



CHUAN HUAT RESOURCES BERHAD
(290729-W)

Condensed Consolidated Financial Statements
For the Quarter and Three Months Ended
31 March 2014

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Financial Position
As at 31 March 2014**

(The figures below have not been audited)

	Unaudited As at 31.03.14 (RM'000)	Audited As at 31.12.13 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	87,079	82,506
Investment properties	13,228	13,242
Investments	3,894	3,874
Goodwill	777	777
	<u>104,978</u>	<u>100,399</u>
Current assets		
Inventories	101,867	100,223
Trade & other receivables	214,125	215,635
Cash & cash equivalents	29,866	25,646
	<u>345,858</u>	<u>341,504</u>
TOTAL ASSETS	<u>450,836</u>	<u>441,903</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	83,578	83,578
Reserves	83,365	82,389
	<u>166,943</u>	<u>165,967</u>
Non-controlling interest	14,084	13,968
Total equity	<u>181,027</u>	<u>179,935</u>
Non-current liabilities		
Borrowings	8,881	9,280
Deferred tax liabilities	1,836	1,788
	<u>10,717</u>	<u>11,068</u>
Current liabilities		
Trade & other payables	55,089	48,732
Borrowings	203,837	202,068
Taxation	166	100
	<u>259,092</u>	<u>250,900</u>
Total liabilities	<u>269,809</u>	<u>261,968</u>
TOTAL EQUITY AND LIABILITIES	<u>450,836</u>	<u>441,903</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.99	0.99

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2013

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Comprehensive Income
For the Quarter and Three months ended 31 March 2014**

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/03/14 (RM'000)	31/03/13 (RM'000)	31/03/14 (RM'000)	31/03/13 (RM'000)
Revenue	180,839	177,256	180,839	177,256
Operating expenses	(175,427)	(170,435)	(175,427)	(170,435)
Other income	835	1,375	835	1,375
Operating profit	6,247	8,196	6,247	8,196
Depreciation and amortisation	(1,924)	(1,644)	(1,924)	(1,644)
Interest expenses	(2,283)	(2,042)	(2,283)	(2,042)
Interest income	380	619	380	619
Provision for and write off of receivables	(368)	(199)	(368)	(199)
Provision for and write off of inventories	(3)	-	(3)	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	(14)	(14)	(14)	(14)
Foreign exchange gain or loss	(4)	(3)	(4)	(3)
Profit before tax	2,031	4,913	2,031	4,913
Taxation	(881)	(1,159)	(881)	(1,159)
Profit for the period	1,150	3,754	1,150	3,754
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	1,150	3,754	1,150	3,754
Profit attributable to:-				
Owner of the parent	1,034	3,500	1,034	3,500
Non-controlling interest	116	254	116	254
Profit for the period	1,150	3,754	1,150	3,754
Earnings per share (sen):-				
Basic earning per share	0.62	2.09	0.62	2.09
Diluted earning per share	0.49	1.68	0.49	1.68

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2013.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Changes in Equity
For the Three months ended 31 March 2014**

(The figures below have not been audited)

	Attributable to equity holders of the parent					Minority interests (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Non-Distributable Capital Reserves (RM'000)	Distributable Warrant Reserve (RM'000)	Distributable Retained earnings (RM'000)	Total (RM'000)		
At 1 January 2014	83,578	22,035	566	59,788	165,967	13,968	179,935
Total comprehensive income for the period	-	(58)	-	1,034	976	116	1,092
At 31 March 2014	83,578	21,977	566	60,822	166,943	14,084	181,027
At 1 January 2013	83,578	21,923	566	53,425	159,492	13,738	173,230
Total comprehensive income for the period	-	9	-	3,500	3,509	254	3,763
Disposal of subsidiary company	-	-	-	(1)	(1)	-	(1)
Acquisition of addition equity interests in subsidiary company	-	-	-	-	-	89	89
Dividend paid to non-controlling interests	-	-	-	-	-	(84)	(84)
At 31 March 2013	83,578	21,932	566	56,924	163,000	13,997	176,997

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2013

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Cash Flows
For the Three months ended 31 March 2014**

(The figures below have not been audited)

	3 months ended	
	31/03/14	31/03/13
	(RM'000)	(RM'000)
Cash flows from operating activities		
Profit before tax from operation	2,031	4,913
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	1,924	1,644
Interest expenses	2,283	2,042
Interest income	(380)	(619)
Provision for and write off of receivables	368	199
Non-cash items	(519)	(906)
Operating profit before working capital changes	5,707	7,273
Increase in inventories	(1,647)	(3,222)
(Increase)/decrease in receivables	1,989	(16,165)
Decrease in payables	6,358	8,452
Cash generated from operations	12,407	(3,662)
Interest received	318	585
Interest paid	(2,120)	(1,727)
Net tax (paid)/ refund	(1,138)	706
Net cash inflow/ (outflow) from operating activities	9,467	(4,098)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,309)	(830)
Purchase of investment and investment properties	(20)	(9)
Net cash inflow from disposal of a subsidiary company	-	9
Proceeds from disposal of property, plant and equipment	91	88
Interest received	62	34
Interest paid	-	(232)
Net cash outflow from investing activities	(6,176)	(940)
Cash flows from financing activities		
Net repayments of term loans	(296)	(49)
Repayments of finance lease liabilities	(428)	(620)
Net proceeds from short term borrowings	4,608	12,705
Proceeds from issuance of shares to minority interest	-	89
Dividend paid to non-controlling interest	-	(84)
Interest paid	(163)	(83)
Increased in fixed deposit pledged	(137)	(505)
Net cash inflow from financing activities	3,584	11,453
Effects of changes in exchange rates	(58)	-
Net increase in cash & cash equivalents	6,875	6,415
Cash & cash equivalents at beginning of the financial year	9,830	(1,828)
Cash & cash equivalents at end of the financial period	16,647	4,587

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2013.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

1. Basis of Preparation

These interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 – *Interim Financial Reporting* and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013 which were prepared under the Financial Reporting Standards ("FRS").

The explanatory notes attached to the interim financial statements 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 2013.

2. Significant Accounting Policies

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the preparation of the Group's recent audited financial statements for the FYE 31 December 2013, except for the adoption of the following MFRSs, Issues Committee ("IC") Interpretations and amendments to MFRSs and IC Interpretations during the current financial period :-

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities
Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 - Levies

As at the date of authorisation of these interim financial statements, the Group have not made early adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs which have been issued and will be effective for the financial periods as stated below:-

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"

Effective for a date yet to be confirmed

MFRS 9 - Financial Instruments (IFRS 9 issued in November 2009)
MFRS 9 - Financial Instruments (IFRS 9 issued in October 2010)
Amendments to MFRS 7 and MFRS 9 - Mandatory Effective Date of MFRS 9 and Transition Disclosures
MFRS 9, Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)

The Group will apply the above MFRSs and amendments to MFRSs once they become effective. The above standards and amendments are not expected to have any material financial impact on the financial statements of the Group on initial adoption

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



3. Auditors' Report in respect of the 2012 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

4. Seasonality or Cyclicity of Interim Operations

The Group's performance was not affected by any significant seasonal or cyclical factors in the current quarter under review.

5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter and three months ended 31 March 2014.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and three months ended 31 March 2014.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and three months ended 31 March 2014.

8. Dividends Paid

No dividend has been paid during the quarter and three months ended 31 March 2014.

9. Segment Information

<u>Segment Revenue</u>	3 months ended	
	31.03.14 (RM'000)	31.03.13 (RM'000)
Trading of hardware & building materials	216,992	209,121
Trading of IT related products	20,310	19,082
Others	733	467
Total revenue including inter-segment sales	238,035	228,670
Elimination of inter segment sales	(57,196)	(51,414)
Total revenue	180,839	177,256

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



	3 months ended	
	31.03.14 (RM'000)	31.03.13 (RM'000)
<u>Profit/ (loss) from operations</u>		
Trading of IT related products	313	416
Others	76	(10)
Total Operating Profit	6,247	8,196
<u>Profit/ (loss) before taxation</u>		
Trading of hardware & building materials	2,014	5,084
Trading of IT related products	138	283
Others	(121)	(454)
Total Profit before taxation	2,031	4,913

10. Carrying Amount of Revalued Assets

There were no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group did not adopt a revaluation on its property, plant and equipment.

11. Material Events Subsequent to the Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

12. Changes in Composition of the Group

The were no changes in the composition of the Group during the quarter and three months ended 31 March 2014 and up to the date of this Interim Financial Report.

13. Contingent Liabilities/Contingent Assets

	31/03/14 (RM'000)	31/12/13 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	286,792	286,792	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	48,900	36,900	12,000

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



14. Capital Commitments

The Group has commitments as follows:

	31/03/14 (RM'000)	31/12/13 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	173	3,126	(2,953)

15. Related Party Transactions

The related parties of the Group and of the Company comprise the following:

Related companies being subsidiary companies of Chuan Huat Resources Berhad (CHRB) are as follow:-

- i) Chuan Huat Metal Sdn Bhd (CHM), a 80% owned subsidiary
- ii) Pineapple Resources Berhad, a 63.85% owned subsidiary and it's subsidiary companies (PRB Group)
- iii) Keyline Consulting Sdn Bhd (KLC), a 70% owned subsidiary
- iv) CHRB Building Materials Sdn Bhd (CHRB BM), a 60% owned subsidiary
- v) CHRB Trading Sdn Bhd (CHRB Trading), a 55% owned subsidiary

Other related parties being an associated company of the Chuan Huat Resources Berhad Group of companies and companies in which Directors of the Company and Directors of subsidiary companies have an interest.

The significant related party transactions are as follows:

	3 months ended 31/03/14 (RM'000)	3 months ended 31/03/13 (RM'000)
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	2,421	1,655
ii) <u>Subsidiaries</u>		
CHM	556	324
KLC	-	291
CHRB BM	480	47
CHRB Trading	102	-
b) Purchase of goods from		
i) <u>Other related parties</u>		
Amalgamated Industrial Steel Berhad	386	556
ii) <u>Subsidiaries</u>		
KLC	130	-
CHM	52	2,725
CHRB BM	125	-

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



	3 months ended (RM'000)	3 months ended (RM'000)
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	86	86
Security, water & electricity charges received from subsidiaries	12	12
Management fee and incentive received from subsidiaries	21	19
Interest expenses	2	25

Ahmad Zaki Sdn Bhd is a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda, a Director of a subsidiary of the Company and has a substantial financial interest.

Amalgamated Industrial Steel Berhad is a company in which CHRB had 7.33% indirect interest through a 100% owned subsidiary, Chuan Huat Hardware Holdings Sdn Bhd.

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

16. Cash and Cash Equivalents

	3 months ended	
	31/03/14 (RM'000)	31/03/13 (RM'000)
Fixed deposit with a licensed bank	8,531	9,330
Cash and bank balances	21,335	13,349
Bank overdraft	(12,358)	(16,862)
	<u>17,508</u>	<u>5,817</u>
Less : Fixed Deposits pledged	(861)	(1,230)
	<u>16,647</u>	<u>4,587</u>

17. Review of Performance

The Group's revenue for the first quarter ended 31 March 2014 has increased by approximately 2.02% to RM180.839 million compared to the corresponding preceding financial period.

The Group recorded Profit Before Tax ("PBT") of RM2.031 million for the first quarter of the financial period ended 31 March 2014 compared to RM4.913 million in the corresponding financial period.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



The details of the performance of the various segments are as follows:

	3 months ended		
	31.03.14 RM'000	31.03.13 RM'000	Change %
Revenue			
Trading of hardware & building materials	167,766	165,584	1.3
Trading of IT related Products	12,503	11,440	9.3
Others	570	232	145.7
Total	180,839	177,256	2.02
Profit / (Loss) before taxation			
Trading of hardware building materials	2,014	5,084	-60.4
Trading of IT related Products	138	283	-51.2
Others	(121)	(454)	73.3
Total	2,031	4,913	-58.7

The reasons for the changes in the various sectors are as follows:-

- (i) Trading of hardware & building materials
The decrease in profit before taxation for the 1st quarter ended 31 March 2014 was mainly due to the increase of operating expenses which included setup cost of operation in Cambodia, depreciation, interest expense, provision for receivables while recording lower other operating income and interest income, .
- (ii) Trading of IT related products
Despite the increase in the revenue, it achieved a lower profit before tax for the three months period ended 31 March 2014 which was mainly due to lower purchase rebates received during the financial period.
- (iii) Others
The increase in revenue and lower Loss Before Tax ("LBT") was mainly due to sales of properties and lower interest cost on borrowings.

18. Material changes in profit before taxation against preceding quarter

The total revenue of the Group for the current quarter increased by RM1.753 million or 1.0% as compared to the immediate preceding quarter and the total Profit Before Taxation ("PBT") in the current quarter increased by RM1.582 million or 352.3%. The detail analysis by business segment are as follow:

	Individual Quarter 3 months ended		
	31/03/14 (RM'000)	31/12/13 (RM'000)	Change %
Revenue			
Trading of hardware & building Materials	167,766	162,660	3.1
Trading of IT related products	12,503	15,863	-21.2
Others	570	563	1.2
Total	180,839	179,086	1.0

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



	Individual Quarter 3 months ended		
	31/03/14 (RM'000)	31/12/13 (RM'000)	Change %
Profit / (Loss) before taxation			
Trading of hardware & building Materials	2,014	470	328.5
Trading of IT related products	138	215	-35.8
Others	(121)	(236)	48.7
Total	2,031	449	352.3

The reasons for the changes in the various sectors are as follows:-

- (i) Trading of hardware & building materials
The higher PBT was mainly due to lesser operating expenses and write back of provision for receivables during the quarter under review.
- (ii) Trading of IT related products
The lower PBT was mainly due to the lesser AEON members' day special offers and promotions during the quarter under review.
- (iii) Others
The decrease in LBT was mainly due to lower interest cost on borrowings.

19. Commentary on Prospects

Although the local demand for construction steel remained stable, the selling price has been under downward pressure since the last quarter of 2013 due to the global oversupply situation especially from China. On the domestic front, steel millers and stockists will continue to face strong price competition. This situation is expected to continue into the next quarter of 2014.

The Group's IT retail subsidiaries under the Pineapple Resources Group are also facing a challenging market with the stiff competition and fast product changes. However the management hopes to cope with the situation by improving the manpower productivity and product knowledge. The prospect for e-commerce is showing a lot of potential and more efforts will be focused in this area.

20. Profit Forecast and Profit Guarantee

The Group is not subject to any profit forecast or profit guarantee requirements.

(the remaining part of this page is intended to be blank)

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



21. Income Tax Expenses

	3 months ended	
	31/03/14 (RM'000)	31/03/13 (RM'000)
Malaysia income tax		
- current	833	1,243
- under/ (over) provision in prior years	-	-
	<u>833</u>	<u>1,243</u>
Deferred taxation	48	(84)
	<u>881</u>	<u>1,159</u>
TOTAL		

The effective tax rate for the financial period ended 31 March 2014 and 31 March 2013 are not reflective of the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

22. Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at the date of this report.

23. Borrowings

	3 months ended	
	31/03/14 (RM'000)	31/03/13 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	12,358	16,862
Bills payable (unsecured)	189,023	177,947
Finance lease liabilities	1,235	1,818
Term loans (amount payable within 12 months)	1,221	195
	<u>203,837</u>	<u>196,822</u>
<u>Long Term</u>		
Finance lease liabilities	3,265	3,486
Less : amount payable within 12 months	(1,221)	(1,818)
	<u>2,044</u>	<u>1,668</u>
Term Loans (secured)	8,072	914
Less : amount payable within 12 months	(1,235)	(195)
	<u>6,837</u>	<u>719</u>
	<u>8,881</u>	<u>2,387</u>

24. Realised and Unrealised Profits / (Losses)

	As at 31/03/2014	As at 31/12/2013
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
-Realised	62,578	61,529
-Unrealised	(1,456)	(1,441)
	61,122	60,088
Consolidation adjustments	(300)	(300)
Retained earnings as per statements of financial positions	60,822	59,788

25. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

26. Changes in Material Litigation

As at date of this report, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2013.

27. Dividends

The Board of Directors recommended a first and final dividend of 1.5 sen (3.0%) gross per ordinary share (2013: first and final dividend of 2.5 sen (5.0%) gross per ordinary share, less income tax at 25%). This will be tabled for the approval by shareholders at the Twenty Annual General Meeting of CHRB to be held on 26 June 2014. This was duly announced on 29 April 2014.

(the remaining part of this page is intended to be blank)

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



28. Earnings per share

a. Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended	
	31/03/14 (RM'000)	31/03/13 (RM'000)
Profit attributable to the owners of the parent (RM'000)	1,034	3,500
Total number of ordinary shares in issue ('000)	167,156	167,156
Basic earnings per share (sen)	0.62	2.09

b. Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total number of ordinary shares of the Company in issue adjusted for the effects of dilutive potential ordinary shares for the respective period as follows:

	3 months ended	
	31/03/14 (RM'000)	31/03/13 (RM'000)
Profit attributable to the owners of the parent (RM'000)	1,034	3,500
Total number of ordinary shares in issue ('000)	167,156	167,156
Effects of dilution for Warrants ('000)	41,789	41,789
Adjusted number of ordinary shares in issue applicable to diluted earnings per share ('000)	208,945	208,945
Diluted earnings per share (sen)	0.49	1.68

28. Authorisation for Issue

This interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG
DEPUTY MANAGING DIRECTOR

Date: 28 May 2014