

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER**  
**ENDED 31 DECEMBER 2016**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Year Ended 31 December 2016**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	RM'000	RM'000	RM'000	RM'000
Revenue	1,023,445	1,090,600	4,186,376	4,048,314
Operating expenses	(983,472)	(1,027,380)	(3,956,481)	(3,843,192)
Other operating income	24,507	43,169	171,282	210,256
Share of net profits less losses of associates	467,257	279,623	830,462	789,888
Share of profit of joint venture	1,427	851	4,841	5,599
Finance costs	(6,339)	(8,115)	(25,370)	(29,743)
Profit before tax	<u>526,825</u>	<u>378,748</u>	<u>1,211,110</u>	<u>1,181,122</u>
Tax expense	(21,415)	(23,309)	(104,239)	(105,003)
Profit for the period/year	<u><u>505,410</u></u>	<u><u>355,439</u></u>	<u><u>1,106,871</u></u>	<u><u>1,076,119</u></u>
Attributable to :				
Owners of the parent	496,028	341,021	1,044,993	1,051,311
Non-controlling interests	9,382	14,418	61,878	24,808
Profit for the period/year	<u><u>505,410</u></u>	<u><u>355,439</u></u>	<u><u>1,106,871</u></u>	<u><u>1,076,119</u></u>
Basic earnings per share (sen)	<u><u>41.84</u></u>	<u><u>28.77</u></u>	<u><u>88.15</u></u>	<u><u>88.68</u></u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD** (8167-W)  
**Condensed Consolidated Statements Of Comprehensive Income**  
**For The Year Ended 31 December 2016**

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	505,410	355,439	1,106,871	1,076,119
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Foreign exchange differences arising during the period/year :				
- Exchange differences on translation of foreign operations	1,334,939	(550,445)	729,340	3,107,985
- Reclassification adjustments to profit or loss upon liquidation of a subsidiary	-	-	-	(5,285)
- Adjustment to deferred tax attributable to changes in tax rate	-	(1,320)	-	(1,320)
Fair value of available-for-sale financial assets :-				
- Gains/(Losses) arising during the period/year	(9,650)	5,474	13,171	(92,959)
- Reclassification adjustments to profit or loss upon disposal of quoted investments	-	(35)	-	(829)
Share of associates' other comprehensive loss	(327,025)	(51,233)	(441,751)	(766,259)
Total comprehensive income/(loss)	<u>1,503,674</u>	<u>(242,120)</u>	<u>1,407,631</u>	<u>3,317,452</u>
Attributable to :				
Owners of the parent	1,481,858	(249,591)	1,339,922	3,252,346
Non-controlling interests	21,816	7,471	67,709	65,106
Total comprehensive income/(loss)	<u>1,503,674</u>	<u>(242,120)</u>	<u>1,407,631</u>	<u>3,317,452</u>

**(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

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

	<b>As at 31-Dec-16 RM'000</b>	<b>As at 31-Dec-15 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,353,204	1,356,671
Investment properties	194,455	195,831
Biological assets	3,364	3,364
Goodwill	73,704	73,746
Other intangible assets	3,233	2,962
Land held for property development	84,923	41,645
Investments in associates	17,662,449	16,813,778
Investment in joint venture	65,418	66,934
Other investments	440,356	427,198
Deferred tax assets	2,771	5,644
	<u>19,883,877</u>	<u>18,987,773</u>
<b>Current Assets</b>		
Inventories	620,464	682,210
Biological assets	19,417	20,769
Other intangible assets	14,850	12,175
Property development costs	-	4,964
Receivables	958,806	998,277
Derivative financial instruments	3,276	14,229
Cash, bank balances, deposits and short-term fund placements	1,178,261	1,196,343
	<u>2,795,074</u>	<u>2,928,967</u>
Non-current assets classified as held for sale	23,759	8,734
	<u>2,818,833</u>	<u>2,937,701</u>
<b>TOTAL ASSETS</b>	<u>22,702,710</u>	<u>21,925,474</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	19,787,090	18,731,477
Equity attributable to owners of the parent	<u>20,972,590</u>	<u>19,916,977</u>
Non-controlling interests	695,143	635,594
<b>Total equity</b>	<u>21,667,733</u>	<u>20,552,571</u>

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

	<b>As at 31-Dec-16 RM'000</b>	<b>As at 31-Dec-15 RM'000</b>
<b>Non-current Liabilities</b>		
Long-term borrowings	72,918	111,170
Deferred tax liabilities	99,266	97,225
	<u>172,184</u>	<u>208,395</u>
<b>Current Liabilities</b>		
Payables	377,726	528,992
Derivative financial instruments	5,221	4,709
Short-term borrowings	455,086	615,707
Current tax liabilities	24,760	15,100
	<u>862,793</u>	<u>1,164,508</u>
<b>Total liabilities</b>	<u>1,034,977</u>	<u>1,372,903</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>22,702,710</u>	<u>21,925,474</u>
Net assets per share attributable to owners of the parent (RM)	<u>17.69</u>	<u>16.80</u>

**(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

## PPB GROUP BERHAD (8167-W)

**Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2016**

	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			
<b>12 months ended 31 December 2016</b>											
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 (loss)/income	-	-	-	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 non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	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
<b>12 months ended 31 December 2015</b>											
At 1 January 2015	1,185,500	6,715	44,668	258,819	89,626	76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
Total comprehensive income/(loss)	-	-	(1,301)	2,470,291	(93,355)	(88,413)	(86,187)	1,051,311	3,252,346	65,106	3,317,452
Transfer of reserves	-	-	(2,890)	-	-	-	(16,993)	19,883	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	160	160	(6,686)	(6,526)
Issue of shares to a non-controlling interest	-	-	-	-	-	-	-	-	-	28,577	28,577
Return of capital by a subsidiary	-	-	-	-	-	-	-	-	-	(2,495)	(2,495)
Changes in equity interest in an associate	-	-	-	-	-	-	-	128,478	128,478	-	128,478
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(9,711)	(294,231)
At 31 December 2015	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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

**Condensed Consolidated Statement Of Cash Flows  
For The Year Ended 31 December 2016**

	<b>12 months ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,211,110	1,181,122
Adjustments :		
Non-cash items	(667,480)	(677,440)
Non-operating items	(26,804)	(15,954)
Operating profit before working capital changes	<u>516,826</u>	<u>487,728</u>
Working capital changes :-		
Net change in current assets	65,830	(61,473)
Net change in current liabilities	(155,382)	33,495
Cash generated from operations	<u>427,274</u>	<u>459,750</u>
Tax paid	(91,123)	(90,502)
<b>Net cash generated from operating activities</b>	<b><u>336,151</u></b>	<b><u>369,248</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(153,272)	(197,744)
Proceeds from disposal of property, plant and equipment and investment properties	25,417	6,912
Purchase of investments	(4,399)	(111,337)
Proceeds from disposal of investments	12,184	1,343
Dividends received	300,823	286,643
Income from short-term fund placements	20,348	15,871
Interest received	20,117	18,062
Advances to associates	(49,470)	(61,893)
Distribution of profits from joint venture	4,988	6,296
Other investing activities	2,729	5,623
<b>Net cash generated from/(used in) investing activities</b>	<b><u>179,465</u></b>	<b><u>(30,224)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(219,772)	121,544
Interest paid	(24,997)	(30,999)
Dividends paid	(303,168)	(294,231)
Shares issued to non-controlling interests of subsidiaries	9,664	-
Return of capital to non-controlling interest of a subsidiary	-	(2,495)
Repayment to non-controlling interest of a subsidiary	-	(32,881)
<b>Net cash used in financing activities</b>	<b><u>(538,273)</u></b>	<b><u>(239,062)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b><u>(22,657)</u></b>	<b><u>99,962</u></b>
Cash and cash equivalents brought forward	1,196,309	1,079,040
Effect of exchange rate changes	3,551	17,307
<b>Cash and cash equivalents carried forward</b>	<b><u><u>1,177,203</u></u></b>	<b><u><u>1,196,309</u></u></b>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	205,471	278,240
Bank deposits	305,831	471,085
Short-term fund placements	666,959	447,018
Bank overdrafts	(1,058)	(34)
	<u><u>1,177,203</u></u>	<u><u>1,196,309</u></u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

## NOTES

**A. Financial Reporting Standard (FRS) 134 - Paragraph 16****A1. Accounting policies**

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

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 2015 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2016 :

Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012 - 2014 Cycle
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative

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 to-date 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-16 RM'000	Cumulative Quarter 12 months ended 31-Dec-16 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2015 : Final single tier dividend - 17 sen per share	-	201,535
FY2016 : Interim single tier dividend - 8 sen per share	-	94,840
	<u>-</u>	<u>296,375</u>

**A7. Segmental reporting**

Segmental information in respect of the Group's business segments for the year ended 31 December 2016 is as follows :

<b>Business segments:</b> <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 in <u>equities</u>	Other <u>operations</u>	<u>Elimination</u>	<u>Total</u>
<b>REVENUE</b>									
External revenue	2,748,016	624,000	468,493	186,350	52,919	6,097	100,501	-	4,186,376
Inter-segment sales	116,361	1,769	-	11	2,674	-	34,542	(155,357)	-
Total revenue	<u>2,864,377</u>	<u>625,769</u>	<u>468,493</u>	<u>186,361</u>	<u>55,593</u>	<u>6,097</u>	<u>135,043</u>	<u>(155,357)</u>	<u>4,186,376</u>
<b>RESULTS</b>									
Segment results	267,209	22,009	59,055	6,151	18,013	6,105	803	-	379,345
Share of associates' profits less losses	52,215	(871)	10,507	7,806	11,919	-	748,886	-	830,462
Share of joint venture's profit	-	-	-	4,841	-	-	-	-	4,841
Interest income									19,260
Income from short-term fund placements									21,011
Finance costs									(25,370)
Unallocated corporate expenses									(18,439)
Profit before tax									<u>1,211,110</u>
<b>ASSETS</b>									
Segment assets	2,180,412	460,043	328,861	85,829	365,755	440,357	120,195	(251)	3,981,201
Investments in associates	360,330	34,677	177,283	50,746	185,501	-	16,853,912	-	17,662,449
Investment in joint venture	-	-	-	65,418	-	-	-	-	65,418
Bank deposits and short-term fund placements									972,790
Tax assets									8,756
Other unallocated corporate assets									12,096
Total assets									<u>22,702,710</u>



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

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

**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 current interim period and year to-date under review, except for the following :

- a) On 9 May 2016, SES Environmental Services Sdn Bhd and Solar Status Sdn Bhd, both indirect subsidiaries of PPB, entered into a sale and purchase agreement to dispose of their respective 65% and 15% equity interests in AWS Sales and Services Sdn Bhd ("AWS"). Accordingly, AWS has ceased to be a subsidiary of PPB.
- b) On 1 September 2016, PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Peakland Property Management Sdn Bhd ("Peakland") for cash at par. Arising therefrom, Peakland has become a wholly-owned subsidiary of PPB.
- c) On 1 September 2016, Kembang Developments Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.
- d) On 20 September 2016, CWM Group Sdn Bhd ("CWM"), a 100%-owned indirect subsidiary of PPB held via Chemquest Sdn Bhd, acquired the entire issued and paid-up share capital comprising 10,000 ordinary shares of RM1 each in Dinamik Cemerlang Sdn Bhd ("DCSB") for a total cash consideration of RM1.9 million. DCSB holds 30% equity interest in Cipta Wawasan Maju Engineering Sdn Bhd ("CWME"), an existing 70%-owned indirect subsidiary of PPB held through CWM.

Arising from the above, DCSB and CWME have become 100%-owned indirect subsidiaries of PPB.

- e) On 30 September 2016, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Mediamore Sdn Bhd ("MSB") for cash at par. Arising therefrom, MSB has become an indirect 100%-owned subsidiary of PPB.
- f) On 16 November 2016, SES Environmental Services Sdn Bhd and Solar Status Sdn Bhd, both indirect subsidiaries of PPB, commenced their respective members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up of both companies is in progress.
- g) On 20 December 2016, Zegwaard Bumianda Sdn Bhd, a 100%-owned indirect subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.

**A10. Changes in contingent liabilities or contingent assets**

There were no changes in contingent assets and contingent liabilities since the end of the last annual reporting period.

**A11. Capital commitments**

Authorised capital commitments not provided for in the interim financial report as at 31 December 2016 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	49,883
- not contracted	278,037
	<u>327,920</u>
Other capital commitments	
- contracted	72,870
	<u>400,790</u>

**A12. Significant related party transactions**

Significant related party transactions during the year ended 31 December 2016 were as follows :

	RM'000
Transactions with associates	
- Management fees received/receivable	728
- Film rental received/receivable	669
- Interest income received/receivable	2,548
- Purchase of goods	<u>5,272</u>
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	<u>6,136</u>
Transactions with subsidiaries of associates	
- Purchase of goods	174,625
- Sales of goods	62,424
- Rental received	3,500
- Project management fees received/receivable	3,949
- Security and other service fees paid/payable	3,463
- Marketing fees received/receivable	2,248
- Supervision fees received/receivable	2,535
- Charter hire of vessels	<u>56,403</u>

**B. BMSB Listing Requirements (Part A of Appendix 9B)****B1. Analysis of performance for the financial period to-date**

Group revenue of RM1.02 billion in 4Q2016 was 6% lower than the RM1.09 billion in 4Q2015. Both the *Consumer products* as well as *Investments and Other operations* segments reported higher revenue. However, this was negated by reduced revenues from the other segments. For FY2016, Group revenue increased by 3% to RM4.19 billion from RM4.05 billion for FY2015. This was mainly attributed to higher revenue generated from the *Grains and agribusiness*, *Consumer products*, *Film exhibition and distribution* despite lower revenue delivered by *Environmental engineering and utilities*, and *Property* segments.

Group pre-tax profit increased by 39% to RM527 million in 4Q2016 and 3% to RM1.21 billion for FY2016 compared with RM379 million and RM1.18 billion respectively in the previous quarter and year. This was mainly due to higher profit contribution from an associate, Wilmar International Limited ("Wilmar"), which cushioned lower results recorded by most of the Group's segments in 4Q2016. Better results generated from the Group's China associates as well as the *Grains and agribusiness* segment contributed to higher profit for FY2016.

**Group financial performance by business segment**

	4Q2016	4Q2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Grains and agribusiness	720,413	747,000	(26,587)	(4%)
Consumer products	158,977	145,670	13,307	9%
Film exhibition and distribution	101,637	107,331	(5,694)	(5%)
Environmental engineering and utilities	37,108	78,062	(40,954)	(52%)
Property	11,868	20,486	(8,618)	(42%)
Investments and Other operations	33,652	30,768	2,884	9%
Elimination	(40,210)	(38,717)	(1,493)	
<b>Total revenue</b>	<b>1,023,445</b>	<b>1,090,600</b>	<b>(67,155)</b>	<b>(6%)</b>

	FY2016	FY2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Grains and agribusiness	2,864,377	2,710,870	153,507	6%
Consumer products	625,769	590,717	35,052	6%
Film exhibition and distribution	468,493	435,571	32,922	8%
Environmental engineering and utilities	186,361	255,321	(68,960)	(27%)
Property	55,593	65,366	(9,773)	(15%)
Investments and Other operations	141,140	140,657	483	0%
Elimination	(155,357)	(150,188)	(5,169)	
<b>Total revenue</b>	<b>4,186,376</b>	<b>4,048,314</b>	<b>138,062</b>	<b>3%</b>

	4Q2016	4Q2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
Grains and agribusiness	62,277	72,745	(10,468)	(14%)
Consumer products	6,648	10,072	(3,424)	(34%)
Film exhibition and distribution	1,371	15,433	(14,062)	(91%)
Environmental engineering and utilities	(366)	2,449	(2,815)	>(100%)
Property	1,198	4,842	(3,644)	(75%)
Investments and Other operations	(13,528)	(3,181)	(10,347)	>(100%)
<b>Total segment results</b>	<b>57,600</b>	<b>102,360</b>	<b>(44,760)</b>	<b>(44%)</b>
Share of associates and joint venture's profits less losses	468,684	280,474	188,210	67%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	541	(4,086)	4,627	>100%
<b>Total profit before tax</b>	<b>526,825</b>	<b>378,748</b>	<b>148,077</b>	<b>39%</b>

	FY2016	FY2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
Grains and agribusiness	267,209	260,376	6,833	3%
Consumer products	22,009	25,351	(3,342)	(13%)
Film exhibition and distribution	59,055	65,613	(6,558)	(10%)
Environmental engineering and utilities	6,151	10,572	(4,421)	(42%)
Property	18,013	25,166	(7,153)	(28%)
Investments and Other operations	6,908	11,744	(4,836)	(41%)
<b>Total segment results</b>	<b>379,345</b>	<b>398,822</b>	<b>(19,477)</b>	<b>(5%)</b>
Share of associates and joint venture's profits less losses	835,303	795,487	39,816	5%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(3,538)	(13,187)	9,649	73%
<b>Total profit before tax</b>	<b>1,211,110</b>	<b>1,181,122</b>	<b>29,988</b>	<b>3%</b>

**Grains and agribusiness**

Segment revenue was RM720 million in 4Q2016 compared with RM747 million in 4Q2015 mainly due to lower flour sales volume in Indonesia. The Malaysian flour mills also recorded lower revenue from decreased selling prices and sales volume. For FY2016, the segment revenue rose 6% to RM2.86 billion compared with RM2.71 billion for FY2015. This was primarily due to flour sales volume increase in Vietnam with full year contribution from the flour mill in northern Vietnam, coupled with increase in both selling prices and sales volume in Indonesia despite lower revenue from flour mills in Malaysia.

*Grains and agribusiness* posted profits of RM62 million in 4Q2016 compared with RM73 million in the same period last year as a result of lower margins in flour sales. For FY2016, segment profit was marginally higher at RM267 million against RM260 million a year ago. The better performance from flour mills in Indonesia and Vietnam was offset in part by lower profits from the flour mills in Malaysia and lower net foreign exchange translation gain.

**Consumer products**

The segment revenue growth of 9% to RM159 million in 4Q2016, and 6% to RM626 million for FY2016 was contributed by distribution of new agency products and improved sales of existing in-house products. Higher sales volume and selling prices of bakery products also contributed to revenue growth in the quarter and year to-date under review.

Notwithstanding the revenue growth and better results from the bakery division, segment profits were lower at RM6.6 million in 4Q2016 and RM22 million for FY2016 compared with RM10 million and RM25 million respectively in the corresponding periods last year, mainly due to increase in staff costs and higher sales of lower margin products.

**Film exhibition and distribution**

The *Film exhibition and distribution* segment generated lower revenue of RM102 million in 4Q2016 compared with RM107 million in 4Q2015 due to comparatively weaker movie titles released in the fourth quarter. However, segment revenue grew by 8% to RM468 million in FY2016 from RM436 million in FY2015 due mainly to contribution from new cinemas which opened in 2015, improved cinema collections from strong local, blockbuster and Chinese New Year movie releases and higher concession sales.

Segment profit in 4Q2016 was lower at RM1.4 million which was in line with the revenue reported in the quarter under review. Despite higher revenue recorded for FY2016, lower contribution from film distribution and a foreign exchange translation loss on USD-denominated loans resulted in lower segment profit of RM59 million for FY2016.

**Environmental engineering and utilities**

Segment revenue for 4Q2016 and FY2016 was lower at RM37 million and RM186 million respectively compared with the same periods last year. This was due to progressive completion of engineering projects and relatively lower number of projects secured in 2016. The newly-secured projects are at their initial stages and have yet to contribute in the periods under review.

In tandem with the lower revenue, the segment reported an overall loss of RM0.4 million in 4Q2016 and lower profits of RM6.1 million for FY2016.

**Property**

For the current quarter and year under review, rental income from the Group's investment properties was the main contributor to segment revenue. The *Property* segment posted lower revenue of RM12 million in 4Q2016 and RM56 million for FY2016 compared with RM20 million in 4Q2015 and RM65 million for FY2015. This was mainly due to revenue from progress billings being recognised in 1H2016 on delivery of vacant possession of properties sold in Taman Tanah Aman, Seberang Perai and the reduced rental income from lower occupancy rates.

Segment profits reduced to RM1.2 million in 4Q2016 and RM18 million for FY2016 from RM4.8 million and RM25 million respectively in 4Q2015 and FY2015 in line with the lower revenue.

### Investments and Other operations

The combined segment revenue increased by 9% in 4Q2016 to RM34 million mainly derived from dividend income received. For FY2016, the combined segment revenue was broadly similar at RM141 million. The Chemical trading and manufacturing business contributed higher revenue to the combined segment riding on higher sales and this was partly offset by lower dividend income received and lesser sales in the packaging division.

The combined segments collectively registered a higher loss of RM14 million in 4Q2016, due to inventories written down and losses in packaging division. For FY2016, the combined segment profit was lower at RM7 million compared with RM12 million for FY2015. While the chemical trading and manufacturing business recorded higher profits for FY2016 from increased revenue and better margins, the combined segment profit was lower due to lower dividend income received, losses in the packaging division as well as a one-off gain on liquidation of a subsidiary in FY2015.

### Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits was RM469 million in 4Q2016 compared with RM280 million in 4Q2015. Wilmar contributed higher profits of RM444 million in 4Q2016 against RM266 million in 4Q2015, mainly attributed to strong performance across all its business segments. For FY2016, profit contribution from associates and joint venture was higher at RM835 million compared with RM795 million in FY2015. Wilmar's contribution for FY2016 was marginally lower at RM748 million compared with RM765 million for FY2015, largely attributed to the loss incurred in the second quarter of this year; this was mitigated by foreign exchange translation gain on the share of Wilmar's results reported in USD. Higher profit for FY2016 was also due to positive contribution from the Group's investments in China associates.

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

Segment results	4Q2016	3Q2016	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	62,277	88,175	(25,898)	(29%)
Consumer products	6,648	7,805	(1,157)	(15%)
Film exhibition and distribution	1,371	7,843	(6,472)	(83%)
Environmental engineering and utilities	(366)	779	(1,145)	>(100%)
Property	1,198	1,371	(173)	(13%)
Investments and Other operations	(13,528)	2,836	(16,364)	>(100%)
Total segment results	57,600	108,809	(51,209)	(47%)
Share of associates and joint venture's profits less losses	468,684	320,996	147,688	46%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	541	(80)	621	>100%
Total profit/(loss) before tax	526,825	429,725	97,100	23%

The Group recorded a pre-tax profit of RM527 million in 4Q2016 compared with RM430 million in 3Q2016. Wilmar contributed higher profit of RM444 million to the Group in 4Q2016 compared with RM293 million in 3Q2016.

The *Grains and agribusiness* segment profits decreased to RM62 million mainly due to lower selling prices and higher raw material costs incurred by the animal feed division and lower net foreign exchange translation gain on USD-denominated loans. The *Property* segment profit fell slightly to RM1.2 million mainly due to lower rental income. The combined segment reported a loss of RM14 million as a result of losses in the packaging division; while the *Film exhibition and distribution* delivered lower profits of RM1.4 million due to weaker movies released. *Consumer products* recorded a lower segment profit of RM6.6 million mainly caused by higher staff and distribution costs. *Environmental engineering and utilities* saw a loss of RM0.4 million as most of the profits had been recognised on completed engineering projects in previous quarters.

**B3. Prospects for the next financial year**

Bank Negara Malaysia has reported that while the external environment may continue to remain challenging, the Malaysian economy will experience sustained growth in 2017 with the primary driver being domestic demand. Private consumption is anticipated to remain supported by wage and employment growth, with additional impetus from announced Government measures to support household disposable income. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. (Extracted from Bank Negara Malaysia Quarterly Bulletin 4th Quarter 2016)

The operating environment in 2017 is expected to be challenging for the Group's core businesses. Intense competition will continue in the flour markets in Malaysia, Indonesia and Vietnam, while the feed market in Malaysia will be uncertain with the rapidly evolving industry landscape. However, the Group is confident of maintaining its strong position in the *Grains & agribusiness* segment with its industry knowledge and experience. While the weaker Ringgit and economic uncertainty are expected to weigh on consumer confidence and affect spending, the Group expects the performance of the *Consumer products* segment to continue to be satisfactory. The *Film exhibition and distribution* segment will be supported by the opening of three new cinemas and strong line-up of movies in 2017. The *Environmental engineering and utilities* segment is well-positioned to participate in Government projects to upgrade and renew the water and sewage infrastructure. The *Property* segment is planning to launch a new development project in a strategic location, and will continue to focus on improving the yield of its investment properties.

While the Group's main business segments are expected to perform satisfactorily, Wilmar's performance will continue to contribute substantially to the Group's overall financial results for 2017.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 31-Dec-16 RM'000	Cumulative Quarter 12 months ended 31-Dec-16 RM'000
Profit before tax is stated after crediting :		
Dividend income	1,392	6,098
Fair value gain on derivatives	4,300	55,423
Foreign exchange gain	4,104	31,134
Interest income	5,847	19,260
Income from short-term fund placements	5,720	21,011
Rental income	2,007	5,806
Gain on disposal of a subsidiary	-	175
Gain on disposal of land and building	-	3,891
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(671)	(3,530)
Depreciation and amortisation	(56,261)	(145,784)
Fair value gain/(loss) on derivatives	1,704	(11,932)
Foreign exchange gain/(loss)	2,090	(24,322)
Interest expense	(6,339)	(25,370)

**B6. Tax expense**

	Individual Quarter 3 months ended 31-Dec-16 RM'000	Cumulative Quarter 12 months ended 31-Dec-16 RM'000
Taxation comprises :		
Malaysian taxation		
Current	19,770	94,914
Deferred	(731)	(2,463)
	19,039	92,451
Foreign taxation		
Current	(1,144)	9,374
Deferred	3,576	5,426
	21,471	107,251
(Over)/Under provision in prior year		
Current	1,749	(1,926)
Deferred	(1,805)	(1,086)
	21,415	104,239

The effective tax rate is higher than the average statutory rate for the period mainly due to deferred tax credit not recognised by certain subsidiaries. Deferred tax benefit will be recognised when the subsidiaries are able to estimate accurately the timing of its future profits.

**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 21 February 2017.

**B8. Group borrowings**

Total Group borrowings as at 31 December 2016 were as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	114,178	114,178	-
Long-term bank loans (VND)	2,164	2,164	-
Repayments due within the next 12 months	(43,424)	(43,424)	-
	72,918	72,918	-
Short-term bank borrowings			
Bills payable	20,000	-	20,000
Bills payable (IDR)	31,062	-	31,062
Short-term loans	650	-	650
Short-term loans (USD)	158,160	-	158,160
Short-term loans (IDR)	160,320	-	160,320
Short-term loans (VND)	40,412	-	40,412
Current portion of long-term loans	43,424	43,424	-
	454,028	43,424	410,604
Bank overdrafts	1,058	-	1,058
	455,086	43,424	411,662

**B9. Material litigation**

There was no material litigation as at 21 February 2017.

**B10. Dividends**

The Board of Directors is pleased to recommend a final single tier dividend for the financial year ended 31 December 2016 of 17 sen per share (2015 : 17 sen per share single tier) payable on Thursday, 25 May 2017 subject to the approval of shareholders at the 48th Annual General Meeting to be held on Tuesday, 9 May 2017

Together with the interim single tier dividend of 8 sen per share paid on 28 September 2016, the total dividend paid and payable for the financial year ended 31 December 2016 would be 25 sen per share single tier (2015 - Interim : 8 sen per share single tier; Final : 17 sen per share single tier).

**Dividend entitlement/payment date**

Notice is hereby given that subject to shareholders' approval, the final dividend is payable on Thursday, 25 May 2017 to shareholders whose names appear in the Record of Depositors at the close of business on Monday, 15 May 2017.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Monday, 15 May 2017 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 for financial year 2015 and up to the date of this report are as follows :

Financial Year	Type	Amount per share	Date paid/payable
2015	Interim dividend	8 sen	28 September 2015
2015	Final dividend	17 sen	25 May 2016
2016	Interim dividend	8 sen	28 September 2016
2016	Final dividend	17 sen	25 May 2017

**B11. Earnings per share**

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

There is no diluted earnings per share for the current quarter or financial year as there were no dilutive potential ordinary shares.

**B12. Disclosure of audit report qualification and status of matters raised**

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



**B13. Realised and unrealised profits/losses**

The retained profits of the Group are analysed as follows :

	As at 31-Dec-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	13,022,777	12,743,455
- Unrealised	(98,796)	(84,591)
	<u>12,923,981</u>	<u>12,658,864</u>
Total share of retained profits/(accumulated losses) from associates :		
- Realised	210,443	151,631
- Unrealised	(1,292)	(1,543)
- Wilmar International Limited ("Wilmar") *	5,739,841	5,265,268
Total share of retained profits from joint venture :		
- Realised	10,028	8,313
	<u>18,883,001</u>	<u>18,082,533</u>
Less : Consolidation adjustments	(2,328,909)	(2,277,911)
Total Group retained profits as per consolidated accounts	<u>16,554,092</u>	<u>15,804,622</u>

\* *Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown may be considered price-sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

**Kuala Lumpur**  
**28 February 2017**

**By Order of the Board**  
Mah Teck Keong  
Company Secretary