



CHUAN HUAT RESOURCES BERHAD

(Registration No. 199401005050 (290729-W))

(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the Third Quarter Ended
31 March 2021

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2021

	Unaudited As at 31/03/21 (RM'000)	Audited As at 30/06/20 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	128,300	130,478
Investment properties	69,397	69,330
Right-of-use assets	90,812	91,108
Other investments	60	60
	<u>288,569</u>	<u>290,976</u>
Current assets		
Inventories	86,403	101,339
Trade receivables	167,845	146,354
Other receivables, deposits and prepayments	10,433	6,969
Cash & cash equivalents	25,966	16,198
	<u>290,647</u>	<u>270,860</u>
TOTAL ASSETS	579,216	561,836
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	218,285	209,612
	<u>302,620</u>	<u>293,947</u>
Non-controlling interest	14,999	14,873
Total equity	<u>317,619</u>	<u>308,820</u>
Non-current liabilities		
Borrowings	17,452	18,864
Lease liabilities	6,156	4,922
Deferred tax liabilities	18,003	17,772
	<u>41,611</u>	<u>41,558</u>
Current liabilities		
Trade & other payables	40,706	28,936
Borrowings	176,260	179,754
Lease liabilities	2,589	2,696
Taxation	431	72
	<u>219,986</u>	<u>211,458</u>
Total liabilities	<u>261,597</u>	<u>253,016</u>
TOTAL EQUITY AND LIABILITIES	579,216	561,836
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.79	1.74

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Third Quarter and Nine Months Period ended 31 March 2021**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	31/03/21 (RM'000)	31/03/20 (RM'000)	31/03/21 (RM'000)	31/03/20 (RM'000)
Revenue	164,974	179,165	496,468	-
Operating expenses	(155,783)	(174,902)	(479,385)	-
Other income	603	1,531	2,217	-
Operating profit	9,794	5,794	19,300	-
Depreciation of property, plant and equipment	(1,239)	(1,832)	(3,579)	-
Depreciation of Right-of-use assets	(982)	-	(2,948)	-
Interest expenses	(1,607)	(2,731)	(4,649)	-
Interest income	301	139	2,516	-
Provision for and write off of receivables	(148)	(594)	112	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Share of loss in an associate company	-	(124)	-	-
Foreign exchange gain	8	9	26	-
Profit before tax	6,127	661	10,778	-
Taxation	(736)	(1,308)	(1,844)	-
Profit / (Loss) for the period	5,391	(647)	8,934	-
Other Comprehensive income/(loss) net of tax	82	(6,054)	(102)	-
Total Comprehensive Income / (Loss) for the period	5,473	(6,701)	8,832	-
Comprehensive Income / (Loss) attributable to:-				
Owner of the parent	5,284	(6,911)	8,706	-
Non-controlling interest	189	210	126	-
Comprehensive Income/(Loss) for the period	5,473	(6,701)	8,832	-
Earnings per share (sen):-				
Basic earnings / (loss) per share	3.08	(0.51)	5.22	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the Interim financial statements.

Note: In view of the change in financial year end from 12 months ended 31 December 2019 to 18 months ended 30 June 2020, the current reporting financial period will be for a period of 9 months, made up from 1 July 2020 to 31 March 2021. Furthermore, there is no comparative figures for the preceding year to date.

Unaudited Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2021

	Share Capital (RM'000)	Capital Reserve (RM'000)	Non-Distributable Exchange Translation Reserve (RM'000)	Revaluation Reserve (RM'000)	Distributable Retained Earnings (RM'000)	Total (RM'000)	Non- Controlling interest (RM'000)	Total Equity (RM'000)
<u>Unaudited</u>								
GROUP								
At 1 July 2020	84,335	21,923	476	108,454	78,759	293,947	14,873	308,820
Profit for the period	-	-	-	-	8,775	8,775	126	8,901
Other comprehensive loss	-	-	(102)	-	-	(102)	-	(102)
Total comprehensive income for the period	-	-	(102)	-	8,775	8,673	126	8,799
At 31 March 2021	84,335	21,923	374	108,454	87,534	302,620	14,999	317,619

Audited

GROUP

At 1 January 2019-previously reported	84,335	21,923	360	114,393	96,563	317,574	15,674	333,248
Adjustment on initial application of MFRS 16	-	-	-	-	(21)	(21)	(5)	(26)
As at 1 January 2019 - restated	84,335	21,923	360	114,393	96,542	317,553	15,669	333,222
Loss for the period	-	-	-	-	(15,833)	(15,833)	(1,463)	(17,296)
Other comprehensive loss:								
- Deferred tax on previous revaluation of land and buildings	-	-	-	(5,939)	-	(5,939)	-	(5,939)
- Foreign currency translation gain	-	-	116	-	-	116	-	116
Total other comprehensive loss	-	-	116	(5,939)	-	(5,823)	-	(5,823)
Total comprehensive loss for the period	-	-	116	(5,939)	(15,833)	(21,656)	(1,463)	(23,119)
Changes in non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	(95)	(95)	489	394
Issuance of shares to non-controlling interests in subsidiaries	-	-	-	-	-	-	278	278
Dividend paid to non-controlling interests	-	-	-	-	-	-	(100)	(100)
Dividend paid	-	-	-	-	(1,855)	(1,855)	-	(1,855)
At 30 June 2020	84,335	21,923	476	108,454	78,759	293,947	14,873	308,820

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 period ended 30 June 2020

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2021

	9 months 31/03/21 (RM'000)	18 months 30/06/20 (RM'000)
Cash flows from operating activities		
Profit/(loss) before tax	10,778	(15,187)
Adjustment for non-cash items :-		
Depreciation of property, plant and equipment	3,495	7,095
Depreciation of Right-of-use assets	2,948	5,429
Interest expenses	4,649	17,088
Interest income	(2,516)	(2,622)
Bad debts written off	-	317
Impairment loss on trade receivables	674	2,025
Reversal of impairment losses on trade receivables	(782)	(1,259)
Inventories written off	-	1,029
Non-cash items	662	(1,768)
Operating profit before working capital changes	19,908	12,147
Decrease in inventories	15,198	15,093
(Increase)/Decrease in trade and other receivables	(25,540)	63,064
increase/(Decrease) in trade and other payables	11,738	(30,812)
Cash generated from/(used in) operations	21,304	59,492
Interest received	2,494	2,497
Interest paid	(3,780)	(14,810)
Tax paid, net of refund	(720)	(2,092)
Net cash from operating activities	19,298	45,087
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,605)	(3,709)
Purchase of investment properties	(163)	(15,031)
Acquisition of additional shares in an associate	-	(151)
Repayment from/(Advances to) an associate	-	151
Net cash inflow from acquisition of a subsidiary company	-	177
Proceeds from disposal of property, plant and equipment	206	1,496
Proceeds from disposal of investment properties	144	697
Proceeds from disposal of quoted investments	-	3,147
Interest received	22	125
Net cash outflow from investing activities	(1,396)	(13,098)
Cash flows from financing activities		
Net proceeds from /(repayments to) term loans	(6,203)	1,229
Payments of lease liabilities	(2,462)	(3,708)
Proceeds from issuance of new shares to non-controlling interests in subsidiaries	-	377
Net (repayment)/ drawdown of short term borrowings	7,261	(35,177)
Dividend paid to owners of the company	-	(1,855)
Dividend paid to non-controlling interests	-	(100)
Interest paid on term loans	(531)	(1,760)
Interest paid on lease liabilities	(339)	(517)
Uplift of fixed deposit pledged	276	446
Net cash inflow/(outflow) from financing activities	(1,998)	(41,065)
Effects of changes in exchange rates	102	140
Net Increase/(Decrease) in cash & cash equivalents	15,904	(9,076)
Cash & cash equivalents at beginning of the financial period	6,887	15,823
Cash & cash equivalents at end of the financial period	22,893	6,887

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2021

1. Basis of Preparation

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2020 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 period ended 30 June 2020.

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 18 months financial period ended 30 June 2020, including the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2020:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendment to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and MFRS 108: Definition Of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendment to MFRS 16: Covid-19-Related Rent Concessions

The adoption of the above Standards and Amendments do not have any significant impact on the financial statements of the Group.

Standards and amendments in issue but not yet effective

As at the date of authorisation of these interim financial statements, the Group have not made early adoption of the following MFRSs 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 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3: Reference to the Conceptual Framework³
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 : Insurance Contracts
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

2. Significant Accounting Policies (cont'd)

Effective date deferred

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application

3. Auditors' Report in respect of the 2020 Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 30 June 2020 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 nine months period ended 31 March 2021.

6. Changes in Estimates

There were no material changes in estimates that have had a material effect during the nine months period ended 31 March 2021.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the nine months period ended 31 March 2021.

8. Dividends

No dividend has been paid during the nine months period ended 31 March 2021.

9. Segment Information

	Current year quarter 3 months 31/03/21 (RM'000)	Preceding year quarter 3 months 31/03/20 (RM'000)	Current year to date 9 months 31/03/21 (RM'000)	Preceding year to date 31/03/20 (RM'000)
<u>Segment Revenue</u>				
Trading of steel & building materials	135,966	126,772	407,316	-
Steel Service Centre	48,119	46,077	140,833	-
Trading of IT related products	15,197	14,464	41,626	-
Food & Beverage	1,217	1,144	2,988	-
Others	806	468	1,864	-
Total revenue including inter-segment sales	201,305	188,925	594,627	-
Elimination of inter segment sales	(36,331)	(33,163)	(98,159)	-
Total revenue	164,974	155,762	496,468	-
<u>Profit/ (loss) before taxation</u>				
Trading of steel & building materials	4,479	(2,203)	7,874	-
Steel Service Centre	1,576	(831)	3,732	-
Trading of IT related products	792	(466)	1,250	-
Food & Beverage	(496)	(598)	(1,506)	-
Share of result of an associate	-	-	-	-
Others	(224)	(448)	(572)	-
Total Profit before taxation	6,127	(4,546)	10,778	-

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment for financial period ended 31 March 2021 has been brought forward without amendment from the previous audited financial statements as at 30 June 2020.

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. Contingent Liabilities/Contingent Assets

	31/03/21 (RM'000)	31/12/20 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	218,307	218,307	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	37,489	37,489	-

13. Capital Commitments

The Group has commitments as follows:

	31/03/21 (RM'000)	31/12/20 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	1,559	1,559	-

14. 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.

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

The significant related party transactions are as follows:

	Current year to date 9 months 31/03/21 (RM'000)	Preceding Year to date 31/03/20 (RM'000)
a) Sale of goods to		
i) <u>Subsidiaries</u>		
CHM	1,362	-
CHRB BM	1,269	-
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
KLC	1,394	-
CHM	308	-
CHRB BM	138	-
ii) <u>Subsidiaries</u>		
Rental income received from subsidiaries	128	-
Security, water & electricity charges received from subsidiaries	36	-
Management fee and incentive received from subsidiaries	62	-

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.

15. **Cash and Cash Equivalents**

	As at 31/03/21 (RM'000)	As at 30/06/20 (RM'000)
Fixed deposit with a licensed bank	87	362
Cash and bank balances	25,879	15,836
Bank overdraft	(2,986)	(8,949)
	22,980	7,249
Less : Fixed Deposits pledged	(87)	(362)
	22,893	6,887

16. Review of Performance

The Group recorded a total revenue of RM496 million for 9 months financial period ended 31 March 2021 while as for the current quarter, it recorded a revenue of RM165 million as compared to RM156 million in the corresponding quarter of the preceding year.

The Group recorded a profit before tax of RM10.8 million for the 9 months period ended 31 Mar 2021. As for the current quarter it registered a profit before tax of RM6.1 million as compared to a loss before tax of RM4.5 million in the previous year corresponding period.

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

	Current year quarter 31.03.21 RM'000	Preceding year quarter 31.03.20 RM'000	Change %	Current year to date 9 months 31.03.21 RM'000	Preceding year to date 31.03.20 RM'000	Change %
Revenue						
Trading of steel & building materials	123,211	109,604	12.41	371,969	-	-
Steel Service Centre	24,844	30,312	-18.04	78,773	-	-
Trading of IT related products	15,197	14,464	5.07	41,626	-	-
Food and Beverage	1,217	1,144	6.38	2,988	-	-
Others	505	238	112.18	1,112	-	-
Total	164,974	155,762	5.91	496,468	-	-
Profit / (Loss) before taxation						
Trading of steel & building materials	4,479	(2,203)	303.31	7,874	-	-
Steel Service Centre	1,576	(831)	289.65	3,732	-	-
IT related products &	792	(466)	269.96	1,250	-	-
Food and beverage	(496)	(598)	17.06	(1,506)	-	-
Others	(224)	(448)	50.00	(572)	-	-
Total	6,127	(4,546)	234.78	10,778	-	-

16. Review of Performance (cont'd)

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

(i) Trading of steel & building materials

Revenue for this period has increased by 12.41% as compared to the preceding quarter which was mainly due to the slight improvement in the overall construction industry. The vast improvement in the profit by 303.31% was mainly due to the increase in steel prices which resulted in higher selling margin.

(ii) Steel Service Centre

Although revenue was reduced by 18.04%, the profit saw a turnaround from a loss to a profit with a 289.65% improvement. Similarly as with the trading of steel products, the better results were due to increase in steel prices and higher selling margin.

(iii) Trading of IT related products

This division reported a better performance in terms of profit which was mainly attributed to higher margin from the sales of IT products, such as laptop, printers and ink cartridges which saw a spike in the demand due to the Work from Home (WFH) initiative.

(iv) Food and Beverage

The impact from the CMCO continue to have a great impact on the performance resulting in the reduction in the revenue and bottom line.

(v) Others

There was a small improvement for both the revenue and bottom line which was mainly due to higher rental received.

17. Material changes in Profit/(Loss) Before Taxation (“PBT/LBT) against preceding quarter

	Current year quarter 3 months 31/03/21 (RM'000)	Immediate preceding quarter 3 months 31/12/20 (RM'000)	Change %
Revenue			
Trading of steel & building materials	123,211	132,529	-7.03
Steel Service Centre	24,844	26,860	-7.51
Trading of IT related products	15,197	12,673	19.92
Food and Beverage	1,217	879	38.45
Others	505	215	134.88
Total	164,974	173,156	-4.73
Profit / (Loss) before taxation			
Trading of steel & building Materials	4,479	2,558	75.10
Steel Service Centre	1,576	1,190	32.44
Trading of IT related products	792	314	152.23
Food and Beverage Division	(496)	(426)	-16.43
Others	(224)	(154)	-45.45
Total	6,127	3,482	75.96

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

(i) Trading of steel & building materials

Although the revenue was reduced by 7.03% in the current quarter, there was an increase in the profit by 75.10% which was mainly due to higher selling prices caused by increase in global steel prices.

(ii) Steel Service Centre

For the similar reasons as stated above, this division revenue was slightly reduced by 7.51% but profit was increased by 32.44% respectively.

(iii) Trading of IT related products

Revenue saw an increase by 19.92% whilst profit was also improved by 152.23% which was mainly due to the surge in demand for IT products caused by the Work from Home (WFH) initiative.

17. Material changes in Profit/(Loss) Before Taxation (cont'd)

(iv) Food and Beverage division

Despite an increase in the revenue by 38.45%, it still reported a loss of RM0.5 Million as compared to RM0.4 Million in the preceding quarter which was mainly due to the higher initial operating cost for the new Bhai Jim Jum outlet in IOI City mall.

(iv) Others

Although revenue has improved by 134.88% due to higher rental received, the bottom line saw a further loss due to higher operation cost.

18. Commentary on Prospects

With the resurgence of daily high incidences of Covid-19 cases which resulted in the government to enforce another MCO 3.0 until June 2021, the outlook for the last quarter remains uncertain and challenging. With the Government's emphasis on balancing the fallout from the lockdown, all economic sectors are allowed to operate and with the incentives and roll out of projects, we are cautiously optimistic that all sectors of the economy will see a gradual improvement by the end of the year facilitated by the availability vaccines and the roll out program.

19. Profit Forecast and Profit Guarantee

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

20. Income Tax Expenses

	Current year quarter 3 months 31/03/21 (RM'000)	Preceding year quarter 3 months 31/03/20 (RM'000)	Current year to date 9 months 31/03/21 (RM'000)	Preceding year to date 31/03/20 (RM'000)
Malaysia income tax				
- current	401	117	1,501	-
- under/ (over) provision in prior years	91	28	122	-
	492	145	1,623	-
Deferred taxation	243	(592)	221	-
TOTAL	735	(447)	1,844	-

The effective tax rate for the financial period ended 31 March 2021 is 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.

21. Loans and Borrowings

	As at 31/03/21 (RM'000)	As at 31/03/20 (RM'000)
<u>Amount due within one year</u>		
Bank overdrafts	2,986	7,608
Bankers' acceptance	169,885	214,451
Trust receipts	1,203	1,057
Term loans	2,186	8,484
	176,260	231,600
<u>Amount due more than one year</u>		
Term Loans	19,638	28,154
Less : amount payable within 12 months	(2,186)	(8,484)
	17,452	19,670
	193,712	251,270

22. Off Balance Sheet Financial Instruments

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

23. 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 30 June 2020.

24. Dividends

No dividend has been declared nor recommended for payment for the nine months ended 31 March 2021.

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25. 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:

	Current year quarter 3 months 31/03/21 (RM'000)	Preceding year quarter 3 months 31/03/20 (RM'000)	Current year to date 9 months 31/03/21 (RM'000)	Preceding year to date 31/03/20 (RM'000)
Profit/(Loss) attributable to the owners of the parent (RM'000)	5,202	(3,691)	8,808	-
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	-
Basic earnings/(loss) per share (sen)	3.08	(2.19)	5.22	-

26. Authorisation for Issue

This interim consolidated 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: 25 May 2021