



CHUAN HUAT RESOURCES BERHAD

(Registration No. 199401005050 (290729-W))

(Incorporated in Malaysia)

**Condensed Consolidated Financial Statements
For the Second Quarter and Six Months Period
31 December 2023**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 31 December 2023**

	Unaudited As at 31/12/23 (RM'000)	Audited As at 30/06/23 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	125,630	126,013
Investment properties	70,092	69,156
Intangible assets	1,200	1,200
Right-of-use assets	121,709	122,319
Other investments	40	40
	<u>318,671</u>	<u>318,728</u>
Current assets		
Inventories	114,875	115,932
Trade receivables	189,123	172,061
Non-current asset held for sale	-	200
Other receivables, deposits and prepayments	16,765	16,262
Cash & cash equivalents	19,633	31,045
	<u>340,396</u>	<u>335,500</u>
TOTAL ASSETS	<u>659,067</u>	<u>654,228</u>
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	229,759	231,841
	<u>314,094</u>	<u>316,176</u>
Non-controlling interest	14,096	13,740
Total equity	<u>328,190</u>	<u>329,916</u>
Non-current liabilities		
Borrowings	27,195	28,005
Lease liabilities	3,228	2,972
Deferred tax liabilities	29,706	29,421
	<u>60,129</u>	<u>60,398</u>
Current liabilities		
Trade & other payables	32,863	34,847
Borrowings	235,884	227,746
Contract liabilities	106	
Lease liabilities	1,623	1,270
Taxation	272	51
	<u>270,748</u>	<u>263,914</u>
Total liabilities	<u>330,877</u>	<u>324,312</u>
TOTAL EQUITY AND LIABILITIES	<u>659,067</u>	<u>654,228</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.86</u>	<u>1.87</u>

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 second quarter and six months period 31 December 2023

	Quarter Ended		Year-To-Date Ended	
	3 months ended		6 months ended	
	31/12/23	31/12/22	31/12/23	31/12/22
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	211,129	149,207	387,813	318,267
Operating expenses	(206,303)	(145,868)	(379,044)	(311,868)
Other income	521	699	1,365	1,732
Operating profit	5,347	4,038	10,134	8,131
Depreciation of property, plant and equipment	(1,144)	(1,144)	(2,197)	(2,280)
Depreciation of Right-of-use assets	(937)	(946)	(2,144)	(1,967)
Interest expenses	(3,300)	(2,128)	(6,508)	(3,913)
Interest income	160	728	362	962
Provision for and write off of receivables	(196)	75	(111)	455
Provision for and write off of inventories	-	-	-	-
Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
Realised foreign exchange	-	-	-	-
Foreign exchange (loss)/gain	-	34	(17)	34
(Loss) / Profit before tax	(70)	657	(481)	1,422
Taxation	(540)	(644)	(998)	(1,292)
(Loss) / Profit for the period / year	(610)	13	(1,479)	130
Other Comprehensive income net of tax	(271)	-	(248)	-
Total Comprehensive (Loss) / Income for the period	(881)	13	(1,727)	130
(Loss) / Profit attributable to:-				
Owner of the parent	(570)	(165)	(1,835)	(232)
Non-controlling interest	(40)	178	356	362
	(610)	13	(1,479)	130
Comprehensive (Loss) / Income attributable to:-				
Owner of the parent	(841)	(165)	(2,083)	(232)
Non-controlling interest	(40)	178	356	362
Comprehensive Income/(Loss) for the period	(881)	13	(1,727)	130
Loss per share attributable to owners of the company (sen):-				
Basic loss per share	(0.34)	(0.10)	(1.09)	(0.14)

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 31 December 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	-	-	-	-	(1,835)	(1,835)	356	(1,479)
Other comprehensive income	-	-	-	(248)	-	(248)	-	(248)
Disposal of subsidiary	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	-	-	-	(248)	(1,835)	(2,083)	356	(1,727)
Transaction with owner - Realisation of retained profits due to strike off a subsidiary	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 31 December 2023	84,335	21,073	-	4,256	94,400	314,093	14,096	328,189

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the financial period ended 30 June 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 31 December 2023**

	6 months 31/12/23 (RM'000)	6 months 31/12/22 (RM'000)
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before tax	(481)	1,422
Adjustment for non-cash items :-		
Depreciation of property, plant and equipment	2,197	2,276
Depreciation of Right-of-use assets	2,144	2,304
Interest expenses	6,508	3,920
Interest income	(362)	(962)
Impairment loss on trade receivables	422	312
Reversal of impairment losses on trade receivables	(310)	(767)
Non-cash items	(121)	(523)
Operating profit before working capital changes	9,997	7,982
(Increase) / Decrease in inventories	1,057	4,662
(Increase) in trade and other receivables	(18,500)	(2,408)
Increase / (Decrease) in trade and other payables	(1,877)	2,301
Cash generated (used in) / from operations	(9,323)	12,537
Interest received	316	947
Interest paid	(5,637)	(3,619)
Tax paid, net of refund	27	(548)
Net cash outflow from operating activities	(14,617)	9,317
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,687)	(240)
Purchase of right-of-use assets	-	(295)
Purchase of intangible assets	-	-
Purchase of investment properties	(936)	(141)
Purchase of additional shares in a subsidiary from NCI	-	-
Proceeds from disposal of property, plant and equipment	92	216
Proceeds from disposal of investment properties	210	6,708
Real property gains tax paid	-	-
Interest received	46	15
Net cash outflow from investing activities	(2,275)	6,263
Cash flows from financing activities		
Net proceeds from / (repayments to) term loans	-	(4,779)
Payments of lease liabilities	(1,224)	(1,437)
Net drawdown of short term borrowings	7,116	(15,894)
Upfront payment for lease of motor vehicles	-	-
Interest paid on term loans	(760)	(177)
Interest paid on lease liabilities	(110)	(124)
Decrease in fixed deposit pledged	-	90
Net cash inflow from financing activities	5,022	(22,321)
Effects of changes in exchange rates	246	(12)
Net (Decrease) / Increase in cash & cash equivalents	(11,870)	(6,741)
Cash & cash equivalents at beginning of the financial period	29,077	30,874
Cash & cash equivalents at end of the financial year	17,453	24,121

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 SECOND QUARTER AND SIX MONTHS PERIOD 31 DECEMBER 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 31 December 2023.

6. Changes in Estimates

There were no material changes in estimates that have had a material effect during the financial year ended 31 December 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 31 December 2023.

8. Dividends

No dividend has been declared for year ended 31 December 2023.

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9. Segment Information

	Current year quarter 3 months 31/12/23 (RM'000)	Preceding year quarter 3 months 31/12/22 (RM'000)	Current year to date 6 months 31/12/23 (RM'000)	Preceding year to date 6 months 31/12/22 (RM'000)
Segment Revenue				
Trading of steel & building materials	155,980	124,386	311,923	267,634
Steel Service Centre	46,075	39,391	97,909	77,436
Trading of IT related products	7,654	9,501	15,239	19,223
Food & Beverage	2,988	2,843	5,980	6,282
Others	553	539	1,105	1,074
Total revenue including inter-segment sales	213,250	176,660	432,156	371,649
Elimination of inter segment sales	(2,121)	(27,453)	(44,343)	(53,382)
Total revenue	211,129	149,207	387,813	318,267
(Loss) / Profit before taxation				
Trading of steel & building materials	433	2,106	259	5,246
Steel Service Centre	814	(775)	1,379	(2,292)
Trading of IT related products	(659)	(551)	(945)	(1,211)
Food & Beverage	(91)	31	293	143
Others	(567)	(154)	(1,467)	(464)
Total (Loss) / Profit before taxation	(70)	657	(481)	1,422

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10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment for financial period ended 31 December 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

	31/12/23 (RM'000)	30/06/23 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	263,079	255,750	7,329
Corporate guarantees in respect of the Supply of goods to subsidiary companies	25,839	26,243	(404)

13. Capital Commitments

The Group has commitments as follows:

	31/12/23 (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 31/12/23 (RM'000)	As at 30/06/23 (RM'000)
Fixed deposit with a licensed bank	500	-
Cash and bank balances	19,133	31,045
Bank overdraft	(2,180)	(1,968)
	17,453	29,077
Less : Fixed Deposits pledged	-	-
	17,453	29,077

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15. Review of performance

The Group revenue for the current year to date increased by 21.85% to RM388 million as compared to RM318 million in the preceding year to date whilst the revenue for the current year quarter increased by 41.50% to RM 211 million as compared to RM 149 million to the corresponding preceding year quarter.

The Group reported a loss of RM 0.07 million for current quarter as compared to a profit of RM 0.66 million in the preceding year quarter. As for the 6 months period, it registered a loss of RM 0.48 million from a profit before taxation of RM 1.42 million in previous year.

	Current year quarter	Preceding year quarter		Current year to date 6 months	Preceding year to date 6 months	
	31.12.23 RM'000	31.12.22 RM'000	Change %	31.12.23 RM'000	31.12.22 RM'000	Change %
Revenue						
Trading of steel & building materials	171,493	110,208	55.61	308,437	242,623	27.13
Steel Service Centre	28,700	26,373	8.82	57,569	49,580	16.11
Trading of IT related products	7,654	9,501	-19.44	15,239	19,223	-20.73
Food and Beverage	2,988	2,843	5.10	5,980	6,282	-4.81
Others	294	282	4.26	588	559	5.19
Total	211,129	149,207	41.50	387,813	318,267	21.85
Profit / (Loss) before taxation						
Trading of steel & building materials	433	2,106	-79.44	259	5,246	-95.06
Steel Service Centre	814	(775)	205.03	1,379	(2,292)	160.17
Trading of IT related products	(659)	(551)	-19.60	(945)	(1,211)	21.97
Food and beverage	(91)	31	-393.55	293	143	104.90
Others	(567)	(154)	-268.18	(1,467)	(464)	-216.16
Total	(70)	657	-110.65	(481)	1,422	-133.83

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)

Revenue was higher at RM172 million as compared to RM110 million in the preceding quarter mainly due to stronger demand for steel products, especially for reinforcing steel bars. However, it reported a lower profit before tax of RM0.43 million against a profit of RM2.1 million in the preceding quarter, mainly due to lower profit margin for reinforcing steel bars and closing stock valuation variance and higher bank interest cost.

Current 6 months year to date against preceding year 6 months year to date

Revenue was higher at RM308 million as compared to RM243 million mainly due to higher sales of reinforcing steel bars whilst the profit before tax was lower at RM0.26 million as compared to a profit of RM5.25 million. This was mainly due to lower profit margin for reinforcing bars and closing stock valuation variance and higher bank interest cost.

ii) Steel Service Centre

Current quarter against preceding year quarter (3 months)

Revenue increased slightly in current quarter with profit before tax of RM0.8 million from a loss of RM0.78 million in previous year quarter. This was mainly due to the completion of various on going projects which were locked in at a higher price.

Current 6 months year to date against preceding year 6 months year to date

Revenue was higher by 16% and apart from the completion of locked in projects at a higher price, the vast improvement on the profit before tax was due to lower cost of material procured at the special rate from supplier.

iii) Trading of IT related products

Current quarter against preceding year quarter (3 months)

The reduction in revenue was mainly due to closure of the physical stores in Aeon and Lotus's. The loss before tax of RM 0.66 million mainly due to lower revenue and stiff competition in the selling margin.

Current 6 months year to date against preceding year 6 months year to date

The reduction in revenue was mainly due to closure of the physical stores in Aeon and Lotus's. As for loss before tax, the Group's registered a loss of RM 0.95 million mainly due to lower selling margin and obsolete stock written off.

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15. Review of Performance (cont'd)
iv) Food and Beverage (F&B) Division
Current quarter against preceding year quarter (3 months)

The increase in revenue was mainly due to the opening of one new outlet for BJJ (Bhai Jim Jum) in D'Pulze mall and one PappaRich outlet in Wangsa Walk mall. The current year quarter reported a loss of RM0.9 million as compared to a profit of RM31,000 in the preceding year quarter mainly due to the start up cost for new outlets opening.

Current 6 months year to date against preceding year 6 months year to date

Although slight drop in the revenue, the profit before tax was higher mainly due to PappaRich franchisee income.

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

	Current year quarter 3 months 31/12/23 (RM'000)	Immediate preceding quarter 3 months 30/09/23 (RM'000)	Change %
Revenue			
Trading of steel & building materials	171,493	136,944	25.23
Steel Service Centre	28,700	28,869	-0.59
Trading of IT related products	7,654	7,585	0.91
Food and Beverage	2,988	2,992	-0.13
Others	294	294	-
Total	211,129	176,684	19.50
Profit / (Loss) before taxation			
Trading of steel & building Materials	433	(174)	348.85
Steel Service Centre	814	565	44.07
Trading of IT related products	(659)	(286)	-130.42
Food and Beverage Division	(91)	384	-123.70
Others	(567)	(900)	37.00
Total	(70)	(411)	82.97

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

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

- i) Trading of steel & building materials**
The increase in the profit before tax by 348% was mainly due to higher revenue.
- ii) Steel service centre**
The improvement in the profit before tax of 44% was mainly due to lower material cost.
- iii) Trading of IT related products**
The higher loss was mostly attributed to lower selling margin and write down of obsolete stock.
- iv) Food and Beverage (F&B) Division**
The change in the loss before tax was mainly due to the higher start up cost for the opening of 2 new outlets.

17. Commentary on Prospects

The construction industry outlook is expected to be optimistic with the government's announcement of various priority projects such as the RM45 billion MRT3 line, the RM9.5 billion Bayan Lepas LRT line in Penang and the flood mitigation projects throughout Malaysia reportedly worth over RM13 billion. In the private sector, there are promising investments in new semiconductor and data centre projects which could see higher consumption of steel products for the construction of such facilities.

However the slower than expected domestic economic recovery, weakening of the Malaysian currency and high costs of food ingredients have led to reduced consumer spending power and diminished demand for IT products and F&B. Despite these challenges, the Group remains focused on its IT business through scaling up online sales platform and growing it's F&B business following the acquisition of PappaRich brand in line with the Group's business diversification strategy to improve the Group's prospects and financial performance for the sustainable long term.

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 31/12/23 (RM'000)	Preceding year quarter 3 months 31/12/22 (RM'000)	Current year to date 6 months 31/12/23 (RM'000)	Preceding year to date 6 months 31/12/22 (RM'000)
Malaysia income tax				
- current	295	645	728	1,500
- under provision in prior years	-	2	(16)	2
- real property gain tax	-	207	-	207
	295	854	712	1,709
Deferred taxation	245	(210)	286	(417)
TOTAL	540	644	998	1,292

The effective tax rate for the financial year ended 31st December 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.

20. Loans and Borrowings

	As at 31/12/23 (RM'000)	As at 30/06/23 (RM'000)
<u>Amount due within one year</u>		
Bank overdrafts	2,180	1,968
Bankers' acceptance	229,523	222,149
Invoice Financing	515	772
Term loans	3,666	2,856
	235,884	227,746
<u>Amount due more than one year</u>		
Term Loans	30,861	30,860
Less : amount payable within 12 months	(3,666)	(2,855)
	27,195	28,005
	263,079	255,751

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 31/12/23 (RM'000)	Preceding year quarter 3 months 31/12/22 (RM'000)	Current year to date 6 months 31/12/23 (RM'000)	Preceding year to date 6 months 31/12/22 (RM'000)
(Loss) / Profit attributable to the owners of the parent (RM'000)	(570)	(165)	(1,835)	(232)
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	168,670
Basic (loss) / earnings per share (sen)	(0.34)	(0.10)	(1.09)	(0.14)

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: 28 February 2024