

HUAT LAI RESOURCES BERHAD (323273 - T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/13 RM'000	CURRENT YEAR TO DATE 31/12/14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/13 RM'000
CONTINUING OPERATIONS :				
Revenue	324,871	261,099	1,241,739	934,432
Operating expenses	(321,898)	(259,919)	(1,179,512)	(896,249)
Other operating income	707	1,289	3,845	3,784
Profit from operations	3,680	2,469	66,072	41,967
Finance costs	(8,282)	(6,780)	(32,090)	(30,070)
Share of results in jointly controlled entity	(47)	19	(39)	(31)
(Loss) / Profit before taxation	(4,649)	(4,292)	33,943	11,866
Income tax expense	(3,686)	(3,108)	(5,116)	(3,383)
(Loss) / Profit after taxation	(8,335)	(7,400)	28,827	8,483
Other comprehensive income	298	-	288	-
Total comprehensive (expenses) / income for the period	(8,037)	(7,400)	29,115	8,483
(Loss) / Profit after taxation attributable to :				
Equityholders of the Company	(9,591)	(4,784)	23,860	10,159
Non-controlling interests	1,256	(2,616)	4,967	(1,676)
	(8,335)	(7,400)	28,827	8,483
Total comprehensive (expenses) / income attributable to :				
Equityholders of the Company	(9,293)	(4,784)	24,148	10,159
Non-controlling interests	1,256	(2,616)	4,967	(1,676)
	(8,037)	(7,400)	29,115	8,483
(Loss) / Earning per share				
- basic (sen)	(12.32)	(6.15)	30.66	13.06
- diluted (sen)	-	-	30.66	12.90

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013

HUAT LAI RESOURCES BERHAD (323273 - T)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

The figures have not been audited.

	UNAUDITED AS AT 31/12/14 RM'000	AUDITED AS AT 31/12/13 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	700,247	657,482
Investment properties	323	341
Intangible assets	11,506	5,184
Investment in jointly controlled entity	5,196	5,084
	<u>717,272</u>	<u>668,091</u>
Current Assets		
Inventories	45,505	68,587
Biological assets	107,995	103,754
Receivables	105,511	101,244
Tax recoverable	187	77
Fixed deposits	28,391	30,883
Cash and bank balances	9,537	12,403
	<u>297,126</u>	<u>316,948</u>
Total Assets	<u><u>1,014,398</u></u>	<u><u>985,039</u></u>
EQUITY AND LIABILITIES		
Share capital	86,531	86,416
Share premium	3,156	3,149
Treasury shares	(7,734)	(7,734)
Revaluation reserve	77,998	77,998
Share option reserve	336	336
Translation reserve	288	-
Retained earnings	48,002	24,142
Shareholders' Equity	<u>208,577</u>	<u>184,307</u>
Non-controlling Interests	18,995	11,432
	<u>227,572</u>	<u>195,739</u>
Non-Current Liabilities		
Long term borrowings	228,283	212,215
Deferred taxation	37,696	37,694
	<u>265,979</u>	<u>249,909</u>
Current Liabilities		
Payables	199,199	211,414
Short term borrowings	302,644	320,167
Bank overdraft	13,705	6,722
Taxation	5,299	1,088
	<u>520,847</u>	<u>539,391</u>
TOTAL LIABILITIES	<u>786,826</u>	<u>789,300</u>
	-	-
TOTAL EQUITY AND LIABILITIES	<u><u>1,014,398</u></u>	<u><u>985,039</u></u>
NET ASSETS PER SHARE (RM)	<u>2.41</u>	<u>2.13</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013

HUAT LAI RESOURCES BERHAD (323273 - T)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

The figures have not been audited.

	Period Ended 31/12/14 RM'000	Period Ended 31/12/13 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	28,827	8,483
Adjustments for :		
Amortisation for intangible assets	100	100
Bad debt written off	77	229
Depreciation of property, plant and equipment	57,895	54,881
Impairment loss on trade receivable	468	459
Interest expense	32,090	30,070
Interest income	(612)	(628)
Gain on disposal of property, plant and equipment	(73)	(43)
Property, plant and equipment written off	134	561
Reversal of impairment loss on trade receivable	-	(73)
Share of results in jointly controlled entity	39	31
Tax charge	5,116	3,383
Unrealised exchange gain	(31)	(29)
Operating profit before working capital changes	<u>124,030</u>	<u>97,424</u>
Decrease / (Increase) in inventories	25,398	(12,610)
Increase in Biological assets	(4,241)	(7,866)
Increase in receivables	(4,753)	(18,292)
(Decrease) / Increase in payables	<u>(30,511)</u>	<u>20,777</u>
Cash from operations	109,923	79,433
Tax refunded	96	299
Tax paid	(263)	(821)
Net cash from operating activities	<u>109,756</u>	<u>78,911</u>
CASH FLOW FOR INVESTING ACTIVITIES		
Interest received	612	628
Increase in fixed deposit pledged	-	(2,807)
Purchase of property, plant and equipment	(68,361)	(53,532)
Proceeds from disposal of property, plant and equipment	-	208
Repayment from joint venture	-	250
Net cash outflow from acquisition of subsidiary	(97)	-
Net cash for investing activities	<u>(67,846)</u>	<u>(55,253)</u>
CASH FLOW FOR FINANCING ACTIVITIES		
Interest paid	(32,090)	(30,070)
Dividend paid	-	(3,112)
Issuing of shares	123	5
Short term borrowings (repaid) /raised	(23,166)	42,065
Proceed from issuance of share by subsidiary to non controlling interest	2,596	-
Repayment of revolving credits	-	(2,527)
Drawdown of term loans	53,969	32,016
Repayment of term loans	(34,000)	(27,656)
Repayment of hire purchase liabilities	(21,682)	(19,857)
Net cash for financing activities	<u>(54,250)</u>	<u>(9,136)</u>
Net (decrease) / increase in cash and cash equivalents	(12,340)	14,522
Cash and cash equivalents at beginning of the financial period	12,706	(1,816)
Cash and cash equivalents at end of the period	<u>366</u>	<u>12,706</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013

HUAT LAI RESOURCES BERHAD (323273 - T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

The figures have not been audited.

	Share Capital RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total RM'000
At 1 January 2014	86,416	(7,734)	77,998	336	3,149	-	24,142	184,307	11,432	195,739
Profit after taxation	-	-	-	-	-	-	23,860	23,860	4,967	28,827
Other comprehensive income for the period	-	-	-	-	-	288	-	288	-	288
-Translation Reserve	-	-	-	-	-	288	23,860	24,148	4,967	29,115
Total comprehensive income for the period	115	-	-	-	7	-	-	122	-	122
Issuance of new shares- ESOS	-	-	-	-	-	-	-	-	2,596	2,596
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 31 December 2014	86,531	(7,734)	77,998	336	3,156	288	48,002	208,577	18,995	227,572

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

	Share Capital RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total RM'000
At 1 January 2013	86,411	(7,734)	77,998	336	3,149	17,095	177,255	13,108	190,363
Issuance of new shares-ESOS	5	-	-	-	-	-	5	-	5
Total comprehensive income for the period	-	-	-	-	-	10,159	10,159	(1,676)	8,483
Dividend	-	-	-	-	-	(3,112)	(3,112)	(3,112)	(3,112)
At 30 December 2013	86,416	(7,734)	77,998	336	3,149	24,142	184,307	11,432	195,739

HUAT LAI RESOURCES BERHAD
(Company No. 323273-T)

NOTES TO THE QUARTERLY REPORT

A. Selected explanatory notes pursuant to FRS 134 Interim Financial Reporting

A1. Accounting Policies

The interim condensed financial statements are prepared in compliance with FRS 134, “Interim Financial Reporting” and Appendix B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim condensed financial statements have been prepared based on accounting policies and methods of computation which are consistent with those adopted in the preparation of the audited financial statements for the year ended 31 December 2013.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following new FRSS, Amendments to FRSS, and IC Interpretations that are effective for the Group from 1 January 2014:

FRSS and IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 10, FRS 12 and FRS 127 (2011) : Investment Entities

Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136 : Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139 : Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The above accounting standards and interpretations (including the consequential amendments) do not have any material impact on the Group’s financial statements.

The Malaysian Accounting Standards Board (“MASB”) has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRSs”) that are to be applied by all entities other than private entities; 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 called “transitioning entities”).

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group is currently assessing the possible

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A2. Changes in Accounting Policies (cont'd)

FRSs and IC Interpretations (Including The Consequential Amendments)
(cont'd)

financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

A3. Audit Report

The auditors' report on the preceding year's annual financial statements was not subject to any qualification.

A4. Seasonal And Cyclical Factors

Seasonal or cyclical factors do not significantly affect the principal business operations of the Group.

A5. Unusual Items

There were no unusual items in the current quarter and financial period to date.

A6. Changes in Estimate

There were no changes in the estimate of amounts reported in current interim period of the current financial year.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

A8. Dividends paid

There were no dividends paid during the quarter under review.

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A9. Segmental Information

	Poultry farming and processing	Manufacturing of fertilizer, feeds and egg trays	Others	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	1,234,159	3,216	4,364	-	1,241,739
Intersegment sales	432,978	416,583	-	(849,561)	-
Total	1,667,137	419,799	4,364	(849,561)	1,241,739

	Poultry Farming and processing	Manufacturing of fertilizer, feeds & egg trays	Others	Total
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	36,948	(1,658)	(1,347)	33,943
Profit/(Loss) after tax	31,445	(1,525)	(1,093)	28,827

A10. Valuations of Property, Plant and Equipment

The valuations of the properties of the Group which were carried out in 2011 have been brought forward from the previous annual audited financial statements without any amendment.

A11. Events After the Interim Period

There are no material events that have arisen in the interval between the end of the current quarter ended 31 December 2014 to the date of this announcement, which would substantially affect the financial results of Group for the current quarter and the financial year to date.

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A12. Changes In Composition Of The Group

There were no major changes in the composition of the Group during the year except for the completion of the acquisition of 70 % of PT Lestari Agribisnis Indonesia.

The effect of the acquisitions of the subsidiary on the financial results of the Group in the current year is as follows: -

	RM'000
Revenue	19,990
Expenses	<u>(19,495)</u>
	495
Less: Minority interests	<u>(148)</u>
	<u>347</u>

The effect of the acquisitions of the subsidiary on the financial position of the Group in the current year is as follows: -

	RM'000
Non-current assets	10,738
Current assets	4,570
Current liabilities	(12,093)
Non-current liabilities	<u>(1,475)</u>
	<u>1,740</u>

The details of net assets acquired, goodwill and cash flow arising from the acquisitions of the subsidiary are as follows:-

	RM'000
Non-current assets	15,265
Current assets	2,564
Current liabilities	<u>(24,120)</u>
	(6,291)
Goodwill	6,421
Total acquisition costs	<u>130</u>
Less: Cash and cash equivalents	<u>33</u>
	<u>97</u>

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A13. Changes In Contingent Liabilities

Changes in material contingent liabilities of the Group and Company since 31 December 2013 were as follows :

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Guarantees granted by the Company to third parties for credit facilities extended to subsidiaries	Nil	Nil	478,809	485,287
Outstanding guarantees granted by the Company to third parties for credit facilities extended to subsidiaries	Nil	Nil	449,186	468,434

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B. Selected explanatory notes pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

B1. Detailed Analysis Of The Performance Of All Operating Segments Of The Group

		Sales	Profit/(Loss) before tax
		RM'000	RM'000
Individual Quarter 31.12.14	Poultry	323,373	(3,438)
	Manufacturing	736	(585)
	Other	762	(626)
	Total	324,871	(4,649)
Cumulative Quarter 31.12.14	Poultry	1,234,159	36,948
	Manufacturing	3,216	(1,658)
	Other	4,364	(1,347)
	Total	1,241,739	33,943

The Group's turnover for the quarter ended 31 December 2014 has increased by 24.42% to RM324.871 million from RM261.099 million for the corresponding quarter ended 31 December 2013. The increase in turnover is mainly due to increase in quantities of poultry products for the current quarter.

The Group registered a pretax loss of RM4.649 million in December 2014 compared to a pretax loss of RM4.292 million in the corresponding quarter last year. The higher pretax loss is due to lower selling price of broilers.

B2. Comparison With The Preceding Quarter's Results

For the quarter ended 31 December 2014, the Group recorded a pretax loss of RM4.649 million as compared to a pretax profits of RM14.052 million for the preceding quarter ended 30 September 2014. This was due to the drop in price for broilers.

B3. Commentary On Current Year Prospect

Currently, the average purchase prices of imported raw materials and average selling prices of poultry products remain relatively stable. Barring any unforeseen circumstances, the Group cautiously expects to report a positive set of results in the coming financial year.

B4. Variance on forecast profit / profit guarantee

Not applicable as no profit guarantee was issued.

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B5. Statement By Directors

The Group did not issue any profit forecast or projection in a public document in the current quarter or prior financial period.

B6. Income Tax Expense

The tax expense comprises:

	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
In respect of the financial period				
Malaysian income tax	(3,449)	(2,046)	(4,879)	(2,046)
Deferred tax	(237)	(1,062)	(237)	(1,337)
	<u>(3,686)</u>	<u>(3,108)</u>	<u>(5,116)</u>	<u>(3,383)</u>

B7. Status Of Corporate Proposals

There were no corporate proposals announced but not completed as at 25 February 2015.

B8. Group Borrowings

Group borrowings all of which are secured as at 31 December 2014 were as follows:

	Current RM'000	Non Current RM'000	Total RM'000
Hire purchase and finance lease liabilities	22,452	20,409	42,861
Bank borrowings	280,192	207,874	488,066
Bank overdraft	13,705	-	13,705
Total borrowings	316,349	228,283	544,632

The borrowings are all denominated in Ringgit Malaysia.

B9. Pending Material Litigation

There was no pending material litigation as at the date of this quarterly report.

B10. Dividend

No dividend has been declared for the current quarter under review.

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B11. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
a) <i>Basic Earnings per Share</i>				
Net profit for the period	(9,591)	(4,784)	23,860	10,159
Weighted average number of ordinary shares	77,879	77,789	77,820	77,786
Basic Earnings per share (sen)	(12.32)	(6.15)	30.66	13.06
b) <i>Diluted Earnings Per Share</i>				
Net profit for the period	-	-	23,860	10,159
Weighted average number of ordinary shares	-	-	77,820	77,786
Number of shares deemed to have been issued for no consideration – ESOS	-	-	-	994
Weighted average number of ordinary shares	-	-	77,820	78,780
Diluted earnings per share (sen)	-*	-*	30.66	12.90

*There is no diluted earnings per share because it is anti-dilutive.

B12. Cash and cash equivalents at end of the financial year

	RM'000
Cash and bank balances	9,537
Fixed deposits with licensed banks	28,391
Bank Overdraft	(13,705)
	<u>24,223</u>
Less : Fixed deposits pledged	(23,857)
	<u><u>366</u></u>

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B13. Realised and unrealised profits of the Group

	31.12.14 RM'000	30.09.14 RM'000
Total retained profits		
- Realised gain	75,106	84,647
- Unrealised loss	<u>(37,664)</u>	<u>(37,614)</u>
Total retained profits	37,442	47,033
Add : Consolidation adjustment	<u>10,560</u>	<u>10,560</u>
	<u>48,002</u>	<u>57,593</u>

B14. Profit Before Tax

	Individual Quarter 31.12.14 RM'000	Cumulative Quarter 31.12.14 RM'000
Profit before tax is arrived at		
After charging / (crediting) :-		
Interest income	(201)	(612)
Other income	1,041	(391)
Interest expenses	8,282	32,090
Depreciation	15,048	57,895
Foreign exchange loss / (gain)		
- realised	(929)	(1,147)
- unrealised	(16)	(31)

Other than the above items, there were no provision for and write off of inventories, gain or loss on disposal of unquoted investment or properties, gain or loss on derivatives and exceptional items for the current quarter and financial year to date.