	<u><u>473,750</u></u>	<u><u>395,090</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	86,901	82,893
Share premium	-	751
Treasury shares	(1,192)	(999)
Retained earnings	87,700	78,665
Other reserves	128,334	73,524
Equity attributable to owner of the Company	<u>301,743</u>	<u>234,834</u>
Non-controlling interest	(2,301)	-
Total equity	<u>299,442</u>	<u>234,834</u>
Non-current liabilities		
Long-term borrowings	18,978	24,361
Deferred taxation	22,981	15,306
	<u>41,959</u>	<u>39,667</u>
Current liabilities		
Trade creditors	27,534	27,803
Other creditors, including derivatives	8,666	9,001
Overdraft and short term borrowings	93,640	77,898
Taxation	2,509	2,597
Dividend payable	-	3,290
	<u>132,349</u>	<u>120,589</u>
Total liabilities	<u>174,308</u>	<u>160,256</u>
Total equity and liabilities	<u><u>473,750</u></u>	<u><u>395,090</u></u>
Net assets per share attributable to shareholders of the company (RM)	1.76	1.43



PWF CONSOLIDATED BHD.

**Condensed Consolidated Statement of Comprehensive Income
As At 31 December 2017**

	<u>2017</u> Current qtr ended 31-Dec (RM'000)	<u>2016</u> Current qtr ended 31-Dec (RM'000)	<u>2017</u> 12 months cumulative To-date (RM'000)	<u>2016</u> 12 months cumulative To-date (RM'000)
Revenue	91,816	77,594	353,760	326,444
Operating expenses	(90,350)	(73,726)	(327,550)	(302,438)
Other operating income	<u>1,934</u>	<u>1,335</u>	<u>5,129</u>	<u>2,355</u>
Profit from operations	3,400	5,203	31,339	26,361
Finance costs	(1,467)	(1,546)	(5,797)	(6,527)
Profit before taxation	1,933	3,657	25,542	19,834
Taxation	<u>(1,766)</u>	<u>(1,829)</u>	<u>(8,950)</u>	<u>(6,922)</u>
Profit for the period	167	1,828	16,592	12,912
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>167</u></u>	<u><u>1,828</u></u>	<u><u>16,592</u></u>	<u><u>12,912</u></u>
Attributable to:				
Equity holders of the parent	1,360	1,828	17,785	12,912
Non-controlling interest	(1,193)	-	(1,193)	-
Profit for the period	<u><u>167</u></u>	<u><u>1,828</u></u>	<u><u>16,592</u></u>	<u><u>12,912</u></u>
Attributable to:				
Equity holders of the parent	1,360	1,828	17,785	12,912
Non-controlling interest	(1,193)	-	(1,193)	-
Comprehensive income for the period	<u><u>167</u></u>	<u><u>1,828</u></u>	<u><u>16,592</u></u>	<u><u>12,912</u></u>
Earnings per share for profit attributable to equity holder of the parent				
- Basic (sen), for profit for the period	<u><u>0.81</u></u>	<u><u>1.16</u></u>	<u><u>10.81</u></u>	<u><u>8.43</u></u>
- Diluted (sen)	<u><u>0.72</u></u>	<u><u>1.10</u></u>	<u><u>9.71</u></u>	<u><u>7.87</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 2016.

PWF CONSOLIDATED BHD

Condensed Consolidated Statement of Changes in Equity
For The Period Ended 31 December 2017

	Attributable to Equity Holder of the Parent						Total (RM'000)	Non-controlling Interest (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 2017</i>									
Balance as at 1 January 2017	82,893	(999)	751	78,082	583	73,524	234,834	-	234,834
Total comprehensive income for the period	-	-	-	49,376	-	22,791	72,167	(983)	71,184
Acquisition of subsidiary								(1,318)	(1,318)
Transactions with owners:									
Reclassification pursuant to S618(2) of CA 2016 *	751	-	(751)	-	-	-	-	-	-
Issued pursuant to ESOS	2,637	-	-	-	(171)	-	2,466	-	2,466
Pursuant to ESOS granted - share based compensation	-	-	-	-	464	-	464	-	464
Sale of treasury shares	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(5,529)	-	-	-	-	(5,529)	-	(5,529)
Exercise of warrants	620	-	-	-	-	-	620	-	620
Share dividend	-	5,336	-	-	-	(5,336)	-	-	-
Dividend	-	-	-	-	-	(3,279)	(3,279)	-	(3,279)
Balance as at 31 December 2017	<u>86,901</u>	<u>(1,192)</u>	<u>-</u>	<u>127,458</u>	<u>876</u>	<u>87,700</u>	<u>301,743</u>	<u>(2,301)</u>	<u>299,442</u>

* With the coming into force of The Companies Act 2016 on 31 January 2017, the concept of nominal value in shares is abolished and effectively the amount standing in the share premium shall be recognized as part of the company's share capital.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Reprint for the year ended 31 December 2016.

Condensed Consolidated Statement of Changes in Equity
For The Period Ended 31 December 2016

	Attributable to Equity Holder of the Parent						Total (RM'000)	Non-controlling Interest (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
Total comprehensive income for the period	-	-	-	(4,790)	-	17,702	12,912	-	12,912
Transactions with owners:									
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>(4,342)</u>	<u>5,066</u>	<u>78,082</u>	<u>583</u>	<u>73,524</u>	<u>234,834</u>	<u>-</u>	<u>234,834</u>

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

PWF CONSOLIDATED BHD

**Condensed Consolidated Statement of Cash Flows
For The Period Ended 31 December 2017**

	12 months ended 31 December 2017 (RM'000)	12 months ended 31 December 2016 (RM'000)
Profit before tax	25,542	19,834
Adjustment for :		
Non-Cash items	18,515	20,883
Non-Operating items	3,094	6,570
Operating profit before changes in working capital	<u>47,151</u>	<u>47,287</u>
Changes in working capital		
Net Changes in current assets	(3,157)	(4,170)
Net Changes in current liabilities	<u>(1,837)</u>	<u>(15,739)</u>
	(4,994)	(19,909)
Cash generated from operations	<u>42,157</u>	<u>27,378</u>
Tax paid	(8,492)	(7,507)
Interest paid	(5,794)	(6,513)
Net cash from operating activities	<u>27,871</u>	<u>13,358</u>
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,088	143
Proceeds from disposal of investment securities	18,840	13,902
Acquisition of subsidiary company, net of cash required	(682)	-
Acquisition of investment securities	(17,678)	(18,601)
Purchase of property, plant and equipment	(22,011)	(9,557)
Dividend income from investment securities	198	217
Net cash used in investing activities	<u>(20,245)</u>	<u>(13,917)</u>
Financing Activities		
Dividends paid	(6,569)	(6,799)
Purchase of own shares	(5,528)	(538)
Proceeds from issuance of shares	3,087	6,228
Bank borrowings	<u>13,503</u>	<u>2,593</u>
Net cash from / (used in) financing activities	<u>4,493</u>	<u>1,484</u>
Net Change in Cash & Cash Equivalents	12,119	925
Cash and cash equivalents as at 1 January	<u>(5,679)</u>	<u>(6,604)</u>
Cash and cash equivalents as at 31 December	<u><u>6,440</u></u>	<u><u>(5,679)</u></u>
Represented by:		
Cash and bank balances	14,992	7,073
Bank Overdrafts	<u>(8,552)</u>	<u>(12,752)</u>
	<u><u>6,440</u></u>	<u><u>(5,679)</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 2016



PWF CONSOLIDATED BHD. (420049-H)

(Incorporated in Malaysia)

Notes to the financial report for the quarter ended 31 December 2017

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 2016. 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 2016.

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 2017.

6. Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale and repayments of debts and equity security during the period under review except the followings:-

- (i) Issuance of 2,324,000 new ordinary shares arising from the exercise of options under Employees' Share Option Scheme at an exercise price of RM0.575 per ordinary share;
- (ii) Issuance of 1,822,600 new ordinary shares arising from the exercise of options under Employees' Share Option Scheme at an exercise price of RM0.62 per ordinary share;
- (iii) Issuance of 1,000,540 new ordinary shares arising from the conversion of warrants at an exercise price of RM0.62 per ordinary share; and
- (iv) Repurchase of 5,654,700 ordinary shares from open market at an average price of RM0.98 (including transaction costs).
- (v) Distribution of 5,862,712 treasury shares to existing shareholders as share dividend.

7. Dividend Paid

The Company has paid the following dividends:

- (i) a second interim single tier dividend of 2.0 Sen per ordinary share in respect of the financial year ended 31 December 2016 amounting to RM3,290,106 on 4 January 2017.
- (ii) a first interim single tier dividend of 2 Sen per share in respect of financial year ended 31 December 2017 amounting to RM3,279,180 on 10 October 2017.
- (iii) share dividend on the basis of 1 treasury shares for every 28 existing ordinary shares held in respect of financial year ended 31 December 2017. A total of 5,862,712 share dividend has been credited into entitled shareholders' accounts on 10 November 2017.
- (iv) a second interim single tier dividend of 1.5 Sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM2,577,162 on 7 February 2017.

8. Segmental Reporting

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

9. Valuation of Property, Plant and Equipment

Valuation of Property, Plant and Equipment Revaluations of land and farm development have been carried out at the end of this quarter that has resulted in increase in total equity of the Group by RM 60.969 million.

10. 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.

11. Changes in the Composition of the Group

There were no changes in the Group composition during the period under review except the acquisition of 51% total issued and paid up capital of JTM Food Industry Sdn Bhd on 25 May 2017.

12. Contingent Liabilities and Contingent Assets

There were no material changes to the contingent liabilities during the reporting period.

13. Capital Commitments

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

	Approved but not contracted for	Approved and contracted for
	RM'000	RM'000
Property, Plant and Equipment	30,985	15,913

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance

Group revenue for the quarter and year ended 31 December 2017 rose 18.0% and 8.4% to RM91.8 million and 353.8 million respectively from RM77.8 million and RM326.4 million recorded in corresponding periods of preceding year. The higher revenue was mainly attributable to higher selling price and sales volume of broiler.

Profit before taxation ('PBT') for the quarter ended 31 December 2017 dropped 47.1% from RM3.7 million to RM1.9 million compared with corresponding quarter of preceding year as a result of comparatively higher cost of raw material.

Nevertheless PBT was 28.8% higher compared with RM19.8 million recorded for preceding financial year mainly attributable to increase in sales volume and higher selling price of broiler.

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

Group revenue for the quarter ended 31 December 2017 decreased 1.6% to RM91.8 million compared with RM93.4 million recorded in the immediate preceding quarter. The lower revenue was mainly due to comparatively lower selling price of broiler during the quarter.

The profit before tax ("PBT") recorded for the quarter was RM1.9 million or 76.9% lower compared with RM8.4 million recorded in the immediate preceding quarter mainly due to lower selling price of broiler.

3. Commentary on Prospects

The Company is confident that the Group will continue to perform well into financial year 2018 in view of relatively stable commodities prices and stronger ringgit.

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):-

	Current Year Quarter 31-12-2017 RM '000	Current Year To Date 31-12-2017 RM '000
Interest income	1	3
Other income (including investment income)	314	888
Interest expense	(1,467)	(5,797)
Depreciation and amortization	(5,000)	(18,674)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of quoted or unquoted investments or properties	(191)	2,349
Foreign exchange gain	18	58
Fair value loss on derivative instruments	-	-

6. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31-12-2017 RM '000	Preceding Year Corresponding Quarter 31-12-2016 RM '000	Current Year To Date 31-12-2017 RM '000	Preceding Year Corresponding Period 31-12-2016 RM '000
Current Taxation	1,295	3,044	9,919	8,950
Deferred Taxation	471	(1,215)	(969)	(2,028)
Total	1,766	1,829	8,950	6,922

The Group's effective tax rate for the current quarter ended 31 December 2017 is inconsistent with the statutory tax rate mainly due to certain income not subject to tax, 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

There were no corporate proposals announced during the financial period to date.

8. Borrowings

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

	31-12-2017 RM'000	31-12-2016 RM'000
<i>Current liabilities</i>		
Secured	22,538	8,131
Unsecured	71,102	69,767
	<u>93,640</u>	<u>77,898</u>
<i>Non-current liabilities</i>		
Secured	18,978	24,361
Unsecured	-	-
	<u>18,978</u>	<u>24,361</u>
	<u>112,618</u>	<u>102,259</u>

All borrowings are in Ringgit Malaysia.

9. Material Litigation

The Company had on 28th November 2017 announced the material litigation initiated by its wholly owned subsidiary PW NutriEggs Sdn Bhd (“PW NutriEggs”) on Dehias Holdings Sdn Bhd (“Dehias”), Gengadaran Kurup Chitra & Co. (“GKCC”) and Ong Teik Beng (“OTB”).

PW NutriEggs entered into a Sale and Purchase Agreement (“SPA”) on 4 August 2014 with Dehias, the registered proprietor for the purchase of Plot 21, 22, 23, 24, 46, 47, 48 & 49 held under master title Geran No, 34314, Lot No. 2316, Mukim Ayer Puteh, Daerah Pendang, Kedah now known as PT 10915, 10916, 10917, 10918, 10940, 10941 & 10942 Mukim Ayer Puteh, Daerah Pendang, Kedah (“the Land”) for a total purchase consideration of RM7,148,087.00.

The Land was in the process of being sub-divided (“the Property”) and the Land was at the time categorized as “Pengishtiheran Rezab Melayu”. However, OTB represented and warranted and ratified by Dehias that the local authority has agreed for the Land to be sub-divided with only 30% having to be sold to “Orang Melayu” and therefore no issue in effecting transfer of the Property in favour of PW NutriEggs.

Subsequent to execution of the SPA, PW NutriEggs paid OTB RM1,429,790.00 as brokerage fee and/or services rendered in the above transaction.

Pursuant to the SPA, PW NutriEggs has on 26 January 2015 paid the balance purchase consideration to GKCC with GKCC’s express undertaking “to refund the full amount of the SPA in the event the said titles are unable to be registered in the name of PW NutriEggs and GKCC not to release the balance purchase price until vacant possession of the Property has been delivered and on Dehias

undertaking to refund the full purchase price in the event that the transfer in favour of PW NutriEggs could not be registered.

On 5 February 2015, a Registrar's Caveat was lodged against the Property thereby restricting/forbidding all further dealings and as such the Property could not be transferred and registered in the name of PW NutriEggs despite the full purchase price have been paid.

PW NutriEggs has instructed its solicitors to commence proceedings against: -

- a) Dehias Holdings Sdn Bhd for, inter alia, refund of the full purchase price of RM7,148,087.00 together with interest calculated at ten (10) percent per annum on the purchase price from 5 February 2015 till date of actual refund being agreed liquidated damages to PW NutriEggs;
- b) Gengadaran Kurup Chitra & Co. for, inter alia, the sum of RM6,433,192.00 (jointly and severally liable for this sum with Dehias) being the sum remitted to on their undertaking not to release the same until the Property could be registered in favour of PW NutriEggs together with interest thereon at ten (10) percent per annum from 5 February 2015 till date of repayment; and
- c) Ong Teik Beng for, inter alia, return of the sum of RM1,429,790.00

The Company had further announced on 30 November 2017 that PW NutriEggs has since 5 February 2015 negotiating with Dehias, GKCC and OTB to effect the registration in favour of PW NutriEggs or failing which to refund the full purchase price from Dehias of RM7,148,087, the sum of RM6,433,192 jointly and severally from Dehias and GKCC and OTB for RM1,429,790.

Dehias, GKCC and OTB have failed to refund of the above said sum despite the Notices of Demand being served on them.

PW NutriEggs' solicitor, Messrs Teja Singh Penesar & Co has filed the necessary court papers as follows: -

(I) Alor Setar High Court against the following parties:

- (a) Dehias Holdings Sdn Bhd for, inter alia, refund of the full purchase price of RM7,148,087.00 together with interest calculated at ten (10) percent per annum on the purchase price from 5 February 2015 till date of actual refund being agreed liquidated damages to PW NutriEggs;
- (b) Gengadaran Kurup Chitra & Co. for, inter alia, the sum of RM6,433,192.00 (jointly and severally liable for this sum with Dehias) being the sum remitted to on their undertaking not to release the same until the Property could be registered in favour of PW NutriEggs together with interest thereon at ten (10) percent per annum from 5 February 2015 till date of repayment; and

(II) Penang High Court against Ong Teik Beng for, inter alia, return of the sum of RM1,429,790.00.

10. Proposed Dividends

There has been no other dividend proposed other than the dividends paid before the date of this report.

11. Earnings Per Share

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

The diluted earnings per share are calculated by dividing the net profit 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.

	Individual Current Year Quarter 31-12-2017	Individual Preceding Year Quarter 31-12-2016	Cumulative Current Year To Date 31-12-2017	Cumulative Preceding Year To Date 31-12-2016
Basic earnings per share				
Profit for the period (RM'000)	1,360	1,828	17,785	12,912
Weighted average number of ordinary shares in issued (in thousands)	168,505	157,673	164,579	153,098
Basic earnings per share for the period (Sen)	0.81	1.16	10.08	8.43
Diluted earnings per share				
Profit for the period (RM'000)	1,360	1,828	17,785	12,912
Weighted average number of ordinary shares in issued(basic) (in thousands)	168,505	157,673	164,580	153,098
Effect of share options (ESOS)	779	230	1,822	1,965
Effect of warrants	18,804	8,723	16,809	8,901
Weighted average number of ordinary shares in issued (in thousands)	188,088	166,026	183,211	163,964
Diluted earnings per share for the period (Sen)	0.72	1.10	9.71	7.87

12. Realised and Unrealised Profits/Losses

The retained earnings as at 31 December 2017 and 31 December 2016 are analysed as follows:

	As at 31-12-2017	As at 31-12-2016
	RM'000	RM'000
Realised	99,000	91,315
Unrealised	(15,813)	(9,458)
	<u>83,188</u>	<u>81,857</u>
Consolidation adjustments	4,513	(8,333)
	<u>87,700</u>	<u>73,524</u>

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 28th day of February 2018