



CHUAN HUAT RESOURCES BERHAD

(Registration No. 199401005050 (290729-W))

(Incorporated in Malaysia)

**Condensed Consolidated Financial Statements
For the Fourth Quarter and Year Ended
30 June 2023**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 30 June 2023**

	Unaudited As at 30/06/23 (RM'000)	Audited As at 30/06/22 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	126,013	128,051
Investment properties	69,156	67,097
Intangible assets	1,200	-
Right-of-use assets	120,525	99,111
Other investments	40	40
	<u>316,934</u>	<u>294,299</u>
Current assets		
Inventories	115,932	120,381
Trade receivables	172,060	159,129
Non-current asset held for sale	200	6,915
Other receivables, deposits and prepayments	16,262	15,773
Cash & cash equivalents	31,060	32,170
	<u>335,514</u>	<u>334,368</u>
	<u>652,448</u>	<u>628,667</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	231,869	233,424
	<u>316,204</u>	<u>317,759</u>
Non-controlling interest	13,740	14,362
Total equity	<u>329,944</u>	<u>332,121</u>
Non-current liabilities		
Borrowings	28,004	14,865
Lease liabilities	1,818	3,238
Deferred tax liabilities	29,421	29,514
	<u>59,243</u>	<u>47,617</u>
Current liabilities		
Trade & other payables	34,846	35,542
Borrowings	227,746	211,364
Lease liabilities	618	2,022
Taxation	51	1
	<u>263,261</u>	<u>248,929</u>
Total liabilities	<u>322,504</u>	<u>296,546</u>
	<u>652,448</u>	<u>628,667</u>
TOTAL EQUITY AND LIABILITIES		
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.87</u>	<u>1.88</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the fourth quarter and year ended 30 June 2023

	Quarter Ended		Year-To-Date Ended	
	3 months ended	3 months ended	12 months ended	12 months ended
	30/06/23	30/06/22	30/06/23	30/06/22
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	169,185	160,099	659,478	608,993
Operating expenses	(167,820)	(158,778)	(650,147)	(591,536)
Other income	2,338	2,982	4,656	5,524
Operating profit	3,703	4,303	13,987	22,981
Depreciation of property, plant and equipment	(1,124)	(1,186)	(4,541)	(4,657)
Depreciation of Right-of-use assets	(672)	(1,333)	(3,451)	(3,672)
Interest expenses	(2,872)	(1,759)	(9,158)	(5,864)
Interest income	178	302	1,556	726
Provision for and write off of receivables	(213)	(1,490)	494	(2,396)
Provision for and write off of inventories	(85)	-	(259)	-
Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
Realised foreign exchange	-	-	-	-
Foreign exchange (loss)/gain	(36)	(1)	38	3
(Loss) / Profit before tax	(1,121)	(1,164)	(1,334)	7,121
Taxation	163	2,566	(1,589)	(289)
(Loss) / Profit for the period / year	(958)	1,402	(2,923)	6,832
Other Comprehensive income net of tax	789	1,992	789	2,021
Total Comprehensive (Loss) / Income for the period	(169)	3,394	(2,134)	8,853
Profit attributable to:-				
Owner of the parent	(287)	1,599	(2,344)	6,985
Non-controlling interest	(671)	(197)	(579)	(153)
	(958)	1,402	(2,923)	6,832
Comprehensive (Loss) / Income attributable to:-				
Owner of the parent	502	3,591	(1,555)	9,006
Non-controlling interest	(671)	(197)	(579)	(153)
Comprehensive Income/(Loss) for the period	(169)	3,394	(2,134)	8,853
Earnings per share attributable to owners of the company (sen):-				
Basic earnings / (loss) per share	(0.17)	0.95	(1.39)	4.14

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity
For the financial period ended 30 June 2023**

	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)
(Unaudited)								
GROUP								
At 1 July 2022	84,335	21,923	-	3,710	110,029	317,759	14,362	332,121
Loss for the year	-	-	-	-	(2,344)	(2,344)	(579)	(2,923)
Other comprehensive income	-	-	-	789	-	789	-	789
Disposal of subsidiary	-	-	-	-	-	-	(43)	(43)
Total comprehensive (loss) / income for the period	-	-	-	789	(2,344)	(1,555)	(622)	(2,177)
Transaction with owner - Realisation of retained profits due to strike off a subsidiary	-	(850)	-	-	850	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 30 June 2023	84,335	21,073	-	4,499	96,268	316,204	13,740	329,944

Audited

GROUP

At 1 July 2021	84,335	21,923	379	108,454	93,840	308,931	14,575	323,506
Profit for the year	-	-	-	-	6,983	6,983	(153)	6,830
Deferred tax on revaluation land & buildings	-	-	-	1,575	-	1,575	-	1,575
Other comprehensive loss	-	-	3,331	-	-	3,331	-	3,331
Total comprehensive income for the period	-	-	3,331	1,575	6,983	11,889	(153)	11,736
Dividend	-	-	-	-	(3,061)	(3,061)	(60)	(3,121)
At 30 June 2022	84,335	21,923	3,710	110,029	97,762	317,759	14,362	332,121

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes to these interim financial statements.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2023

	12 months 30/06/23 (RM'000)	12 months 30/06/22 (RM'000)
	(Unaudited)	(Audited)
Cash flows from operating activities		
(Loss)/Profit before tax	(1,334)	7,121
Adjustment for non-cash items :-		
Depreciation of property, plant and equipment	4,541	4,623
Depreciation of Right-of-use assets	3,451	3,672
Interest expenses	9,158	5,864
Interest income	(1,556)	(726)
Bad debts written off		13
Impairment loss on trade receivables	499	2,782
Reversal of impairment losses on trade receivables	(933)	(1,854)
Non-cash items	(2,504)	(1,955)
Operating profit before working capital changes	11,322	19,540
Decrease / (Increase) in inventories	4,450	(25,829)
(Increase) in trade and other receivables	(12,074)	(16,864)
(Decrease) in trade and other payables	(695)	(263)
Cash generated from/(used in) operations	3,003	(23,416)
Interest received	1,494	709
Interest paid	(8,373)	(5,156)
Tax paid, net of refund	(1,524)	(2,118)
Net cash from operating activities	(5,400)	(29,981)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,355)	(1,454)
Purchase of right-of-use assets	(26,196)	-
Purchase of intangible assets	(1,200)	-
Purchase of investment properties	(319)	(613)
Proceeds from disposal of property, plant and equipment	300	282
Proceeds from disposal of investment properties	6,774	582
Interest received	62	16
Net cash outflow from investing activities	(21,934)	(1,187)
Cash flows from financing activities		
Net proceeds from / (repayments to) term loans	13,701	(2,560)
Payments of lease liabilities	(1,725)	(2,327)
Net drawdown of short term borrowings	15,060	49,760
Dividend paid to owners of the company	-	(3,061)
Dividend paid to non-controlling interests	-	(60)
Interest paid on term loans	(606)	(451)
Interest paid on lease liabilities	(179)	(256)
Decrease/(Increase) in fixed deposit pledged	90	(1)
Net cash inflow/(outflow) from financing activities	26,341	41,044
Effects of changes in exchange rates	(789)	183
Net Increase/(Decrease) in cash & cash equivalents	(993)	9,876
Cash & cash equivalents at beginning of the financial period	30,874	20,815
Cash & cash equivalents at end of the financial year	29,092	30,874

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 30 June 2022

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 30 JUNE 2023

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 **30 June 2022** 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 Main 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 **30 June 2022**.

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 30 June 2022, except for the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2023:

Effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 – *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108 – *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112 – *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2024

- Amendments to MFRS 16 – *Leases – Lease liabilities in a Sale and Leaseback*
- Amendments to MFRS 101 – *Presentation of Financial Statements – Non-current Liabilities with Covenants.*

Effective date deferred to a date to be determined by MASB

- Amendments to MFRS 10 - *Consolidated Financial Statements*

2. Significant accounting policies (cont'd)

- Amendments to MFRS 128 - *Investment in Associates and Joint Ventures – Sale or Contribution by Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above mentioned 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 2022 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2022 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 financial year ended 30 June 2023.

6. Changes in Estimates

There were no material changes in estimates that have had a material effect during the financial year ended 30 June 2023.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the financial year ended 30 June 2023.

8. Dividends

No dividend has been declared for year ended 30 June 2023.

(Incorporated in Malaysia)

9. Segment Information

	Current year quarter 3 months 30/06/23 (RM'000)	Preceding year quarter 3 months 30/06/22 (RM'000)	Current year to date 12 months 30/06/23 (RM'000)	Preceding year to date 12 months 30/06/22 (RM'000)
<u>Segment Revenue</u>				
Trading of steel & building materials	151,985	133,719	570,134	524,062
Steel Service Centre	40,634	40,454	161,941	144,361
Trading of IT related products	7,506	9,653	36,199	41,804
Food & Beverage	2,525	2,794	11,286	8,653
Others	544	520	2,159	2,281
Total revenue including inter-segment sales	203,194	187,140	781,719	721,161
Elimination of inter segment sales	(34,009)	(27,041)	(122,241)	(112,168)
Total revenue	169,185	160,099	659,478	608,993
<u>Profit/ (loss) before taxation</u>				
Trading of steel & building materials	753	(521)	6,590	5,412
Steel Service Centre	496	(794)	(2,299)	2,638
Trading of IT related products	(560)	(362)	(2,655)	15
Food & Beverage	(79)	(248)	(109)	(900)
Others	(1,731)	760	(2,861)	(44)
Total (Loss) / Profit before taxation	(1,121)	(1,165)	(1,334)	7,121

10. Valuation of Investment Properties

During the financial year end, the Group had reassessed its fair value on its investment properties based on desktop valuation by professional valuer and generated a fair value gain of RM 1,940,000.

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

	30/06/23 (RM'000)	30/06/22 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	255,750	226,229	29,521
Corporate guarantees in respect of the Supply of goods to subsidiary companies	26,243	2,029	24,214

13. Capital Commitments

The Group has commitments as follows:

	30/06/23 (RM'000)	30/06/22 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	936	936	-

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) 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 12 months 30/06/23 (RM'000)	Preceding Year to date 12 months 30/06/22 (RM'000)
a) Sale of goods to		
i) <u>Subsidiaries</u>		
CHM	1,976	3,770
CHRB BM	1,118	1,075
KLC	146	-
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
CHM	-	38
CHRB BM	19	55
KLC	676	1,111
ii) <u>Subsidiaries</u>		
Rental income received from subsidiaries	171	171
Security, water & electricity charges received from subsidiaries	51	48
Transport charges & handling fee received from subsidiaries	571	3
Management fee and incentive received from subsidiaries	683	323

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 30/06/23 (RM'000)	As at 30/06/22 (RM'000)
Fixed deposit with a licensed bank	-	89
Cash and bank balances	31,060	32,081
Bank overdraft	(1,968)	(1,207)
	29,092	30,963
Less : Fixed Deposits pledged	-	(89)
	29,092	30,874

(Incorporated in Malaysia)

16. Review of Performance

The Group's revenue for the current quarter increased by 5.68% to RM169 million as compared to RM160 million in the preceding quarter whilst the profit before taxation, improved from a loss of RM1.17 million to a loss of RM 1.12 million, representing an improvement of 3.78%.

The Group's revenue for the current year 12 months period increased by 8.29% to RM659 million as compared to RM 609 million in the preceding year, whilst the bottom line reported a loss of RM1.33 million from a profit before taxation of RM7.12 million previously.

	Current year quarter	Preceding year quarter		Current year to date 12 months	Preceding year to date 12 months	
	30.06.23	30.06.22	Change	30.06.23	30.06.22	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Trading of steel & building materials	135,699	124,972	8.58	511,594	479,167	6.77
Steel Service Centre	23,168	22,417	3.35	99,270	78,117	27.08
Trading of IT related products	7,506	9,653	-22.24	36,199	41,804	-13.41
Food and Beverage	2,525	2,794	-9.63	11,286	8,653	30.43
Others	287	263	9.13	1,129	1,252	-9.82
Total	169,185	160,099	5.68	659,478	608,993	8.29
Profit / (Loss) before taxation						
Trading of steel & building materials	753	(521)	244.53	6,590	5,412	21.77
Steel Service Centre	496	(794)	162.47	(2,299)	2,638	-187.15
Trading of IT related products	(560)	(362)	-54.70	(2,655)	15	-17800.00
Food and beverage	(79)	(248)	68.15	(109)	(900)	87.89
Others	(1,731)	760	-327.76	(2,861)	(44)	-6402.27
Total	(1,121)	(1,165)	3.78	(1,334)	7,121	-118.73

16. Review of Performance (cont'd)

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

i) Trading of steel and building materials

Current quarter against preceding year quarter (3 months)

The increase in revenue was mainly due to the increase in demand and selling price of steel products which also improved the bottom line accordingly.

Current 12 months year to date against preceding year 12 months year to date

The increase in revenue was mainly due to the increase in demand and selling price of steel products which also improved the bottom line accordingly.

ii) Steel Service Centre

Current quarter against preceding year quarter (3 months)

Although revenue increased marginally but bottom line posted a huge turnaround with higher selling price.

Current 12 months year to date against preceding year 12 months year to date

Although revenue was increased by 27%, the bottom line suffered a loss of RM2.2 million from a profit of RM2.6 million previously due to variance in holding stock value and increased in manufacturing and finance costs.

iii) Trading of IT related products

Current quarter against preceding year quarter (3 months)

The drop in revenue was due to reduced sales from closure of a few physical stores in Aeon and Lotus mall which resulted in a bigger loss.

Current 12 months year to date against preceding year 12 months year to date

With the slowdown and closure of several physical stores, the revenue was reduced by 13% and with the stiff competition on margin and write down of obsolete stock, it reported a loss of RM2.6 million from a profit of RM15k previously.

iv) Food and Beverage (F&B) Division

Current quarter against preceding year quarter (3 months)

The lower revenue was due to the closure of Thai Hou Sek restaurant in Mid Valley.

Current 12 months year to date against preceding year 12 months year to date

Revenue was up by 30% due to the returned of dine in customers, increased patronage of F&B division outlets following relaxation of the Covid-19 MCO which also improved the bottom line to almost a break even from a loss of RM900k previously.

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

	Current year quarter 3 months 30/06/23 (RM'000)	Immediate preceding quarter 3 months 31/03/23 (RM'000)	Change %
Revenue			
Trading of steel & building materials	135,699	133,272	1.82
Steel Service Centre	23,168	26,522	-12.65
Trading of IT related products	7,506	9,470	-20.74
Food and Beverage	2,525	2,479	1.86
Others	287	283	1.41
Total	169,185	172,026	-1.65
Profit / (Loss) before taxation			
Trading of steel & building Materials	753	591	27.41
Steel Service Centre	496	(503)	198.61
Trading of IT related products	(560)	(884)	36.65
Food and Beverage Division	(79)	(173)	54.34
Others	(1,731)	(666)	-159.91
Total	(1,121)	(1,635)	31.44

The reasons for the changes in various sector are as follow:

- i) **Trading of steel & building materials**
The increase in revenue was due to the higher demand whilst the higher bottom line was due to the stock holding price variance.
- ii) **Steel service centre**
Similar reasons for the changes as above.
- iii) **Trading of IT related products**
Revenue dropped due to the closure of physical outlet in Aeon and Lotus while bottom line improved due to lower operating costs.

17. Material changes in Profit/(Loss) Before Taxation ("PBT/LBT) against preceding quarter (cont'd)
iv) Food and Beverage (F&B) Division

No material changes.

18. Commentary on Prospects

The Malaysian economy's expansion of 5.6% in the first quarter of 2023 combined with the government's aggressive drive on increasing foreign investments and focus on investment activity through capacity expansion, progress of multi year projects and higher fixed assets spending suggests that the country's economy is on the right track to meet or exceed the projected growth between 4% to 5% for the rest of the year. The easing of restrictions on migrant workers will augur well for the construction industry while domestic demand for consumer products, services and F&B are expected to be resilient in 2023. With the positive outlook, we remain cautiously optimistic on the Group's overall improved performance for 2023.

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 30/06/23 (RM'000)	Preceding year quarter 3 months 30/06/22 (RM'000)	Current year to date 12 months 30/06/23 (RM'000)	Preceding year to date 12 months 30/06/22 (RM'000)
Malaysia income tax				
- current	(108)	(391)	1,484	1,385
- under provision in prior years	-	-	65	301
- real property gain tax	-	-	47	-
Deferred taxation	(108) (55)	(391) (2,175)	1,596 (7)	1,686 (1,397)
TOTAL	(163)	(2,566)	1,589	289

The effective tax rate for the financial year ended 30th June 2023 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 30/06/23 (RM'000)	As at 30/06/22 (RM'000)
<u>Amount due within one year</u>		
Bank overdrafts	1,968	1,207
Bankers' acceptance	222,149	207,861
Trust receipts	772	-
Term loans	2,856	2,296
	227,746	211,364
<u>Amount due more than one year</u>		
Term Loans	30,860	17,160
Less : amount payable within 12 months	(2,856)	(2,295)
	28,004	14,865
	255,750	226,229

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 2022.

24. 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 30/06/23 (RM'000)	Preceding year quarter 3 months 30/06/22 (RM'000)	Current year to date 12 months 30/06/23 (RM'000)	Preceding year to date 12 months 30/06/22 (RM'000)
(Loss) / Profit attributable to the owners of the parent (RM'000)	(287)	1,599	(2,344)	6,985
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	168,670
Basic (loss) / earnings per share (sen)	(0.17)	0.95	(1.39)	4.14

25. 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: 28 August 2023