



**CHUAN HUAT RESOURCES BERHAD**  
(290729-W)

Condensed Consolidated Financial Statements  
For the Quarter and Six Months Ended  
30 June 2016

**CHUAN HUAT RESOURCES BERHAD**Company No. 290729-W  
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position****As at 30 June 2016**

(The figures below have not been audited)

	<b>Unaudited</b> <b>As at 30/06/16</b> <b>(RM'000)</b>	<b>Audited</b> <b>As at 31/12/15</b> <b>(RM'000)</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant & equipment	172,478	172,699
Investment properties	31,090	30,869
Investments	2,841	2,841
Deferred tax assets	2	-
	206,411	206,409
<b>Current assets</b>		
Inventories	91,038	103,635
Trade & other receivables	189,252	166,049
Cash & cash equivalents	27,632	24,730
	307,922	294,414
<b>TOTAL ASSETS</b>	<b>514,333</b>	<b>500,823</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	84,335	84,127
Reserves	174,602	168,628
	258,937	252,755
<b>Non-controlling interest</b>	14,705	14,478
<b>Total equity</b>	273,642	267,233
<b>Non-current liabilities</b>		
Borrowings	19,684	19,162
Deferred tax liabilities	12,745	12,412
	32,429	31,574
<b>Current liabilities</b>		
Trade & other payables	53,166	68,393
Borrowings	154,567	133,604
Taxation	529	19
	208,262	202,016
<b>Total liabilities</b>	240,691	233,590
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>514,333</b>	<b>500,823</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.54	1.50

*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 2015*

**CHUAN HUAT RESOURCES BERHAD**Company No. 290729-W  
(Incorporated in Malaysia)
**Condensed Consolidated Statement of Comprehensive Income**  
**For the Quarter and Six months ended 30 June 2016**  
 (The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	30/06/16 (RM'000)	30/06/15 (RM'000)	30/06/16 (RM'000)	30/06/15 (RM'000)
<b>Revenue</b>	179,321	148,898	322,843	362,582
Operating expenses	(168,391)	(142,553)	(307,647)	(351,463)
Other income	297	503	640	1,925
<b>Operating profit</b>	11,227	6,848	15,836	13,044
Depreciation and amortisation	(2,065)	(2,022)	(3,920)	(4,148)
Interest expenses	(1,836)	(2,232)	(3,602)	(4,476)
Interest income	131	135	238	366
Provision for and write off of receivables	107	(157)	(269)	(404)
Provision for and write off of inventories	-	-	-	(125)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	38	(11)	14	(80)
<b>Profit from operation</b>	7,602	2,561	8,297	4,177
Fair value gain on investment properties	-	-	-	-
<b>Profit before tax</b>	7,602	2,561	8,297	4,177
Taxation	(2,115)	(792)	(2,149)	(1,705)
<b>Profit for the period</b>	5,487	1,769	6,148	2,472
Other Comprehensive Income net of tax	51	(428)	53	(311)
<b>Total Comprehensive Income for the period</b>	5,538	1,341	6,201	2,161
<b>Profit attributable to:-</b>				
Owner of the parent	5,266	1,765	5,921	2,242
Non-controlling interest	221	4	227	230
<b>Profit for the period</b>	5,487	1,769	6,148	2,472
<b>Comprehensive Income attributable to:-</b>				
Owner of the parent	5,317	1,337	5,974	1,931
Non-controlling interest	221	4	227	230
<b>Comprehensive Income for the period</b>	5,538	1,341	6,201	2,161
<b>Earnings per share (sen):-</b>				
Basic earnings per share	3.12	1.06	3.51	1.34
Diluted earnings per share	3.12	0.84	3.51	1.07

*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 2015.*

**CHUAN HUAT RESOURCES BERHAD**

Company No. 290729-W  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity****For the Six months ended 30 June 2016**

(The figures below have not been audited)

	Attributable to equity holders of the Company							Total (RM'000)	Minority interests (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Capital Reserve (RM'000)	Non – Distributable			Distributable				
			Warrant Reserve (RM'000)	Exchange Translation Reserve (RM'000)	Revaluation Reserve (RM'000)	Retained Earnings (RM'000)				
At 1 January 2016	84,127	21,923	566	676	68,632	76,831	<b>252,755</b>	14,478	<b>267,233</b>	
Total comprehensive income for the period	-	-	-	(112)	165	5,921	<b>5,974</b>	227	<b>6,201</b>	
Increase paid-up capital	208	-	-	-	-	-	<b>208</b>	-	<b>208</b>	
Dividend paid	-	-	-	-	-	-	-	-	-	
At 30 June 2016	84,335	21,923	566	564	68,797	82,752	<b>258,937</b>	14,705	<b>273,642</b>	
At 1 January 2015	83,578	21,923	566	504	58,943	79,274	<b>244,788</b>	14,597	<b>259,385</b>	
Total comprehensive income for the period	-	-	-	63	(374)	2,242	<b>1,931</b>	230	<b>2,161</b>	
Acquisition of additional equity interests in subsidiary company	-	-	-	-	-	-	-	107	<b>107</b>	
Dividend paid	-	-	-	-	-	-	-	-	-	
At 30 June 2015	83,578	21,923	566	567	58,569	81,516	<b>246,719</b>	14,934	<b>261,653</b>	

*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 2015*

**CHUAN HUAT RESOURCES BERHAD**Company No. 290729-W  
(Incorporated in Malaysia)
**Condensed Consolidated Statement of Cash Flows**  
**For the Six months ended 30 June 2016**  
 (The figures below have not been audited)

	6 months ended	
	30/06/16 (RM'000)	30/06/15 (RM'000)
<b>Cash flows from operating activities</b>		
Profit before tax from operation	8,297	4,177
<b>Adjustment for non-cash items :-</b>		
Depreciation and amortization	3,920	4,148
Interest expenses	3,602	4,476
Interest income	(238)	(366)
Provision for and write off of receivables	269	404
Provision for and write off of inventories	-	-
Non-cash items	(375)	(914)
Operating profit before working capital changes	15,475	11,925
Increase in inventories	12,523	21,796
Decrease/ (Increase) in receivables	(23,906)	1,456
(Decrease)/ increase in payables	(15,468)	(1,796)
Cash (used)/ generated from operations	(11,376)	33,381
Interest received	194	318
Interest paid	(2,901)	(3,761)
Net tax (paid)/ refund	(289)	(293)
Net cash (outflow)/ inflow from operating activities	(14,372)	29,645
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,496)	(906)
Purchase of investment and investment properties	(221)	-
Proceeds from issuance of shares	208	130
Proceeds from disposal of property, plant and equipment	121	138
Proceeds from disposal of investment properties	-	108
Interest received	45	48
Net cash outflow from investing activities	(2,343)	(482)
<b>Cash flows from financing activities</b>		
Net proceeds from /(repayments to) term loans	846	(541)
Repayments of finance lease liabilities	(667)	(644)
Net (repayments to)/ proceeds from short term borrowings	22,482	(21,526)
Interest paid	(701)	(716)
(Increased)/ decreased in fixed deposit pledged	(2,101)	(54)
Net cash inflow/ (outflow) from financing activities	19,859	(23,481)
Effects of changes in exchange rates	112	(63)
Net increase in cash & cash equivalents	3,144	5,682
Cash & cash equivalents at beginning of the financial year	21,030	23,929
<b>Cash &amp; cash equivalents at end of the financial period</b>	<b>24,286</b>	<b>29,548</b>

*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 2015*

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED  
30 JUNE 2016**

**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 2015 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 2015.

**2. Significant Accounting Policies**

The accounting policies applied by the Group in these interim consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2015, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Issues Committee ("IC") Interpretations and Amendments to MFRS for financial period beginning on or after 1 January 2016:

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to MFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 116 and MFRS 141 "Agriculture: Bearer Plants"
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Amendments to MFRS 10 and MFRS 128 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to MFRS 10, MFRS 12 and MFRS 128 "Investment Entities: Applying the Consolidation Exception"
- Amendments to MFRS 101 "Disclosure Initiative"

Annual Improvements to MFRSs 2012–2014 Cycle

- Amendments to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- Amendments to MFRS 7 "Financial Instruments: Disclosure"
- Amendments to MFRS 119 "Defined Benefits Plans: Employee Contributions"
- Amendments to MFRS 134 "Interim Financial Reporting"

The initial application of the above applicable standards (and its consequential amendments) and interpretations, is not expected to have any material impact on the financial statements of the Group.

**2. Significant Accounting Policies (cont'd)**

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 January 2017

- (a) MFRS15 "Revenue from Contracts with Customers"

Effective for annual periods beginning on or after 1 January 2018

- (b) MFRS 9 "Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014)"

The Group plans to apply the abovementioned MFRSs (and its consequential amendments) and Interpretations in the respective annual periods based on their effective dates and applicability.

**3. Auditors' Report in respect of the 2015 Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2015 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 six months ended 30 June 2016.

**6. Changes in Estimates**

There were no changes in estimates that have had a material effect during the quarter and six months ended 30 June 2016.

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**7. Debt and Equity Securities****Exercise of Warrants 2011/2016**

During the year, the Company has issued 415,134 new ordinary shares of RM0.50 each for cash at RM0.50 each pursuant to the exercise of Warrants 2011/2016 and the total cash proceeds arising from the exercise of Warrants 2011/2016 amounted to RM207,567. The details of the Warrants 2011/2016 exercised are as follows:

Allotment Date	Nos. of Warrants Exercised	Nos. of Shares Allotted	Type of Issue
31 December 2015	231,200	231,200	Exercise of Warrants 2011/2016 at RM0.50 per share
06 January 2016	183,934	183,934	
<b>Total</b>	<b>415,134</b>	<b>415,134</b>	

As a result of the exercise of the Warrants 2011/2016, the total number of issued and paid up shares of RM0.50 each of the Company has increased from 168,254,720 shares to 168,669,854 shares. The shares arising from the exercise of Warrants 2011/2016 shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such dividends, rights or distributions. Pursuant to the Notice to Warrant Holders in relation to the expiry and final exercise of the Warrants 2011/2016 dated 4 December 2015, Warrants 2011/2016 has expired on 6 January 2016. After the expiry date, total number of Warrants 2011/2016 not exercised and has lapsed was 40,275,478.

**8. Dividends Paid**

No dividend has been paid during the quarter and six months ended 30 June 2016

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**CHUAN HUAT RESOURCES BERHAD**Company No. 290729-W  
(Incorporated in Malaysia)**9. Segment Information**

	3 months ended		6 months ended	
	30/06/16	30/06/15	30/06/16	30/06/15
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b><u>Segment Revenue</u></b>				
Trading of hardware & building materials	187,251	154,226	331,508	421,967
Trading of IT related products	12,980	8,850	26,694	31,392
Others	409	444	857	882
Total revenue including inter-segment sales	200,640	163,520	359,059	454,241
Elimination of inter segment sales	(21,319)	(14,622)	(36,216)	(91,659)
<b>Total revenue</b>	<b>179,321</b>	<b>148,898</b>	<b>322,843</b>	<b>362,582</b>
<b><u>Profit/ (loss) from operations</u></b>				
Trading of hardware & building materials	10,918	7,058	15,589	12,874
Trading of IT related products	282	(178)	174	226
Others	27	(32)	73	(56)
<b>Total Operating Profit</b>	<b>11,227</b>	<b>6,848</b>	<b>15,836</b>	<b>13,044</b>
<b><u>Profit/ (loss) before taxation</u></b>				
Trading of hardware & building materials	7,671	3,204	8,570	4,924
Trading of IT related products	120	(351)	(160)	(169)
Others	(189)	(292)	(113)	(578)
<b>Total (Loss)/Profit before taxation</b>	<b>7,602</b>	<b>2,561</b>	<b>8,297</b>	<b>4,177</b>

**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**

There were no changes in the composition of the Group during the quarter and six months ended 30 June 2016 and up to the date of this Interim Financial Report.

**13. Contingent Liabilities/Contingent Assets**

	30/06/16 (RM'000)	31/12/15 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	302,792	302,792	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	80,600	72,400	8,200

**14. Capital Commitments**

The Group has commitments as follows:

	30/06/16 (RM'000)	31/12/15 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	3,124	4,036	(912)

**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
- vi) CH Sweestech Door Sdn Bhd ("CHSD"), a 52.5% 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.

**15. Related Party Transactions (cont'd)**

The significant related party transactions are as follows:

	6 months ended 30/06/16 (RM'000)	6 months ended 30/06/15 (RM'000)
<b>a) Sale of goods to</b>		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	6,906	3,060
ii) <u>Subsidiaries</u>		
CHM	1,947	2,638
CHRB BM	754	551
KLC	-	2
<b>b) Purchase of goods from</b>		
i) <u>Other related parties</u>		
Amalgamated Industrial Steel Berhad	464	940
ii) <u>Subsidiaries</u>		
KLC	1,247	1,606
CHM	21	175
CHSD	283	-
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	140	137
Security, water & electricity charges received from subsidiaries	24	24
Management fee and incentive received from subsidiaries	38	38
Interest expenses	25	44

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**

	6 months ended	
	30/06/16 (RM'000)	30/06/15 (RM'000)
Fixed deposit with a licensed bank	4,572	1,148
Cash and bank balances	23,060	31,583
Bank overdraft	(314)	(2,275)
	27,318	30,456
Less : Fixed Deposits pledged	(3,032)	(908)
	24,286	29,548

## 17. Review of Performance

The Group's revenue for the six (6) months ended 30 June 2016 has decreased by 10.96% as compared to the preceding year's corresponding financial period.

However, the Group's revenue for the second quarter ended 30 June 2016 has increased by 20.43% as compared to the preceding year's corresponding financial period.

The Group recorded a profit before tax of RM7.602 million and RM8.297 million for the second quarter and the six (6) months of the financial period ended 30 June 2016 as compared to RM2.561 million and RM4.177 million in the preceding year corresponding financial period.

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

	3 months ended			6 months ended		
	30.06.16	30.06.15	Change	30.06.16	30.06.15	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>						
Trading of hardware & building materials	166,580	140,051	18.94	297,332	335,439	-11.36
Trading of IT related products	12,512	8,581	45.81	25,012	26,617	-6.03
Others	229	266	-13.91	499	526	-5.13
<b>Total</b>	<b>179,321</b>	<b>148,898</b>	<b>20.43</b>	<b>322,843</b>	<b>362,582</b>	<b>-10.96</b>
<b>Profit / (Loss) before taxation</b>						
Trading of hardware & building materials	7,671	3,204	139.42	8,570	4,924	74.05
Trading of IT related products	120	(351)	134.19	(160)	(169)	5.33
Others	(189)	(292)	35.27	(113)	(578)	80.45
<b>Total</b>	<b>7,602</b>	<b>2,561</b>	<b>196.84</b>	<b>8,297</b>	<b>4,177</b>	<b>98.64</b>

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

- (i) Trading of hardware & building materials  
The decrease in revenue for the six (6) months financial period ended 30 June 2016 was mainly due to slowdown in construction and property market.

However, the division revenue for the second quarter ended 30 June 2016 has increased by 18.94% to RM166.580 million as compared to the corresponding quarter of the preceding year. The increase in revenue was mainly due to better steel prices.

The division recorded a Profit Before Tax ("PBT") of RM7.671 million for the second quarter ended 30 June 2016 and RM8.570 million for the six months period ended 30 June 2016. The increase of PBT was mainly due to higher profit margin.

**17. Review of Performance (cont'd)**

(ii) Trading of IT related products

The Group's revenue for the six months financial period ended 30 June 2016 has decreased by 9.69% to RM25.0 million as compared to the corresponding period of the preceding year.

However, the Group's revenue for second quarter ended 30 June 2016 has increased by 45.83% to RM12.51 million as compared to the corresponding period of the preceding year. This increase in revenue was mainly due to additional sales from TESCO hypermarket. The concession sales at TESCO was signed up on 1 April 2016.

Hence, the division recorded a Profit Before Tax ("PBT") of RM0.120 million for the second quarter ended 30 June 2016 and a lower Loss Before Tax of RM0.160 million for the six months period ended 30 June 2016.

(iii) Others

The decrease in revenue for the second quarter and six (6) months financial period ended 30 June 2016 was mainly due to lower rental income.

The division incurred a lower loss before tax of RM0.189 million and RM0.113 million for the second quarter and the six (6) months financial period ended 30 June 2016 compared to the corresponding period of preceding financial period ended 30 June 2015 mainly due to impairment loss of investment properties provided in 2015 and reversal of overprovision of depreciation in 2016.

**18. Material changes in profit before taxation against preceding quarter**

The Group recorded a Profit Before Tax of RM7.602 million for the current quarter as compared to RM0.695 million in the immediate preceding quarter ended 31 March 2016. The detailed analysis by business segment are as follow:

	Individual Quarter 3 months ended		Change %
	30/06/16 (RM'000)	31/03/16 (RM'000)	
<b>Revenue</b>			
Trading of hardware & building Materials	166,580	130,752	27.40
Trading of IT related products	12,512	12,500	0.10
Others	229	270	-15.19
<b>Total</b>	<b>179,321</b>	<b>143,522</b>	<b>24.94</b>
<b>Profit / (Loss) before taxation</b>			
Trading of hardware & building Materials	7,671	899	753.28
Trading of IT related products	120	(280)	142.86
Others	(189)	76	-348.68
<b>Total</b>	<b>7,602</b>	<b>695</b>	<b>993.81</b>

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

(i) Trading of hardware & building materials

The division recorded Profit Before Tax ("PBT") of RM7.671 million for the second quarter ended 30 June 2016 as compared to RM0.899 million for the first quarter ended 31 March 2016. This was mainly due to increase in steel prices.

**18. Material changes in profit before taxation against preceding quarter (cont'd)**

- (ii) Trading of IT related products  
The division recorded a Profit Before Tax of RM0.120 million for the second quarter ended 30 June 2016. This was due to additional sales from TESCO hypermarket during the quarter under review.
- (iii) Others  
The division recorded a Loss Before Tax of RM0.189 million for the second quarter ended 30 June 2016 and the first quarter ended 31 March 2016 recorded profit before tax of 0.76 million mainly due to the reversal of overprovision of depreciation.

**19. Commentary on Prospects**

The overall economy is facing a lot of uncertainties due to a few major factors especially post GST 2015, the declining oil prices and a volatile currency exchange rates. Consumer spending is expected to slow down.

Although the property market is expected to slow down, the construction of infrastructure projects such as the Mass Rapid Transit (MRT) – 3rd line and Light Rail Transit (LRT) extensions should be able to sustain the domestic demand for construction material.

The Group's Information Technology division is not showing any sign of recovery from the implementation of GST since April last year. However, the Group will focus to increase the revenue through the E-commerce and corporate sales division.

Barring any unforeseen circumstances the Board expects the current financial performance to improve.

**20. Profit Forecast and Profit Guarantee**

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

**21. Income Tax Expenses**

	3 months ended		6 months ended	
	30/06/16 (RM'000)	30/06/15 (RM'000)	30/06/16 (RM'000)	30/06/15 (RM'000)
Malaysia income tax				
- current	1,299	745	1,584	1,410
- under/ (over) provision in prior years	4	(28)	12	(78)
	1,303	717	1,596	1,332
Deferred taxation	812	75	553	373
<b>TOTAL</b>	<b>2,115</b>	<b>792</b>	<b>2,149</b>	<b>1,705</b>

The effective tax rate for the financial period ended 30 June 2016 and 30 June 2015 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

	6 months ended	
	30/06/16 (RM'000)	30/06/15 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	314	2,275
Bills payable (unsecured)	147,834	156,696
Finance lease liabilities	1,179	1,162
Term loans (amount payable within 12 months)	5,240	4,321
	<u>154,567</u>	<u>164,454</u>
<u>Long Term</u>		
Finance lease liabilities	3,792	3,018
Less : amount payable within 12 months	(1,179)	(1,162)
	<u>2,613</u>	<u>1,856</u>
Term Loans (secured)	22,311	21,931
Less : amount payable within 12 months	(5,240)	(4,321)
	<u>17,071</u>	<u>17,610</u>
	<u>19,684</u>	<u>19,466</u>

## 24. Realised and Unrealised Profits / (Losses)

	As at	As at
	31/03/16 (RM'000)	31/12/15 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	73,294	67,084
- Unrealised	9,458	9,747
	<u>82,752</u>	<u>76,831</u>
Consolidation adjustments	-	-
Retained earnings as per statements of financial positions	<u>82,752</u>	<u>76,831</u>

## 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 2015.

## 27. Dividends

No dividend has been declared or recommended for payment for the quarter and six months ended 30 June 2016.

## 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		6 months ended	
	30/06/16 (RM'000)	30/06/15 (RM'000)	30/06/16 (RM'000)	30/06/15 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	5,266	1,765	5,921	2,242
Total number of ordinary shares in issue ('000)	168,670	167,156	168,670	167,156
Basic earnings per share (sen)	3.12	1.06	3.51	1.34

### 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		6 months ended	
	30/06/16 (RM'000)	30/06/15 (RM'000)	30/06/16 (RM'000)	30/06/15 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	5,266	1,765	5,921	2,242
Total number of ordinary shares in issue ('000)	168,670	167,156	168,670	167,156
Effects of dilution for Warrants ('000)	0	41,789	0	41,789
Adjusted number of ordinary shares in issue applicable to diluted earnings per share ('000)	168,670	208,945	168,670	208,945
Diluted earnings per share (sen)	3.12	0.84	3.51	1.07



**CHUAN HUAT RESOURCES BERHAD**

Company No. 290729-W

(Incorporated in Malaysia)



**29. 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: 29 August 2016