



CHUAN HUAT RESOURCES BERHAD

(Registration No. 199401005050 (290729-W))

(Incorporated in Malaysia)

**Condensed Consolidated Financial Statements
For the First Quarter and Three Months Period
30 September 2023**

(Incorporated in Malaysia)

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

	Unaudited As at 30/09/23 (RM'000)	Audited As at 30/06/23 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	125,849	126,013
Investment properties	70,092	69,156
Intangible assets	1,200	1,200
Right-of-use assets	121,641	122,319
Other investments	40	40
	318,822	318,728
Current assets		
Inventories	127,250	115,932
Trade receivables	192,109	172,061
Non-current asset held for sale	200	200
Other receivables, deposits and prepayments	14,708	16,262
Cash & cash equivalents	27,150	31,045
	361,417	335,500
	680,239	654,228
TOTAL ASSETS	680,239	654,228
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	230,601	231,841
	314,936	316,176
Non-controlling interest	14,136	13,740
Total equity	329,072	329,916
Non-current liabilities		
Borrowings	28,019	28,005
Lease liabilities	2,956	2,972
Deferred tax liabilities	29,462	29,421
	60,437	60,398
Current liabilities		
Trade & other payables	38,324	34,847
Borrowings	250,949	227,746
Lease liabilities	1,286	1,270
Taxation	171	51
	290,730	263,914
Total liabilities	351,167	324,312
	680,239	654,228
TOTAL EQUITY AND LIABILITIES	680,239	654,228
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.87	1.87

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the first quarter and three months period 30 September 2023

	Quarter Ended		Year-To-Date Ended	
	3 months ended	3 months ended	3 months ended	3 months ended
	30/09/23	30/09/22	30/09/23	30/09/22
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	176,684	169,060	176,684	169,060
Operating expenses	(172,741)	(166,000)	(172,741)	(166,000)
Other income	844	1,033	844	1,033
Operating profit	4,787	4,093	4,787	4,093
Depreciation of property, plant and equipment	(1,053)	(1,136)	(1,053)	(1,136)
Depreciation of Right-of-use assets	(1,207)	(1,021)	(1,207)	(1,021)
Interest expenses	(3,208)	(1,785)	(3,208)	(1,785)
Interest income	202	234	202	234
Provision for and write off of receivables	85	380	85	380
Provision for and write off of inventories	-	-	-	-
Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
Realised foreign exchange	-	-	-	-
Foreign exchange (loss)/gain	(17)	-	(17)	-
(Loss) / Profit before tax	(411)	765	(411)	765
Taxation	(458)	(648)	(458)	(648)
(Loss) / Profit for the period / year	(869)	117	(869)	117
Other Comprehensive income net of tax	23	-	23	-
Total Comprehensive (Loss) / Income for the period	(846)	117	(846)	117
(Loss) / Profit attributable to:-				
Owner of the parent	(1,265)	(67)	(1,265)	(67)
Non-controlling interest	396	184	396	184
	(869)	117	(869)	117
Comprehensive (Loss) / Income attributable to:-				
Owner of the parent	(1,242)	(67)	(1,242)	(67)
Non-controlling interest	396	184	396	184
Comprehensive Income/(Loss) for the period	(846)	117	(846)	117
Loss per share attributable to owners of the company (sen):-				
Basic loss per share	(0.75)	(0.04)	(0.75)	(0.04)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the financial period ended 30 September 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 2023	84,335	21,073	-	4,504	110,029	316,176	13,740	329,916
(Loss) / Profit for the year	-	-	-	-	(1,263)	(1,263)	396	(867)
Other comprehensive income	-	-	-	23	-	23	-	23
Disposal of subsidiary	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	-	-	-	23	(1,263)	(1,240)	396	(844)
Transaction with owner - Realisation of retained profits due to strike off a subsidiary	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 30 September 2023	84,335	21,073	-	4,527	110,029	314,936	14,136	329,072

(Incorporated in Malaysia)

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

Audited

GROUP

At 1 July 2022	84,335	21,923	3,710	110,029	97,762	317,759	14,362	332,121
Loss for the year	-	-	-	-	(2,406)	(2,406)	(579)	(2,985)
Other comprehensive income	-	-	794	-	-	794	-	794
Total comprehensive income for the period	-	-	794	-	(2,406)	(1,612)	(579)	(2,191)
Transactions with owners: - Acquisition of non-controlling interests in a subsidiary	-	-	-	-	29	29	(43)	(14)
Effect of derecognition of a strike-off subsidiary	-	(850)	-	-	850	-	-	-
At 30 June 2023	84,335	21,073	4,504	110,029	96,235	316,176	13,740	329,916

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 2023 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 September 2023**

	3 months 30/09/23 (RM'000)	12 months 30/06/23 (RM'000)
	(Unaudited)	(Audited)
Cash flows from operating activities		
Loss before tax	(411)	(1,391)
Adjustment for non-cash items :-		
Depreciation of property, plant and equipment	1,053	4,541
Depreciation of Right-of-use assets	1,207	3,676
Interest expenses	3,208	9,187
Interest income	(202)	(1,556)
Impairment loss on trade receivables	388	499
Reversal of impairment losses on trade receivables	(303)	(933)
Non-cash items	(19)	(2475)
Operating profit before working capital changes	4,921	11,548
(Increase) / Decrease in inventories	(11,319)	4,495
(Increase) in trade and other receivables	(19,190)	(12,459)
Increase / (Decrease) in trade and other payables	3,477	(815)
Cash generated (used in) / from operations	(22,111)	2,769
Interest received	177	1,494
Interest paid	(2,773)	(8,373)
Tax paid, net of refund	336	(1,940)
Net cash outflow from operating activities	(24,371)	(6,050)
Cash flows from investing activities		
Purchase of property, plant and equipment	(710)	(1,355)
Purchase of right-of-use assets	-	(25,863)
Purchase of intangible assets	-	(1,200)
Purchase of investment properties	(936)	(319)
Purchase of additional shares in a subsidiary from NCI	-	(14)
Proceeds from disposal of property, plant and equipment	-	484
Proceeds from disposal of investment properties	-	6,915
Real property gains tax paid	-	(141)
Interest received	25	62
Net cash outflow from investing activities	(1,621)	(21,431)
Cash flows from financing activities		
Net proceeds from / (repayments to) term loans	789	13,701
Payments of lease liabilities	(663)	(1,950)
Net drawdown of short term borrowings	22,858	15,060
Upfront payment for lease of motor vehicles	-	(489)
Interest paid on term loans	(372)	(606)
Interest paid on lease liabilities	(63)	(208)
Decrease in fixed deposit pledged	-	89
Net cash inflow from financing activities	22,549	25,597
Effects of changes in exchange rates	(23)	87
Net (Decrease) / Increase in cash & cash equivalents	(3,443)	(1,884)
Cash & cash equivalents at beginning of the financial period	29,077	30,874
Cash & cash equivalents at end of the financial year	25,611	29,077

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 2023

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER AND THREE MONTHS PERIOD 30 SEPTEMBER 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 2023** 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 2023**.

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 2023, except for the adoption of the following new MFRSs which are effective for annual periods beginning on or after 1 January 2023.

Amendments to MFRS 101 – Presentation of Financial Statements - Disclosure of Accounting Policies

Amendments to MFRS 108 – Definition of Accounting Estimates

Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption the above amendments to MFRSs are not expected to have any significant impact on the financial statements of the Group.

The Group will adopt the following amendments to MFRSs that are applicable when they become effective. The initial application of the amendments is not expected to have any significant impact on the financial statements of the Group.

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 – Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 – Non- current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7- Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 – Lack of Exchangeability

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Auditors' Report in respect of the 2023 Annual Financial Statements

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

6. Changes in Estimates

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

8. Dividends

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

(Incorporated in Malaysia)

9. Segment Information

	Current year quarter 3 months 30/09/23 (RM'000)	Preceding year quarter 3 months 30/09/22 (RM'000)	Current year to date 3 months 30/09/23 (RM'000)	Preceding year to date 3 months 30/09/22 (RM'000)
<u>Segment Revenue</u>				
Trading of steel & building materials	155,943	143,248	155,943	143,248
Steel Service Centre	51,834	38,045	51,834	38,045
Trading of IT related products	7,585	9,722	7,585	9,722
Food & Beverage	2,992	3,439	2,992	3,439
Others	552	535	552	535
Total revenue including inter-segment sales	218,906	194,989	218,906	194,989
Elimination of inter segment sales	(42,222)	(25,929)	(42,222)	(25,929)
Total revenue	176,684	169,060	176,684	169,060
<u>(Loss) / Profit before taxation</u>				
Trading of steel & building materials	(174)	3,140	(174)	3,140
Steel Service Centre	565	(1,517)	565	(1,517)
Trading of IT related products	(286)	(660)	(286)	(660)
Food & Beverage	384	112	384	112
Others	(900)	(310)	(900)	(310)
Total (Loss) / Profit before taxation	(411)	765	(411)	765

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment for financial period ended 30 September 2023 remain unchanged from the previous audited financial statements as at 30 June 2023 respectively.

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

	30/09/23 (RM'000)	30/06/23 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	278,969	255,750	23,219
Corporate guarantees in respect of the Supply of goods to subsidiary companies	26,020	26,243	(223)

13. Capital Commitments

The Group has commitments as follows:

	30/09/23 (RM'000)	30/06/23 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	936	936	-

14. Cash and Cash Equivalents

	As at 30/09/23 (RM'000)	As at 30/06/23 (RM'000)
Fixed deposit with a licensed bank	4,400	-
Cash and bank balances	22,750	31,045
Bank overdraft	(1,539)	(1,968)
	25,611	29,077
Less : Fixed Deposits pledged	-	-
	25,611	29,077

15. Review of performance

The Group's revenue for the current year 3 months period increased by 4.51% to RM177 million as compared to RM169 million in the preceding year's quarter whilst the bottom line reported a loss of RM 0.41 million from a profit before taxation of RM 0.77 million previously.

	Current year quarter 30.09.23 RM'000	Preceding year quarter 30.09.22 RM'000	Change %	Current year to date 3 months 30.09.23 RM'000	Preceding year to date 3 months 30.09.22 RM'000	Change %
Revenue						
Trading of steel & building materials	136,944	132,415	3.42	136,944	132,415	3.42
Steel Service Centre	28,869	23,207	24.40	28,869	23,207	24.40
Trading of IT related products	7,585	9,722	-21.98	7,585	9,722	-21.98
Food and Beverage	2,992	3,439	-13.00	2,992	3,439	-13.00
Others	294	277	6.14	294	277	6.14
Total	176,684	169,060	4.51	176,684	169,060	4.51
Profit / (Loss) before taxation						
Trading of steel & building materials	(174)	3,140	-105.54	(174)	3,140	-105.54
Steel Service Centre	565	(1,517)	137.24	565	(1,517)	137.24
Trading of IT related products	(286)	(660)	56.67	(286)	(660)	56.67
Food and beverage	384	112	242.86	384	112	242.86
Others	(900)	(310)	-190.32	(900)	(310)	-190.32
Total	(411)	765	-153.73	(411)	765	-153.73

15. 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)

Current 3 months year to date against preceding year 3 months year to date

Although revenue increased slightly but bottom line posted a loss of RM0.17 million as compared to profit of RM3.14 million. This was mainly due to low profit margin and closing stock valuation variance. Higher interest expense was also a contributor to the loss for the bottom line.

ii) Steel Service Centre

Current quarter against preceding year quarter (3 months)

Current 3 months year to date against preceding year 3 months year to date

The increase in revenue was mainly due to the completion of various on going projects which were locked in at a higher price. This resulted in an improvement to the bottom line from a loss previously to a profit during this quarter.

iii) Trading of IT related products

Current quarter against preceding year quarter (3 months)

Current 3 months year to date against preceding year 3 months year to date

The reduction in revenue was mainly due to closure of the physical stores in Aeon and Lotus's. The bottom line recorded a lower loss before tax by 56.67% due to lower operating cost with the closure of the Aeon and Lotus's physical stores.

iv) Food and Beverage (F&B) Division

Current quarter against preceding year quarter (3 months)

Current 3 months year to date against preceding year 3 months year to date

Despite the revenue for the quarter declined by 13.0% due to the closure of Thai Hou Sek Restaurant in Mid Valley Mall, the bottom line reported a higher profit before tax as compared to preceding quarter. This was mainly due to PappaRich franchising income received during current quarter.

(Incorporated in Malaysia)

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

	Current year quarter 3 months 30/09/23 (RM'000)	Immediate preceding quarter 3 months 30/06/23 (RM'000)	Change %
Revenue			
Trading of steel & building materials	136,944	135,699	0.92
Steel Service Centre	28,869	23,168	24.61
Trading of IT related products	7,585	7,506	1.05
Food and Beverage	2,992	2,525	18.50
Others	294	287	2.44
Total	176,684	169,185	4.43
Profit / (Loss) before taxation			
Trading of steel & building Materials	(174)	741	-123.48
Steel Service Centre	565	496	13.91
Trading of IT related products	(286)	(560)	48.93
Food and Beverage Division	384	(79)	586.08
Others	(900)	(1,775)	49.30
Total	(411)	(1,177)	65.08

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

- i) Trading of steel & building materials**
The revenue was relatively unchanged whilst bottom line reported a small loss due to lower profit margin.
- ii) Steel service centre**
The higher revenue was contributed by the completion of ongoing projects whilst bottom line was intact.
- iii) Trading of IT related products**
The bottom line recorded a loss of RM0.29 million as compared to a loss of RM0.56 million for the preceding quarter mainly due to lower operating cost with the closure of some Aeon and Lotus's physical stores.

16. Material changes in Profit/(Loss) Before Taxation (“PBT/LBT) against preceding quarter (cont’d)

iv) Food and Beverage (F&B) Division

The division registered a profit before tax of RM0.38 million compared to loss before tax RM0.08 million for the preceding quarter which was mainly due to PappaRich franchising income received during the quarter.

17. Commentary on Prospects

The domestic economy is projected to be stable with a growth rate of between 4% to 5% whilst the global economy remains uncertain with the ongoing and recent geopolitical conflicts. The government's recent 2024 budget announcements on implementation of various infrastructure and utilities projects and higher spending expenditure should benefit the domestic construction industry to a certain extent while the domestic demand for consumer products, services and F&B is expected to be sustained through the government's initiatives to boost the tourism industry and support measures to control rising costs of living. Despite the uncertainties, the Group remains cautiously optimistic of its prospects for improved performance through cost efficiencies and prudent management strategies for the rest of the financial year ahead.

18. Profit Forecast and Profit Guarantee

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

19. Income Tax Expenses

	Current year quarter 3 months 30/09/23 (RM'000)	Preceding year quarter 3 months 30/09/22 (RM'000)	Current year to date 3 months 30/09/23 (RM'000)	Preceding year to date 3 months 30/09/22 (RM'000)
Malaysia income tax				
- current	433	855	433	855
- under provision in prior years	(16)	-	(16)	-
- real property gain tax	-	-	-	-
Deferred taxation	417 41	855 (207)	417 41	855 (207)
TOTAL	458	648	458	648

The effective tax rate for the financial year ended 30th September 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.

(Incorporated in Malaysia)

20. Loans and Borrowings

	As at 30/09/23 (RM'000)	As at 30/06/23 (RM'000)
<u>Amount due within one year</u>		
Bank overdrafts	1,539	1,968
Bankers' acceptance	245,032	222,149
Invoice Financing	747	772
Term loans	3,631	2,856
	<u>250,949</u>	<u>227,746</u>
<u>Amount due more than one year</u>		
Term Loans	31,649	30,860
Less : amount payable within 12 months	(3,630)	(2,855)
	<u>28,019</u>	<u>28,005</u>
	<u>278,968</u>	<u>255,751</u>

21. Off Balance Sheet Financial Instruments

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

22. 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 2023.

23. 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 30/09/23 (RM'000)	Preceding year quarter 3 months 30/09/22 (RM'000)	Current year to date 3 months 30/09/23 (RM'000)	Preceding year to date 3 months 30/09/22 (RM'000)
(Loss) / Profit attributable to the owners of the parent (RM'000)	(1,265)	(67)	(1,265)	(67)
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	168,670
Basic (loss) / earnings per share (sen)	(0.75)	(0.04)	(0.75)	(0.04)

(Incorporated in Malaysia)

24. 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: 29 November 2023