



CHUAN HUAT RESOURCES BERHAD

(Registration No. 199401005050 (290729-W))

(Incorporated in Malaysia)

**Condensed Consolidated Financial Statements
For the Third Quarter and Nine Months Period
31 March 2024**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 31 March 2024**

	Unaudited As at 31/03/24 (RM'000)	Audited As at 30/06/23 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	124,970	126,013
Investment properties	68,842	69,156
Intangible assets	1,200	1,200
Right-of-use assets	120,905	122,319
Other investments	40	40
	<u>315,957</u>	<u>318,728</u>
Current assets		
Inventories	111,603	115,932
Trade receivables	176,903	172,061
Non-current asset held for sale	-	200
Other receivables, deposits and prepayments	13,747	16,262
Cash & cash equivalents	25,425	31,045
	<u>327,678</u>	<u>335,500</u>
TOTAL ASSETS	<u>643,635</u>	<u>654,228</u>
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	228,375	231,841
	<u>312,710</u>	<u>316,176</u>
Non-controlling interest	13,834	13,740
Total equity	<u>326,544</u>	<u>329,916</u>
Non-current liabilities		
Borrowings	26,382	28,005
Lease liabilities	2,855	2,972
Deferred tax liabilities	29,402	29,421
	<u>58,639</u>	<u>60,398</u>
Current liabilities		
Trade & other payables	37,800	34,847
Borrowings	218,564	227,746
Contract liabilities	109	-
Lease liabilities	1,545	1,270
Taxation	434	51
	<u>258,452</u>	<u>263,914</u>
Total liabilities	<u>317,091</u>	<u>324,312</u>
TOTAL EQUITY AND LIABILITIES	<u>643,635</u>	<u>654,228</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.85</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 third quarter and nine months period 31 March 2024**

	Quarter Ended		Year-To-Date Ended	
	3 months ended	3 months ended	9 months ended	9 months ended
	31/03/24	31/03/23	31/03/24	31/03/23
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	201,223	172,026	589,036	490,293
Operating expenses	(198,412)	(170,633)	(577,456)	(482,501)
Other income	572	586	1,937	2,318
Operating profit	3,383	1,979	13,517	10,110
Depreciation of property, plant and equipment	(1,054)	(1,137)	(3,251)	(3,417)
Depreciation of Right-of-use assets	(972)	(812)	(3,116)	(2,779)
Interest expenses	(3,141)	(2,373)	(9,649)	(6,286)
Interest income	191	416	553	1,378
Provision for and write off of receivables	(12)	252	(123)	707
Provision for and write off of inventories	-	-	-	-
Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
Realised foreign exchange	-	-	-	-
Foreign exchange (loss)/gain	(8)	40	(25)	74
(Loss) / Profit before tax	(1,613)	(1,635)	(2,094)	(213)
Taxation	(211)	(460)	(1,209)	(1,752)
(Loss) / Profit for the period / year	(1,824)	(2,095)	(3,303)	(1,965)
Other Comprehensive income net of tax	381	-	133	-
Total Comprehensive (Loss) / Income for the period	(1,443)	(2,095)	(3,170)	(1,965)
(Loss) / Profit attributable to:-				
Owner of the parent	(1,764)	(1,825)	(3,599)	(2,057)
Non-controlling interest	(60)	(270)	296	92
	(1,824)	(2,095)	(3,303)	(1,965)
Comprehensive (Loss) / Income attributable to:-				
Owner of the parent	(1,383)	(1,825)	(3,466)	(2,057)
Non-controlling interest	(60)	(270)	296	92
Comprehensive Income/(Loss) for the period	(1,443)	(2,095)	(3,170)	(1,965)
Loss per share attributable to owners of the company (sen):-				
Basic loss per share	(1.05)	(1.08)	(2.13)	(1.22)

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.

**Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 March 2024**

	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	-	-	-	-	(3,599)	(3,599)	296	(3,303)
Other comprehensive income	-	-	-	133	-	133	-	133
Dividend paid	-	-	-	-	-	-	(202)	(202)
Total comprehensive (loss) / income for the period	-	-	-	133	(3,599)	(3,466)	94	(3,372)
Transaction with owner - Realisation of retained profits due to strike off a subsidiary	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 31 March 2024	84,335	21,073	-	4,637	92,636	312,710	13,834	326,544

(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.

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2024**

	9 months 31/03/24 (RM'000)	9 months 31/03/23 (RM'000)
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before tax	(2,094)	(213)
<u>Adjustment for non-cash items :-</u>		
Depreciation of property, plant and equipment	3,251	3,417
Depreciation of Right-of-use assets	3,116	2,779
Interest expenses	9,649	6,310
Interest income	(553)	(1,378)
Impairment loss on trade receivables	444	282
Reversal of impairment losses on trade receivables	(321)	(930)
Non-cash items	(212)	(199)
Operating profit before working capital changes	13,280	10,068
(Increase) / Decrease in inventories	4,328	4,466
(Increase) in trade and other receivables	(2,840)	(10,406)
Increase / (Decrease) in trade and other payables	3,063	(2,124)
Cash generated (used in) / from operations	17,831	2,004
Interest received	493	1,332
Interest paid	(8,360)	(5,873)
Tax paid, net of refund	(328)	(1,009)
Net cash outflow from operating activities	9,636	(3,546)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,906)	(465)
Purchase of right-of-use assets	-	(311)
Purchase of intangible assets	-	(1,200)
Purchase of investment properties	(936)	(26,080)
Purchase of additional shares in a subsidiary from NCI	-	-
Proceeds from disposal of property, plant and equipment	161	252
Proceeds from disposal of investment properties	1,485	6,774
Real property gains tax paid	(1)	-
Interest received	60	45
Net cash outflow from investing activities	(1,137)	(20,985)
Cash flows from financing activities		
Net proceeds from / (repayments to) term loans	(803)	13,881
Payments of lease liabilities	(1,690)	(1,979)
Net drawdown of short term borrowings	(9,794)	3,833
Dividend paid to NCI	(203)	-
Interest paid on term loans	(1,130)	(250)
Interest paid on lease liabilities	(159)	(188)
Decrease in fixed deposit pledged	-	90
Net cash inflow from financing activities	(13,779)	15,387
Effects of changes in exchange rates	(133)	20
Net (Decrease) / Increase in cash & cash equivalents	(5,280)	(9,144)
Cash & cash equivalents at beginning of the financial period	29,077	30,874
Cash & cash equivalents at end of the financial year	23,664	21,750

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 THIRD QUARTER AND NINE MONTHS PERIOD 31 MARCH 2024

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 period ended 31 March 2024.

6. Changes in Estimates

There were no material changes in estimates that have had a material effect during the financial period ended 31 March 2024.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the financial period ended 31 March 2024.

8. Dividends

No dividend has been declared for period ended 31 March 2024.

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9. Segment Information

	Current year quarter 3 months 31/03/24 (RM'000)	Preceding year quarter 3 months 31/03/23 (RM'000)	Current year to date 9 months 31/03/24 (RM'000)	Preceding year to date 9 months 31/03/23 (RM'000)
<u>Segment Revenue</u>				
Trading of steel & building materials	162,925	150,515	474,848	418,149
Steel Service Centre	47,582	43,871	145,491	121,307
Trading of IT related products	6,666	9,470	21,905	28,693
Food & Beverage	3,039	2,479	9,019	8,761
Others	2,915	541	4,020	1,615
Total revenue including inter-segment sales	223,127	206,876	655,283	578,525
Elimination of inter segment sales	(21,904)	(34,850)	(66,247)	(88,232)
Total revenue	201,223	172,026	589,036	490,293
<u>(Loss) / Profit before taxation</u>				
Trading of steel & building materials	(836)	591	(577)	5,837
Steel Service Centre	54	(503)	1,433	(2,795)
Trading of IT related products	(771)	(884)	(1,716)	(2,095)
Food & Beverage	(141)	(173)	152	(30)
Others	81	(666)	(1,386)	(1,130)
Total (Loss) / Profit before taxation	(1,613)	(1,635)	(2,094)	(213)

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10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment for financial period ended 31 March 2024 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

	31/03/24 (RM'000)	30/06/23 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	244,946	255,750	(10,804)
Corporate guarantees in respect of the Supply of goods to subsidiary companies	25,618	26,243	(625)

13. Capital Commitments

The Group has commitments as follows:

	31/03/24 (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 31/03/24 (RM'000)	As at 30/06/23 (RM'000)
Fixed deposit with a licensed bank	-	-
Cash and bank balances	25,425	31,045
Bank overdraft	(1,761)	(1,968)
	23,664	29,077
Less : Fixed Deposits pledged	-	-
	23,664	29,077

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15. Review of performance

The Group's revenue for the current year quarter stood at RM 201 million as compared to RM 172 million in the preceding year quarter representing an increase of 16.97%. As for the profit before tax, it reported a loss of RM 1.61 million which was almost similar to the preceding year quarter loss of RM 1.64 million.

For the current 9 months year to date revenue, the Group reported an increase of 20.14% as compared to the preceding 9 months year to date period, at RM 589 million and RM 490 million respectively. However, the loss before tax incurred was RM 2.09 million as compared to a loss of RM 0.21 million previously.

	Current year quarter	Preceding year quarter		Current year to date 9 months	Preceding year to date 9 months	
	31.03.24 RM'000	31.03.23 RM'000	Change %	31.03.24 RM'000	31.03.23 RM'000	Change %
Revenue						
Trading of steel & building materials	160,706	133,272	20.58	469,143	375,895	24.81
Steel Service Centre	28,155	26,522	6.16	85,724	76,102	12.64
Trading of IT related products	6,666	9,470	-29.61	21,905	28,693	-23.66
Food and Beverage	3,039	2,479	22.59	9,019	8,761	2.94
Others	2,657	283	838.87	3,245	842	285.39
Total	201,223	172,026	16.97	589,036	490,293	20.14
Profit / (Loss) before taxation						
Trading of steel & building materials	(836)	591	-241.46	(577)	5,837	-109.89
Steel Service Centre	54	(503)	110.74	1,433	(2,795)	151.27
Trading of IT related products	(771)	(884)	12.78	(1,716)	(2,095)	18.09
Food and beverage	(141)	(173)	18.50	152	(30)	606.67
Others	81	(666)	112.16	(1,386)	(1,130)	-22.65
Total	(1,613)	(1,635)	1.35	(2,094)	(213)	-883.10

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)

Although revenue increased by 20.58% which was due to higher selling price, profitability was reversed from a profit of RM 0.59 million to a loss of RM 0.84 million mainly due to closing stock valuation variance.

Current 9 months year to date against preceding year 9 months year to date

The 24.81% increase in revenue was due to higher steel prices whilst the profitability declined from RM 5.84 million profit to a loss of RM 0.58 million. This was again mainly due to closing stock valuation variance.

ii) Steel Service Centre

Current quarter against preceding year quarter (3 months)

Revenue increased by 6.16% mainly due to higher selling price whilst there was a turnaround from a loss to profit by 110.74% mainly due to the higher selling margin and stock positive variance.

Current 9 months year to date against preceding year 9 months year to date

Revenue was increased by 12.64% whilst the profitability also took a positive turn from a loss of RM 2.80 million to a profit of RM 1.43 million mainly due to higher selling margin and positive closing stock valuation variance.

iii) Trading of IT related products

Current quarter against preceding year quarter (3 months)

Revenue was down by almost 29.61% mainly due to the closure of physical outlets whilst there was a slight improvement in performance due to lower operating costs.

Current 9 months year to date against preceding year 9 months year to date

The reasons for the changes are almost similar to the 3 months current year stated above.

iv) Food and Beverage (F&B) Division

Current quarter against preceding year quarter (3 months)

The higher turnover by 22.59% was mainly due to opening of 2 additional outlets whilst the loss was lower due to lower operating costs.

Current 9 months year to date against preceding year 9 months year to date

Revenue was relatively unchanged whilst profitability improved from a loss to profit mainly due to lower operating costs.

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

	Current year quarter	Immediate preceding quarter	Change %
	3 months 31/03/24 (RM'000)	3 months 31/12/23 (RM'000)	
Revenue			
Trading of steel & building materials	160,706	171,493	-6.29
Steel Service Centre	28,155	28,700	-1.90
Trading of IT related products	6,666	7,654	-12.91
Food and Beverage	3,039	2,988	1.71
Others	2,657	294	803.74
Total	201,223	211,129	-4.69
Profit / (Loss) before taxation			
Trading of steel & building Materials	(836)	433	-293.07
Steel Service Centre	54	814	-93.37
Trading of IT related products	(771)	(659)	-17.00
Food and Beverage Division	(141)	(91)	-54.95
Others	81	(567)	114.29
Total	(1,613)	(70)	-2204.29

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

- i) **Trading of steel & building materials**
Revenue slightly reduced due to Chinese New Year (CNY) holiday. The profitability reversal from a profit to loss was mainly due to closing stock valuation variance.
- ii) **Steel service centre**
No material changes for revenue but profit before tax dropped by 93.37% mainly due to stiff competition.
- iii) **Trading of IT related products**
Revenue dropped due to shorter working days during Chinese New Year (CNY) holidays and hence the higher loss before tax.
- iv) **Food and Beverage (F&B) Division**
There were no material changes for revenue and a slightly bigger loss due to higher operating costs.

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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 its 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 31/03/24 (RM'000)	Preceding year quarter 3 months 31/03/23 (RM'000)	Current year to date 9 months 31/03/24 (RM'000)	Preceding year to date 9 months 31/03/23 (RM'000)
Malaysia income tax				
- current	526	92	1,254	1,592
- under provision in prior years	(11)	63	(27)	65
- real property gain tax	-	(160)	-	47
Deferred taxation	515 (304)	(5) 465	1,227 (18)	1,704 48
TOTAL	211	460	1,209	1,752

The effective tax rate for the financial period ended 31 March 2024 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.

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20. Loans and Borrowings

	As at 31/03/24 (RM'000)	As at 30/06/23 (RM'000)
<u>Amount due within one year</u>		
Bank overdrafts	1,761	1,968
Bankers' acceptance	212,391	222,149
Invoice Financing	736	772
Term loans	3,676	2,856
	218,564	227,746
<u>Amount due more than one year</u>		
Term Loans	30,058	30,860
Less : amount payable within 12 months	(3,676)	(2,855)
	26,382	28,005
	244,946	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 31/03/24 (RM'000)	Preceding year quarter 3 months 31/03/23 (RM'000)	Current year to date 9 months 31/03/24 (RM'000)	Preceding year to date 9 months 31/03/23 (RM'000)
(Loss) / Profit attributable to the owners of the parent (RM'000)	(1,764)	(1,825)	(3,599)	(2,057)
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	168,670
Basic (loss) / earnings per share (sen)	(1.05)	(1.08)	(2.13)	(1.22)

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 May 2024