



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

Condensed Consolidated Financial Statements
For the Quarter and Year Ended
31 March 2018

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position
As at 31 March 2018**

(The figures below have not been audited)

	Unaudited As at 31/03/18 (RM'000)	Audited As at 31/12/17 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	181,736	169,451
Investment properties	42,264	42,443
Investments	4,163	4,163
Intangible assets	77	77
	<u>228,240</u>	<u>216,134</u>
Current assets		
Inventories	110,119	108,534
Trade & other receivables	208,235	215,794
Cash & cash equivalents	23,786	20,160
	<u>342,140</u>	<u>344,488</u>
TOTAL ASSETS	<u>570,380</u>	<u>560,622</u>
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	186,642	188,096
	<u>270,977</u>	<u>272,431</u>
Non-controlling interest	15,226	15,011
Total equity	<u>286,203</u>	<u>287,442</u>
Non-current liabilities		
Borrowings	24,622	25,577
Deferred tax liabilities	7,566	6,974
	<u>32,188</u>	<u>32,551</u>
Current liabilities		
Trade & other payables	67,073	54,128
Borrowings	184,695	186,393
Taxation	221	108
	<u>251,989</u>	<u>240,629</u>
Total liabilities	<u>284,177</u>	<u>273,180</u>
TOTAL EQUITY AND LIABILITIES	<u>570,380</u>	<u>560,622</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.61</u>	<u>1.61</u>

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 2017

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Comprehensive Income
For the Quarter and Period ended 31 March 2018**

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/03/18 (RM'000)	31/03/17 (RM'000)	31/03/18 (RM'000)	31/03/17 (RM'000)
Revenue	170,600	162,117	170,600	162,117
Operating expenses	(166,490)	(154,209)	(166,490)	(154,209)
Other income	232	2,065	232	2,065
Operating profit	4,342	9,973	4,342	9,973
Depreciation and amortisation	(1,950)	(1,892)	(1,950)	(1,892)
Interest expenses	(2,324)	(1,900)	(2,324)	(1,900)
Interest income	151	322	151	322
Provision for and write off of receivables	(270)	(1,513)	(270)	(1,513)
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	55	5	55	5
Impairment of assets	-	-	-	-
Foreign exchange gain or (loss)	26	(26)	26	(26)
Profit from operation	30	4,969	30	4,969
Fair value gain on investment properties	-	-	-	-
Profit before tax	30	4,969	30	4,969
Taxation	(1,349)	(1,768)	(1,349)	(1,768)
Profit for the period	(1,319)	3,201	(1,319)	3,201
Other Comprehensive Income net of tax	(120)	1,028	(120)	1,028
Total Comprehensive Income for the period	(1,439)	4,229	(1,439)	4,229
Profit attributable to:-				
Owner of the parent	(1,334)	2,931	(1,334)	2,931
Non-controlling interest	15	270	15	270
Profit for the period	(1,319)	3,201	(1,319)	3,201
Comprehensive Income attributable to:-				
Owner of the parent	(1,454)	3,959	(1,454)	3,959
Non-controlling interest	15	270	15	270
Comprehensive Income for the period	(1,439)	4,229	(1,439)	4,229
Earnings per share (sen):-				
Basic and diluted earnings per share	(0.79)	1.74	(0.79)	1.74

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 2017.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Changes in Equity
For the Period ended 31 March 2018**

(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)	Warrant Reserve (RM'000)	Exchange Translation Reserve (RM'000)	Revaluation Reserve (RM'000)	Distributable Retained Earnings (RM'000)			
At 1 January 2018	84,335	21,923	-	309	75,268	90,596	272,431	15,011	287,442
Total comprehensive income for the year	-	-	-	(120)	-	(1,334)	(1,454)	15	(1,439)
Increase paid-up capital	-	-	-	-	-	-	-	200	200
Dividend paid	-	-	-	-	-	-	-	-	-
At 31 March 2018	84,335	21,923	-	189	75,268	89,262	270,977	15,226	286,203
At 1 January 2017	84,335	21,923	566	756	71,033	86,817	265,430	14,538	279,968
Total comprehensive income for the year	-	-	-	(447)	4,235	6,249	10,037	473	10,510
Transferred to retained profits upon expiry of warrant 2011/2016	-	-	(566)	-	-	566	-	-	-
Increase paid-up capital	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(3,036)	(3,036)	-	(3,036)
At 31 December 2017	84,335	21,923	-	309	75,268	90,596	272,431	15,011	287,442

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 2017

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Cash Flows
For the Period ended 31 March 2018***(The figures below have not been audited)*

	3 months ended	
	31/03/18	31/03/17
	(RM'000)	(RM'000)
Cash flows from operating activities		
Profit/(loss) before tax from operation	30	4,969
Adjustment for non-cash items :-		
Depreciation and amortization	1,950	1,892
Interest expenses	2,324	1,900
Interest income	(151)	(322)
Provision for and write off of receivables	270	1,513
Provision for and write off of inventories	-	-
Non-cash items	(57)	(1,795)
Operating profit before working capital changes	4,366	8,157
(Increase)/Decrease in inventories	(1,585)	323
Decrease/(Increase) in receivables	6,612	(20,162)
(Decrease)/ increase in payables	12,790	(1,583)
Cash (used)/ generated from operations	22,183	(13,265)
Interest received	139	293
Interest paid	(1,950)	(1,603)
Net tax (paid)/ refund	(53)	(474)
Net cash (outflow) from operating activities	20,319	(15,049)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,626)	(760)
Purchase of investment and investment properties	(91)	(652)
Purchase of intangible assets	-	-
Proceeds from issuance of shares	200	-
Proceeds from disposal of property, plant and equipment	5	25
Proceeds from disposal of investment properties	325	160
Proceeds from disposal of quoted and unquoted shares	-	27
..Net cash inflow from disposal of a subsidiary company	-	-
Interest received	12	29
Net cash outflow from investing activities	(12,175)	(1,171)
Cash flows from financing activities		
Net proceeds from /(repayments to) term loans	(1,768)	(1,301)
Repayments of finance lease liabilities	(340)	(382)
Net (repayments to)/ proceeds from short term borrowings	(2,638)	16,073
Dividend paid	-	-
Interest paid	(374)	(297)
(Increased)/ decreased in fixed deposit pledged	-	(17)
Net cash (outflow)/inflow from financing activities	(5,120)	14,076
Effects of changes in exchange rates	120	31
Net increase in cash & cash equivalents	3,024	(2,144)
Cash & cash equivalents at beginning of the financial year	18,779	22,390
Cash & cash equivalents at end of the financial period	21,923	20,277

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 2017

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2018**

1. Basis of Preparation

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 which were prepared under the Malaysian Financial Reporting Standards (“MFRS”) and amendments to standards to be applied by all Entities Other Than Private Entities.

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

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 2017.

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 2017, except for the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January:

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9: *Financial Instruments*
- MFRS15: *Revenue from Contracts with Customers*
- Amendments to MFRS 2: *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4: *Insurance Contracts, Applying FRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 140: *Transfer of Investment Property*
- IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*
- Annual Improvements to MFRSs 2014–2016 Cycle
 - MFRS 1: *First-Time Adoption of MFRS*
 - MFRS 12: *Disclosure Of Interests in Other Entities*
 - MFRS 128: *Investments in Associates and Joint Ventures*

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 2019

- MFRS 16 : *Leases*
- IC Interpretation 23: *Uncertainty over Income Tax Treatment*
- Amendments to MFRS 9: *Prepayment Features with Negative Compensation*
- Amendments to MFRS 119: *Plan Amendments, Curtailment of Settlement*
- Amendments to MFRS 128: *Long-term Interest in Associates and Joint Ventures*
- Annual Improvements to MFRSs 2015–2017 Cycle
 - MFRS 3: *Business Combinations*
 - MFRS 11: *Joint Arrangements*
 - MFRS 112: *Income Taxes*
 - MFRS 123 : *Borrowing Costs*

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2: *Share-based Payment Transactions*
- Amendments to MFRS 3: *Business Combinations*
- Amendments to MFRS 14: *Regulatory Deferral Account*
- Amendments to MFRS 101: *Presentations of Financial Statements*
- Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134: *Interim Financial Reporting*
- Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*
- Amendments to MFRS 138: *Intangible Assets*

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17 : *Insurance Contracts*

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 2017 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 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 2018.

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 2018.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the quarter and three months ended 31 March 2018.

8. Dividends Paid

No dividend has been paid during the first quarter ended 31 March 2018.

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9. Segment Information

	3 months ended		3 months ended	
	31/03/18	31/03/17	31/03/18	31/03/17
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Segment Revenue</u>				
Trading of hardware & building materials	170,150	165,233	170,150	165,233
Trading of IT related products	15,710	14,288	15,710	14,288
Others	478	406	478	406
Total revenue including inter-segment sales	186,338	179,927	186,338	179,927
Elimination of inter segment sales	(15,738)	(17,810)	(15,738)	(17,810)
Total revenue	170,600	162,117	170,600	162,117
<u>Operating profit</u>				
Trading of hardware & building materials	4,104	9,746	4,104	9,746
Trading of IT related products	209	213	209	213
Others	29	14	29	14
Total Operating Profit	4,342	9,973	4,342	9,973
<u>Profit/ (loss) before taxation</u>				
Trading of hardware & building materials	141	5,051	141	5,051
Trading of IT related products	71	111	71	111
Others	(182)	(193)	(182)	(193)
Total Profit before taxation	30	4,969	30	4,969

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous audited financial statements as at 31 December 2017.

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 three months ended 31 March 2018 and up to the date of this Interim Financial Report.

13. Contingent Liabilities/Contingent Assets

	31/03/18 (RM'000)	31/12/17 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	352,792	352,792	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	79,600	78,100	1,500

14. Capital Commitments

The Group has commitments as follows:

	31/03/18 (RM'000)	31/12/17 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	2,629	2,643	(14)

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 companies in which a Substantial shareholder or a Director of the Company and subsidiary companies have interest..

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15. Related Party Transactions (cont'd)

The significant related party transactions are as follows:

	03 months ended 31/03/17 (RM'000)	3 months ended 31/03/17 (RM'000)
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	9,379	4,087
ii) <u>Subsidiaries</u>		
CHM	1,330	569
CHRB BM	276	312
CHSD	-	58
KLC	228	-
b) Purchase of goods from		
i) <u>Other related parties</u>		
Amalgamated Industrial Steel Berhad	-	932
ii) <u>Subsidiaries</u>		
KLC	511	329
CHM	-	56
CHRB BM	-	8
CHSD	-	-
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	71	71
Security, water & electricity charges received from subsidiaries	12	12
Management fee and incentive received from subsidiaries	84	19
Rental of motor vehicle	11	3
Handling fee	-	-
Transport charges	-	-
Interest expenses	1	-

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 31/03/18 (RM'000)	31/03/17 (RM'000)
Fixed deposit with a licensed bank	786	813
Cash and bank balances	23,000	21,530
Bank overdraft	(1,077)	(1,253)
	22,709	21,090
Less : Fixed Deposits pledged	(786)	(813)
	21,923	20,277

17. Review of Performance

The Group's revenue for the period ended 31 March 2018 has increased by 5.23% to RM171 million as compared to RM162 million in the previous year corresponding period.

However, the profit before tax was lower by 99% at RM0.03 million against RM4.969 million in the previous year corresponding period.

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

	3 months ended			3 months ended		
	31.03.18 RM'000	31.03.17 RM'000	Change %	31.03.18 RM'000	31.03.17 RM'000	Change %
Revenue						
Trading of hardware & building materials	155,063	147,756	4.95	155,063	147,756	4.95
Trading of IT related products	15,289	14,128	8.22	15,289	14,128	8.22
Others	248	233	6.44	248	233	6.44
Total	170,600	162,117	5.23	170,600	162,117	5.23
Profit / (Loss) before taxation						
Trading of hardware & building materials	141	5,051	-97.21	141	5,051	-97.21
Trading of IT related products	71	111	-36.04	71	111	-36.04
Others	(182)	(193)	5.70	(182)	(193)	5.70
Total	30	4,969	-99.40	30	4,969	-99.40

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

- (i) Trading of hardware & building materials
The increase in the revenue during the period was mainly due to higher demand for steel products but the profit before tax was much reduced due to lower selling price caused by drop in global prices of steel and coupled with stiff competition.
- (ii) Trading of IT related products
As this is the festive season period, the revenue was slightly increased but margin was down due to aggressive promotion and higher staff cost.
- (iii) Others
The revenue and Loss Before Tax for the first quarter and corresponding preceding year quarter were relatively unchanged

18. Material changes in profit before taxation against preceding quarter

	Individual Quarter 3 months ended		Change %
	31/03/18 (RM'000)	31/12/17 (RM'000)	
Profit / (Loss) before taxation			
Trading of hardware & building Materials	141	1,773	-92.05
Trading of IT related products	71	114	-37.72
Others	(181)	(511)	64.58
Total	30	1,376	-97.82

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

- (i) Trading of hardware & building materials
The decrease in profit was mainly due to lower margin recorded during the quarter under review.
- (ii) Trading of IT related products
The lower profit was due to higher promotional cost incurred and lower selling price.
- (iii) Others
This lower loss was mainly due to decrease in impairment losses of quoted investment and investment properties.

19. Commentary on Prospects

With the uncertainties arising from the recent change in the government from the 14th General Election, the demand for steel products is expected to be lower in tandem with the changes in the short-term. However, the global steel prices are still expected to be stable.

As for the IT (Information Technology) division, more resources will be invested in the e-commerce business which is seeing a tremendous growth and believed to be still in its infant stage. With the expected improved economy in the country, consumer spending is expected to increase during the year.

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		3 months ended	
	31/03/18 (RM'000)	31/03/17 (RM'000)	31/03/18 (RM'000)	31/03/17 (RM'000)
Malaysia income tax				
- current	754	1,318	754	1,318
- under/ (over) provision in prior years	3	-	3	-
	-	-	-	-
	757	1,318	757	1,318
Deferred taxation	592	450	592	450
TOTAL	1,349	1,768	1,349	1,768

The effective tax rate for the financial period ended 31 March 2018 and 31 March 2017 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	
	31/03/18 (RM'000)	31/03/17 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	1,077	1,253
Bills payable (unsecured)	172,962	158,275
Trust receipts	966	-
Finance lease liabilities	1,349	1,068
Term loans (amount payable within 12 months)	8,341	5,207
	184,695	165,803
<u>Long Term</u>		
Finance lease liabilities	4,381	3,318
Less : amount payable within 12 months	(1,349)	(1,068)
	3,032	2,250
Term Loans (secured)	29,932	18,431
Less : amount payable within 12 months	(8,342)	(5,207)
	21,590	13,224
	24,622	15,474

24. Realised and Unrealised Profits / (Losses)

	As at 31/03/18 (RM'000)	As at 31/03/17 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	77,807	82,240
- Unrealised	11,455	7,508
	89,262	89,748
Consolidation adjustments	-	-
Retained earnings as per statements of financial positions	89,262	89,748

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 2017.

27. Dividends

No dividend has been declared nor recommended for payment for the quarter and three months ended 31 March 2018.

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		3 months ended	
	31/03/18 (RM'000)	31/03/17 (RM'000)	31/03/18 (RM'000)	31/03/17 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	(1,334)	2,931	(1,334)	2,931
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	168,670
Basic earnings per share (sen)	(0.79)	1.74	(0.79)	1.74

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: 28 May 2018