

HUAT LAI RESOURCES BERHAD (323273 - T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The figures have not been audited.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31/03/16 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/15 RM'000	CURRENT YEAR TO DATE 31/03/16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/15 RM'000
CONTINUING OPERATIONS :				
Revenue	394,835	369,103	394,835	369,103
Operating expenses	(371,014)	(334,939)	(371,014)	(334,939)
Other operating income	711	1,357	711	1,357
Profit from operations	24,532	35,521	24,532	35,521
Finance costs	(6,965)	(8,477)	(6,965)	(8,477)
Share of results in jointly controlled entity	-	7	-	7
Profit before taxation	17,567	27,051	17,567	27,051
Income tax expense	(1,027)	(639)	(1,027)	(639)
Profit after taxation	16,540	26,412	16,540	26,412
Other comprehensive expenses	(999)	(456)	(999)	(456)
Total comprehensive income for the period	15,541	25,956	15,541	25,956
Profit after taxation attributable to :				
Equityholders of the Company	16,656	23,567	16,656	23,567
Non-controlling interests	(116)	2,845	(116)	2,845
	<u>16,540</u>	<u>26,412</u>	<u>16,540</u>	<u>26,412</u>
Total comprehensive income attributable to :				
Equityholders of the Company	15,657	23,111	15,657	23,111
Non-controlling interests	(116)	2,845	(116)	2,845
	<u>15,541</u>	<u>25,956</u>	<u>15,541</u>	<u>25,956</u>
Earning per share				
- basic (sen)	21.35	30.25	21.35	30.25
- diluted (sen)	21.35	29.84	21.35	29.84

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015

HUAT LAI RESOURCES BERHAD (323273 - T)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

The figures have not been audited.

	UNAUDITED AS AT 31/03/16 RM'000	AUDITED AS AT 31/12/15 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	717,890	720,711
Investment properties	325	327
Intangible assets	11,381	11,406
Deferred tax assets	155	158
	<u>729,751</u>	<u>732,602</u>
Current Assets		
Inventories	52,515	50,476
Biological assets	115,352	110,932
Receivables	138,173	127,804
Current tax assets	95	119
Fixed deposits	19,830	24,692
Cash and bank balances	37,685	21,560
	<u>363,650</u>	<u>335,583</u>
Total Assets	<u><u>1,093,401</u></u>	<u><u>1,068,185</u></u>
EQUITY AND LIABILITIES		
Share capital	86,649	86,649
Share premium	3,215	3,215
Treasury shares	(7,734)	(7,734)
Revaluation reserve	74,595	74,595
Foreign exchange translation reserve	1,112	2,111
Retained earnings	108,486	89,461
Shareholders' Equity	<u>266,323</u>	<u>248,297</u>
Non-controlling Interests	28,891	21,360
	<u>295,214</u>	<u>269,657</u>
Non-Current Liabilities		
Long term borrowings	217,271	222,051
Deferred tax liabilities	42,778	42,290
Provision for employees' benefits	326	333
	<u>260,375</u>	<u>264,674</u>
Current Liabilities		
Payables	250,825	246,452
Short term borrowings	278,561	277,369
Bank overdraft	5,484	7,393
Current tax liabilities	2,942	2,640
	<u>537,812</u>	<u>533,854</u>
TOTAL LIABILITIES	<u><u>798,187</u></u>	<u><u>798,528</u></u>
	-	-
TOTAL EQUITY AND LIABILITIES	<u><u>1,093,401</u></u>	<u><u>1,068,185</u></u>
NET ASSETS PER SHARE (RM)	<u><u>3.07</u></u>	<u><u>2.87</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The figures have not been audited.

	Share Capital RM'000	Treasury Shares RM'000	Revaluation 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 2016	86,649	(7,734)	74,595	3,215	2,111	89,461	248,297	21,360	269,657
Profit after taxation	-	-	-	-	-	16,656	16,656	7,531	24,187
Other comprehensive income for the period -Translation Reserve	-	-	-	-	(999)	-	(999)	-	(999)
Total comprehensive income for the period	-	-	-	-	(999)	16,656	15,657	7,531	23,188
Accretion in equity interest in subsidiaries	-	-	-	-	-	2,369	2,369	-	2,369
At 31 MARCH 2016	86,649	(7,734)	74,595	3,215	1,112	108,486	266,323	28,891	295,214

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE FIRST QUARTER ENDED 31 MARCH 2015

	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 2015	86,531	(7,734)	77,998	336	3,156	277	48,002	208,566	18,995	227,561
Profit after taxation	-	-	-	-	-	-	23,567	23,567	2,845	26,412
Other comprehensive income for the period -Translation Reserve	-	-	-	-	-	(456)	-	(456)	-	(456)
Total comprehensive income for the period	-	-	-	-	-	(456)	23,567	23,111	2,845	25,956
Issuance of new shares-ESOS	15	-	-	-	2	-	-	17	-	17
At 31 March 2015	86,546	(7,734)	77,998	336	3,158	(179)	71,569	231,694	21,840	253,534

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

The figures have not been audited.

	Period Ended 31/03/16 RM'000	Period Ended 31/03/15 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	16,540	26,412
Adjustments for :		
Amortisation for intangible assets	25	25
Depreciation of investment properties	1	4
Depreciation of property, plant and equipment	15,075	14,761
Loss on disposal of property, plant and equipment	-	70
Impairment loss on trade receivable	-	1,433
Interest expense	6,965	8,477
Interest income	(314)	(372)
Property, plant and equipment written off	-	132
Share of results in jointly controlled entity	-	(7)
Tax charge	1,027	639
Unrealised exchange loss / (gain)	528	(320)
Operating profit before working capital changes	<u>39,847</u>	<u>51,254</u>
Increase in inventories	(2,039)	(3,163)
Increase in Biological assets	(4,420)	(6,432)
Increase in receivables	(10,896)	(48,507)
Increase in payables	<u>10,050</u>	<u>44,998</u>
Cash from operations	32,542	38,150
Tax refunded	150	-
Tax paid	<u>(322)</u>	<u>(171)</u>
Net cash from operating activities	<u>32,370</u>	<u>37,979</u>
CASH FLOW FROM / (FOR) INVESTING ACTIVITIES		
Interest received	314	372
Advance to joint venture	-	(50)
Decrease in fixed deposit	4,861	-
Purchase of property, plant and equipment	<u>(2,391)</u>	<u>(8,635)</u>
Net cash from / (for) investing activities	<u>2,784</u>	<u>(8,313)</u>
CASH FLOW FOR FINANCING ACTIVITIES		
Interest paid	(6,965)	(8,477)
Issuing of shares	-	16
Repayment of bankers' acceptance	(13,812)	(3,901)
Drawdown of term loans	18,300	5,000
Repayment of term loans	(9,299)	(8,696)
Repayment of hire purchase liabilities	<u>(5,744)</u>	<u>(4,500)</u>
Net cash for financing activities	<u>(17,520)</u>	<u>(20,558)</u>
Net increase in cash and cash equivalents	17,634	9,108
Effect of translation difference	401	(364)
Cash and cash equivalents at beginning of the financial period	14,193	(4,138)
Cash and cash equivalents at end of the period	<u>32,228</u>	<u>4,606</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015

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 2015.

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 2015, except for the adoption of the following new FRSs, Amendments to FRSs, and IC Interpretations that are effective for the Group from 1 January 2016:-

FRSs and IC Interpretations (Including the Consequential Amendments)

Amendments to FRS 11 : Accounting for Acquisition of Interest in Joint Operations

Amendments to FRS 10, FRS 12 and FRS 128(2011) : Investment Entities-Appling the Consolidation Exception

Amendments to FRS 101 : Presentation of Financial Statements-Disclosure Initiative

Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 127(2011) : Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012-2014 Cycle

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 Standard board (“MASB”) has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“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”).

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A2. Changes in Accounting Policies (“Continued”)

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

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 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

A3. Auditors’ 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	393,620	591	624	-	394,835
Intersegment sales	183,873	133,256	-	(317,129)	-
Total	577,493	133,847	624	(317,129)	394,835

	Poultry Farming and processing	Manufacturing of fertilizer, feeds & egg trays	Others	Total
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	18,659	(480)	(612)	17,567
Profit/(Loss) after tax	17,632	(480)	(612)	16,540

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 March 2016 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

During the 1st quarter of year 2016, the Company being the holding of TPC Plus Berhad's ("TPC") has increased its shareholdings in TPC from 42,327,361 ordinary share of RM0.20 each to 139,592,677 ordinary shares of RM0.20 each following the implementation of TPC's Regularisation Plan :

	<u>No. of Shares in TPC</u>
Before Regularisation Plan	42,327,361
Regularisation Plan	
i. Subscription in full for rights shares entitlement	63,491,041
ii. Capitalisation of part of the amount owing by Teck Ping Chan Agriculture Sdn Bhd, a Subsidiary of TPC, to the Company	<u>33,774,275</u>
After Regularisation Plan	<u>139,592,677</u>

Upon the completion of TPC's Regularisation Plan on 4 February 2016, the Company now holds 139,592,677 ordinary shares of RM0.20 each representing approximately 59.71% of the issued and paid up share capital of TPC.

A13. Changes In Contingent Liabilities

Changes in material contingent liabilities of the Group and Company since 31 December 2015 were as follows :

	Group		Company	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Guarantees granted by the Company to third parties for credit facilities extended to subsidiaries	Nil	Nil	443,663	508,823
Outstanding guarantees granted by the Company to third parties for credit facilities extended to subsidiaries	Nil	Nil	399,793	445,516

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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 RM'000	Profit/(Loss) before tax RM'000
Individual Quarter 31.03.16	Poultry	393,620	18,659
	Manufacturing	591	(480)
	Other	624	(612)
	Total	394,835	17,567
Cumulative Quarter 31.03.16	Poultry	393,620	18,659
	Manufacturing	591	(480)
	Other	624	(612)
	Total	394,835	17,567

The Group's turnover for the quarter ended 31 March 2016 has increased by 6.97% to RM394.835 million from RM369.103 million for the corresponding quarter ended 31 March 2015. The contribution was mainly resulting from the sales volume which increased substantially following the expansion plans that carried out throughout the year.

The Group registered a pretax profit of RM17.567 million in March 2016 compared to a pretax profit of RM27.051 million in the corresponding quarter last year. The lower pretax profit is mainly due to lower selling prices of eggs compare to the preceding quarter.

B2. Comparison With The Preceding Quarter's Results

For the quarter ended 31 March 2016, the Group registered a pretax profit of RM17.567 million as compared to a pretax loss of RM19.791 million for the preceding quarter ended 31 December 2015. The pretax profit for the current quarter was due to improved selling prices of broilers compare to the preceding quarter.

B3. Commentary On Current Year Prospect

Moving forward, the Group expects to continue its growth momentum by engaging in various expansion plans under different segments. Management will constantly seek to drive further efficiency in poultry farming division and to put absolute focus in improving the working capital management as well as the operational cash flow of the Group.

Barring any unforeseen circumstances, the Board is confident that the Company will continue to deliver satisfactory performance.

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B4. Variance on forecast profit / profit guarantee

Not applicable as no profit guarantee was issued.

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	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
In respect of the financial period				
Malaysian income tax	(539)	(600)	(539)	(600)
Deferred tax	(488)	(39)	(488)	(39)
	<u>(1,027)</u>	<u>(639)</u>	<u>(1,027)</u>	<u>(639)</u>

B7. Status Of Corporate Proposals

There were no corporate proposals announced but not completed as at 26 May 2016.

B8. Group Borrowings

Group borrowings all of which are secured as at 31 March 2016 were as follows:

	Current RM'000	Non Current RM'000	Total RM'000
Hire purchase and finance lease liabilities	20,180	24,868	45,048
Bank borrowings	258,381	192,403	450,784
Bank overdraft	5,484	-	5,484
Total borrowings	284,045	217,271	501,316

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.

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B10. Dividend

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

B11. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
a) <i>Basic Earnings per Share</i>				
Net profit for the period	16,656	23,567	16,656	23,567
Weighted average number of ordinary shares	78,023	77,917	78,023	77,917
Basic Earnings per share (sen)	21.35	30.25	21.35	30.25
b) <i>Diluted Earnings Per Share</i>				
Net profit for the period	16,656	23,567	16,656	23,567
Weighted average number of ordinary shares	78,023	77,917	78,023	77,917
Number of shares deemed to have been issued for no consideration – ESOS	-	1,051	-	1,051
Weighted average number of ordinary shares	78,023	78,968	78,023	78,968
Diluted earnings per share (sen)	21.35	29.84	21.35	29.84

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

	RM'000
Cash and bank balances	37,685
Fixed deposits with licensed banks	19,830
Bank Overdraft	(5,484)
	<u>52,031</u>
Less : Fixed deposits pledged	(19,803)
	<u><u>32,228</u></u>

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B13. Realised and unrealised profits of the Group

	31.03.16	31.12.15
	RM'000	RM'000
Total retained profits		
- Realised gain	149,137	129,084
- Unrealised loss	<u>(43,151)</u>	<u>(42,123)</u>
Total retained profits	105,986	86,961
Add : Consolidation adjustment	<u>2,500</u>	<u>2,500</u>
	<u>108,486</u>	<u>89,461</u>

B14. Profit Before Tax

	Individual Quarter	Cumulative Quarter
	31.03.16	31.03.16
	RM'000	RM'000
Profit before tax is arrived at		
After charging / (crediting) :-		
Interest income	(314)	(314)
Other income	(698)	(698)
Interest expenses	6,965	6,965
Depreciation	15,075	15,075
Foreign exchange loss		
- realised	420	420
- unrealised	528	528

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.

B15. Authorisation for Issue

The financial statement were authorized for issue by the Board of Directors on 26 May 2016.