



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

Condensed Consolidated Financial Statements  
For the Quarter and Twelve Months Ended  
31 December 2016

**CHUAN HUAT RESOURCES BERHAD**Company No. 290729-W  
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position****As at 31 December 2016**

(The figures below have not been audited)

	<b>Unaudited</b> <b>As at 31/12/16</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	170,081	172,699
Investment properties	30,190	30,869
- Research and development	39	-
Investments	3,778	2,841
Deferred tax assets	140	-
	204,228	206,409
<b>Current assets</b>		
Inventories	102,462	103,635
Trade & other receivables	185,135	166,049
Cash & cash equivalents	24,571	24,730
	312,168	294,414
<b>TOTAL ASSETS</b>	<b>516,396</b>	<b>500,823</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	84,335	84,127
Reserves	181,179	168,628
	265,514	252,755
<b>Non-controlling interest</b>	14,523	14,478
<b>Total equity</b>	280,037	267,233
<b>Non-current liabilities</b>		
Borrowings	16,866	19,162
Deferred tax liabilities	9,984	12,412
	26,850	31,574
<b>Current liabilities</b>		
Trade & other payables	59,506	68,393
Borrowings	149,954	133,604
Taxation	49	19
	209,509	202,016
<b>Total liabilities</b>	236,359	233,590
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>516,396</b>	<b>500,823</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.57	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 Twelve months ended 31 Dec 2016**

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/12/16 (RM'000)	31/12/15 (RM'000)	31/12/16 (RM'000)	31/12/15 (RM'000)
<b>Revenue</b>	164,482	149,193	646,000	663,131
Operating expenses	(159,403)	(148,733)	(618,920)	(649,172)
Other income	1,469	326	2,803	2,848
<b>Operating profit</b>	6,548	786	29,883	16,807
Depreciation and amortisation	(1,888)	(2,051)	(7,901)	(8,215)
Interest expenses	(1,954)	(1,779)	(7,645)	(8,213)
Interest income	145	395	556	995
Provision for and write off of receivables	(57)	(2)	(1,262)	(421)
Provision for and write off of inventories	-	(1,286)	-	(1,574)
Gain/(loss) on disposal of quoted or unquoted investments or properties	3	-	7	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	(94)	(124)	(110)	(326)
<b>Profit from operation</b>	2,703	(4,061)	13,528	(947)
Fair value gain on investment properties	-	-	-	-
<b>Profit before tax</b>	2,703	(4,061)	13,528	(947)
Taxation	(826)	1,385	(3,413)	(623)
<b>Profit for the period</b>	1,877	(2,676)	10,115	(1,570)
Other Comprehensive Income net of tax	2,375	15	2,481	9,861
<b>Total Comprehensive Income for the period</b>	4,252	(2,661)	12,596	8,291
<b>Profit attributable to:-</b>				
Owner of the parent	2,046	(2,485)	10,070	(1,522)
Non-controlling interest	(169)	(191)	45	(48)
<b>Profit for the period</b>	1,877	(2,676)	10,115	(1,570)
<b>Comprehensive Income attributable to:-</b>				
Owner of the parent	4,421	(2,470)	12,551	8,339
Non-controlling interest	(169)	(191)	45	(48)
<b>Comprehensive Income for the period</b>	4,252	(2,661)	12,596	8,291
<b>Earnings per share (sen):-</b>				
Basic earnings per share	1.21	(1.48)	5.97	(0.90)
Diluted earnings per share	1.21	(1.19)	5.97	(0.73)

*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 Twelve months ended 31 December 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)	Non – Distributable			Distributable					
		Capital Reserve (RM'000)	Warrant Reserve (RM'000)	Exchange Translation Reserve (RM'000)	Revaluation Reserve (RM'000)	Retained Earnings (RM'000)	Total			
At 1 January 2016	84,127	21,923	566	676	68,632	76,831	<b>252,754</b>	14,478	<b>267,233</b>	
Total comprehensive income for the period	-	-	-	80	2,401	10,070	<b>12,551</b>	45	<b>12,596</b>	
Increase paid-up capital	208	-	-	-	-	-	<b>208</b>	-	<b>208</b>	
Dividend paid	-	-	-	-	-	-	-	-	-	
At 31 Dec 2016	84,335	21,923	566	756	71,033	86,901	<b>265,514</b>	14,523	<b>280,037</b>	
At 1 January 2015	83,578	21,923	566	504	58,943	79,297	<b>244,811</b>	14,574	<b>259,385</b>	
Total comprehensive income for the period	-	-	-	172	9,689	(1,522)	<b>8,339</b>	(48)	<b>8,291</b>	
Increase paid-up capital	549	-	-	-	-	-	<b>549</b>	-	<b>549</b>	
Acquisition of additional equity interests in subsidiary company	-	-	-	-	-	-	-	355	<b>355</b>	
Dividend paid	-	-	-	-	-	(945)	<b>(945)</b>	(403)	<b>(1,347)</b>	
At 31 Dec 2015	84,127	21,923	566	676	68,632	76,831	<b>252,754</b>	14,478	<b>267,233</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 2016*

**CHUAN HUAT RESOURCES BERHAD**

Company No. 290729-W  
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Cash Flows**  
**For the Twelve months ended 31 December 2016**

(The figures below have not been audited)

	12 months ended	
	31/12/16	31/12/15
	(RM'000)	(RM'000)
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax from operation	13,528	(947)
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	7,901	8,215
Interest expenses	7,645	8,213
Interest income	(556)	(995)
Provision for and write off of receivables	1,262	421
Provision for and write off of inventories	-	1,574
Non-cash items	(1,916)	(322)
Operating profit before working capital changes	27,864	16,159
..Increase in research and development	(39)	-
Decrease in inventories	1,225	35,270
Decrease/ (Increase) in receivables	(19,381)	1,836
(Decrease)/ increase in payables	(8,971)	16,560
Cash (used)/ generated from operations	698	69,825
Interest received	478	913
Interest paid	(6,257)	(6,791)
Net tax (paid)/ refund	(2,620)	(905)
Net cash (outflow)/ inflow from operating activities	(7,701)	63,042
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,125)	(9,089)
Purchase of investment and investment properties	(221)	-
Proceeds from issuance of shares	208	549
Proceeds from disposal of property, plant and equipment	771	222
Proceeds from disposal of investment properties	1,018	108
Proceeds from disposal of quoted shares	35	-
..Net cash inflow from acquisition of a subsidiary company	-	355
Interest received	78	82
Net cash outflow from investing activities	(3,236)	(7,773)
<b>Cash flows from financing activities</b>		
Net proceeds from /(repayments to) term loans	(1,732)	(1,008)
Repayments of finance lease liabilities	(1,487)	(1,302)
Net (repayments to)/ proceeds from short term borrowings	16,850	(52,840)
Dividend paid	-	(1,347)
Interest paid	(1,389)	(1,421)
(Increased)/ decreased in fixed deposit pledged	135	(77)
Net cash inflow/ (outflow) from financing activities	12,377	(57,995)
Effects of changes in exchange rates	(80)	(172)
Net increase in cash & cash equivalents	1,440	(2,727)
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>22,390</b>	<b>21,030</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 2016*

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 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 twelve months ended 31 December 2016.

**6. Changes in Estimates**

There were no changes in estimates that have had a material effect during the quarter and twelve months ended 31 December 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 twelve months ended 31 December 2016

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

	3 months ended		12 months ended	
	31/12/16	31/12/15	31/12/16	31/12/15
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b><u>Segment Revenue</u></b>				
Trading of hardware & building materials	166,949	155,689	671,872	733,271
Trading of IT related products	13,905	11,841	53,124	52,654
Others	407	452	1,672	1,783
Total revenue including inter-segment sales	181,261	167,982	726,668	787,708
Elimination of inter segment sales	(16,779)	(18,789)	(80,669)	(124,577)
<b>Total revenue</b>	<b>164,482</b>	<b>149,193</b>	<b>646,000</b>	<b>663,131</b>
<b><u>Profit/ (loss) from operations</u></b>				
Trading of hardware & building materials	5,121	197	28,165	16,068
Trading of IT related products	198	191	355	385
Others	1,229	398	1,363	354
<b>Total Operating Profit</b>	<b>6,548</b>	<b>786</b>	<b>29,883</b>	<b>16,807</b>
<b><u>Profit/ (loss) before taxation</u></b>				
Trading of hardware & building materials	1,713	(3,872)	13,212	449
Trading of IT related products	45	3	(366)	(400)
Others	945	(192)	682	(996)
<b>Total (Loss)/Profit before taxation</b>	<b>2,703</b>	<b>(4,061)</b>	<b>13,528</b>	<b>(947)</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 twelve months ended 31 December 2016 and up to the date of this Interim Financial Report.

**13. Contingent Liabilities/Contingent Assets**

	31/12/16 (RM'000)	31/12/15 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	352,792	302,792	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	81,100	72,400	8,700

**14. Capital Commitments**

The Group has commitments as follows:

	31/12/16 (RM'000)	31/12/15 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	2,976	4,036	(1,060)

**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:

	12 months ended 31/12/16 (RM'000)	12 months ended 31/12/15 (RM'000)
<b>a) Sale of goods to</b>		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	13,676	5,665
ii) <u>Subsidiaries</u>		
CHM	14,417	6,100
CHRB BM	1,172	1,173
CHSD	155	8
KLC	7	2
<b>b) Purchase of goods from</b>		
i) <u>Other related parties</u>		
Amalgamated Industrial Steel Berhad	932	1,158
ii) <u>Subsidiaries</u>		
KLC	2,335	2,077
CHM	427	368
CHRB BM	9	-
CHSD	290	-
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	281	273
Security, water & electricity charges received from subsidiaries	48	48
Management fee and incentive received from subsidiaries	76	76
Rental of motor vehicle	12	5
Handling fees	300	-
Interest expenses	39	44

Ahmad Zaki Sdn Bhd is a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda is a substantial shareholder of Chuan Huat Resources Berhad.

Amalgamated Industrial Steel Berhad is a company in which CHRB had 6.67% 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**

	12 months ended	
	31/12/16 (RM'000)	31/12/15 (RM'000)
Fixed deposit with a licensed bank	2,896	1,170
Cash and bank balances	21,675	23,560
Bank overdraft	(1,385)	(2,770)
	23,186	21,960
Less : Fixed Deposits pledged	(796)	(930)
	22,390	21,030

## 17. Review of Performance

The Group's revenue for the twelve (12) months ended 31 Dec 2016 has decreased by 2.58% as compared to the preceding year's corresponding financial period.

However, the Group's revenue for the fourth quarter ended 31 Dec 2016 has increased by 10.25% as compared to the preceding year's corresponding financial period.

The Group recorded a profit before tax of RM2.703 million and RM13.528 million for the fourth quarter and the twelve (12) months of the financial period ended 31 Dec 2016 respectively compared to a loss before tax of RM4.061 million and a loss before tax of RM0.947 million in the preceding year corresponding periods.

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

	3 months ended			12 months ended		
	31.12.16	31.12.15	Change	31.12.16	31.12.15	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>						
Trading of hardware & building materials	150,355	137,661	9.22	593,797	614,960	-3.44
Trading of IT related products	13,873	11,265	23.15	51,220	47,117	8.71
Others	254	267	-4.87	729	1,054	-30.83
<b>Total</b>	<b>164,482</b>	<b>149,193</b>	<b>10.25</b>	<b>646,000</b>	<b>663,131</b>	<b>-2.58</b>
<b>Profit / (Loss) before taxation</b>						
Trading of hardware & building materials	1,713	(3,872)	144.24	13,212	449	2,842.54
Trading of IT related products	45	(3)	1,600.00	(366)	(400)	8.50
Others	945	(186)	608.06	682	(996)	168.47
<b>Total</b>	<b>2,703</b>	<b>(4,061)</b>	<b>166.56</b>	<b>13,528</b>	<b>(947)</b>	<b>1,528.51</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 twelve (12) months financial year ended 31 Dec 2016 was mainly due to slowdown in the construction and property market.

However, the division revenue for the fourth quarter ended 31 Dec 2016 has increased by 9.22% to RM150.355 million as compared to the corresponding quarter of the preceding year. The increase in revenue was mainly due to higher steel prices.

The division recorded a Profit BeforeTax ("PBT") of RM1.713 million for the fourth quarter ended 31 Dec 2016 and RM13.212 million for the year ended 31 Dec 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 fourth quarter and twelve (12) months financial year ended 31 Dec 2016 has increased by 23.15% and 8.71% respectively compared to the corresponding periods of the preceding year. This increase in revenue was mainly due to the additional sales generated from the assumption of the IT division of TESCO hypermarket which started operation since April 2016.

The Group has recorded a Profit Before Tax ("PBT") of RM25,000 for the fourth quarter ended 31 December 2016 and a Loss Before Tax ("LBT") of RM450,000 for the twelve months ended 31 December 2016 as compared to Loss Before Tax ("LBT") of RM18,000 and RM484,000 respectively in the corresponding financial periods of the preceding year.

(iii) Others

The decrease in revenue for the fourth quarter and twelve (12) months financial year ended 31 Dec 2016 was mainly due to lower rental income.

The division generated a profit before tax of RM0.945 million and RM0.682 million for the fourth quarter and the twelve (12) months financial year ended 31 Dec 2016 as compared to the corresponding period of preceding financial period ended 31 Dec 2015. This was mainly due to a reversal of impairment loss of quoted investment.

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

The Group recorded a Profit Before Tax of RM2.703 million for the current quarter as compared to RM2.527 million in the immediate preceding quarter ended 30 Sept 2016. The detailed analysis by business segment are as follow:

	Individual Quarter 3 months ended		Change %
	31/12/16 (RM'000)	30/09/16 (RM'000)	
<b>Revenue</b>			
Trading of hardware & building Materials	150,355	146,110	2.91
Trading of IT related products	13,873	12,335	12.47
Others	254	230	10.43
<b>Total</b>	<b>164,482</b>	<b>158,675</b>	<b>3.66</b>
<b>Profit / (Loss) before taxation</b>			
Trading of hardware & building Materials	1,713	2,929	-41.52
Trading of IT related products	45	(251)	-117.93
Others	945	(150)	730.00
<b>Total</b>	<b>2,703</b>	<b>2,528</b>	<b>6.92</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 RM1.713 million for the fourth quarter ended 31 Dec 2016 as compared to RM2.929 million for the third quarter ended 30 Sept 2016. This was mainly due to increase in operating cost despite increase in the revenue.

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

- (ii) Trading of IT related products  
The Group recorded a profit Before Tax of RM45,000 for the fourth quarter ended 31 Dec 2016 compared to a Loss Before Tax of RM251,000 in the preceding quarter ended 30 Sept 2016. This was mainly due to the improved performance during the quarter under review.
- (iii) Others  
The division recorded Profit Before Tax of RM0.945 million for the fourth quarter ended 31 Dec 2016 and a Loss Before Tax of RM0.150 million for the third quarter ended 30 Sept 2016. This was mainly due to a reversal of impairment loss of quoted investment.

**19. Commentary on Prospects**

Despite the less than stellar outlook for 2017, there is still growth in the construction industry, particularly infrastructure development and still one of the fastest growing economic sectors in the country. Projects such as the East Coast Rail Link (ECRL), a 620 km high impact railway project that connects Kuala Lumpur with the East Coast economic regions will spur the country's construction growth. Another mega project is the development of the 12.5 billion Kuala Linggi International Port in Malacca which is slated to commence in the first quarter of 2017.

The Group's Information Technology division is also showing a positive sign of return to profitability after the refocus of the business in hypermarkets and online sales.

The Board is optimistic that the performance for 2017 will see further improvement

**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		12 months ended	
	31/12/16 (RM'000)	31/12/15 (RM'000)	31/12/16 (RM'000)	31/12/15 (RM'000)
Malaysia income tax				
- current	611	(154)	2,887	1,193
- under/ (over) provision in prior years	42	-	(220)	(47)
	653	(154)	2,667	1,146
Deferred taxation	173	(1,231)	746	(523)
<b>TOTAL</b>	<b>826</b>	<b>(1,385)</b>	<b>3,413</b>	<b>623</b>

The effective tax rate for the financial year ended 31 Dec 2016 and 31 Dec 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

	12 months ended	
	31/12/16 (RM'000)	31/12/15 (RM'000)
<b>Short Term</b>		
Bank overdrafts (unsecured)	1,386	2,770
Bills payable (unsecured)	142,202	125,352
Finance lease liabilities	1,116	1,047
Term loans (amount payable within 12 months)	5,250	4,435
	<u>149,954</u>	<u>133,604</u>
<b>Long Term</b>		
Finance lease liabilities	3,500	3,179
Less : amount payable within 12 months	(1,116)	(1,047)
	<u>2,384</u>	<u>2,132</u>
Term Loans (secured)	19,733	21,465
Less : amount payable within 12 months	(5,251)	(4,435)
	<u>14,482</u>	<u>17,030</u>
	<u>16,866</u>	<u>19,162</u>

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

	As at	As at
	31/12/16 (RM'000)	31/12/15 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	77,866	67,084
- Unrealised	9,035	9,747
	<u>86,901</u>	<u>76,831</u>
Consolidation adjustments	-	-
Retained earnings as per statements of financial positions	<u>86,901</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 twelve months ended 31 Dec 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		12 months ended	
	31/12/16 (RM'000)	31/12/15 (RM'000)	31/12/16 (RM'000)	31/12/15 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	2,046	(2,485)	10,070	(1,522)
Total number of ordinary shares in issue ('000)	168,670	168,255	168,670	168,255
Basic earnings per share (sen)	1.21	(1.48)	5.97	(0.90)

### 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		12 months ended	
	31/12/16 (RM'000)	31/12/15 (RM'000)	31/12/16 (RM'000)	31/12/15 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	2,046	(2,485)	10,070	(1,522)
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)	1.21	(1.19)	5.97	(0.73)



**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: 27 February 2017