
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

A. Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and in compliance with the requirements of FRS 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board.

This interim financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008. It contains condensed consolidated financial statements and selected explanatory notes. These notes include 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 31 December 2008. The condensed consolidated interim financial statements and notes thereon do not include all information required for the full set of financial statements prepared in accordance with FRSs.

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the applications of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

A2 Changes in Accounting Policies

This interim financial statement has been prepared in accordance with the same accounting policies adopted in audited financial statements for the financial year ended 31 December 2008.

The following FRS’s and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group and the Company:-

		Effective from:-
i)	FRS 4 Insurance Contracts	01 Jan 2010
ii)	FRS 7 Finance Instruments: Disclosure	01 Jan 2010
iii)	FRS 8 Operating Segments	01 Jul 2009
iv)	FRS 139 Financial Instruments: Recognition and Measurement	01 Jan 2010
v)	IC Interpretation 9 Reassessment of Embedded Derivatives	01 Jan 2010
vi)	IC Interpretation 10 Interim Financial Reporting and Impairment	01 Jan 2010

FRS 4 is not relevant to the Group’s operations.

The new FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group for the current quarter under review.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**A3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2008 was not qualified.

A4 Segment Information

	3 months ended	
	31.03.09 RM'000	31.03.08 RM'000
<u>Segment Revenue</u>		
Trading in hardware & building materials	136,419	228,695
Manufacturing & trading of IT related products	11,111	10,570
Investment holding	425	361
Trading in properties	82	0
Total revenue including inter-segment sales	148,037	239,626
Elimination of inter segment sales	(33,088)	(67,682)
Total revenue	114,949	171,944
<u>Segment Results</u>		
<u>Profit/ (loss) from operations</u>		
Trading in hardware & building materials	5,315	9,465
Manufacturing & trading of IT related products	142	126
Investment holding	(320)	(418)
Trading in properties	36	(38)
	5,173	9,135
<u>Profit/ (loss) before taxation</u>		
Trading in hardware & building materials	4,041	7,736
Manufacturing & trading of IT related products	185	142
Investment holding	(333)	(443)
Trading in properties	(14)	(37)
	3,879	7,398

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A5 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter under review, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

A6 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current quarter under review.

A7 Comments about Seasonal or Cyclical Factors

The Group's performance was not affected by any significant seasonal or cyclical factors in the current quarter under review.

A8 Dividends Paid

No dividend has been paid in the current quarter and the financial year-to-date.

4A9 Carrying Amount of Revalued Assets

There were no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group did not adopt a revaluation on its property, plant and equipment.

A10 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter and financial year to date.

A12 Capital Commitments

The Group has commitments as follows:

	31/03/09 RM'000	31/12/08 RM'000	Changes RM'000
Capital expenditure approved and contracted for	1,468	1,804	336

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**A13 Changes in Contingent Liabilities/Contingent Assets**

	31/03/09 RM'000	31/12/08 RM'000	Changes RM'000
Corporate guarantees in respect of banking facilities granted to subsidiary Companies	184,403	184,403	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	14,000	14,000	-

A14 Subsequent Events

There were no material events subsequent to the financial quarter ended 31 March 2009 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A15 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) Discomp Berhad (DCB), a 63.85% owned subsidiary and it's subsidiary companies (DCB Group)
- iii) Keyline Consulting Sdn Bhd (KLC), a 70% owned subsidiary
- iv) CHRB Building Materials Sdn Bhd (CHRBMM), a 60% owned subsidiary

Other related parties being an associated company of the Chuan Huat Resources Berhad Group of companies and companies in which Directors of the Company and Directors of subsidiary companies have an interest.

The significant related party transactions are as follows:

	3 months ended 31/03/09 RM'000	3 months ended 31/03/08 RM'000
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	1,689	3,878
ii) <u>Subsidiaries</u>		
CHM	31	1
KLC	115	153
CHRB BM	508	3,487

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**b) Purchase of goods from**i) Other related parties

Anshin Steel Processor Sdn Bhd	767	1,697
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ii) Subsidiaries

KLC	223	88
CHM	594	3,458
CHRB BM	-	1

c) Othersi) Subsidiaries

Rental income received from subsidiaries	62	88
Security, water & electricity charges received from subsidiaries	7	24
Management fee and incentive received from subsidiaries	19	16
Interest expenses	36	-

Ahmad Zaki Sdn Bhd is a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda, a Director of the Company, has a substantial financial interest.

Anshin Steel Processor Sdn Bhd is a company in which Dato' Lim Khoon Heng is a Director and has indirect interest through Chuan Huat Hardware Holdings Sdn Bhd, a 100% owned subsidiary of CHRB.

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.

A16 Cash and cash equivalents

	3 months ended	
	31/03/09	31/03/08
	RM'000	RM'000
Fixed deposit with a licensed bank	9,799	5,831
Cash and bank balances	11,287	22,422
Bank overdraft	(222)	(585)
	20,864	27,668
Less : Fixed Deposits pledged	(791)	(436)
	20,073	27,232

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B. Explanatory Notes Pursuant to paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**B1 Performance Review**

	3 months ended	
	31/03/09	31/03/08
	RM'000	RM'000
Revenue		
- continuing operations	<u>114,949</u>	<u>171,944</u>
Profit before taxation		
- continuing operations	<u>3,879</u>	<u>7,398</u>

The Group's revenue for the first quarter has decreased by approximately 33%, as compared to the preceding year's corresponding financial period ended 31 March 2008. The decrease of the Group's revenue was largely due to decrease in the selling prices of the steel products and decrease in demand.

During the first quarter ended 31 March 2009, the Group recorded a profit before taxation of approximately RM3.9 mil, a reduction of 48% from the corresponding financial period ended 31 March 2008 which recorded a profit of approximately RM7.4 million. This was mainly due to the lower turnover and reduced gross profit margins.

B2 Comment on Material Change in Profit before Taxation

	3 months ended	
	31/03/09	31/12/08
	RM'000	RM'000
Profit before taxation	<u>3,879</u>	<u>803</u>

During the financial quarter under review, the Group recorded a profit before taxation of approximately RM3.8 mil, as compared to the profit before tax of the preceding quarter ended 31st December 2008 of approximately RM0.8 mil. The lower profit before taxation reported in the preceding quarter was mainly due to the cost of inventories being written down to net realisable value.

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B3 Commentary on Prospects

The demand for domestic steel products is expected to increase as a direct impact of the roll-out of mega infrastructure projects from the stimulus packages recently announced by the Malaysian Government which will boost the construction and steel industries.

The Group will remain vigilant by taking measures to ensure risk mitigation and prudent cash management while maintaining cost savings measures so as to remain competitive.

The domestic consumer demand is expected to remain weak and will become an increasing challenge to the Information Technology ("IT") Division of the Group. Measures taken by the Division so to counter these adverse impact will be to focus on the growth of the house brands of "ESYINK" and "MORE" range of IT consumable products viz. compatible inks systems and coated papers.

B4 Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5 Income Tax Expenses

	3 months ended	
	31/03/09	31/03/08
	RM'000	RM'000
Malaysia income tax		
- current	1,301	2,133
- under/(over) provision in prior years	94	-
	<u>1,395</u>	<u>2,133</u>
Deferred taxation	(115)	(49)
TOTAL	<u>1,280</u>	<u>2,084</u>

The effective tax rate for the financial year ended 31 March 2009 and 31 March 2008 are not reflective of the statutory tax rate principally 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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**B6 Sale of Unquoted Investment and Properties**

There were no sales of unquoted investments and properties during the quarter under review and financial year-to-date.

B7 Quoted Securities

- (a) There were no purchase or disposal of quoted securities during the quarter under review and financial year-to-date.
- (b) Total investment in quoted securities by the Group as at 31 March 2009 were as follows:-

	3 months ended	
	31/03/09	31/03/08
	RM'000	RM'000
At cost	18	18
At book value	5	7
At market value	5	6

B8 Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at 18 May 2009 (the latest practical date which is not earlier than 7 days from the date of this report).

B9 Borrowings

	3 months ended	
	31/03/09	31/03/08
	RM'000	RM'000
<u>Short Term</u>		
Bank overdrafts (unsecured)	222	585
Bills payable (unsecured)	152,223	160,129
Term loans (amount payable within 12 months)	2,536	2,730
	<u>154,981</u>	<u>163,444</u>
<u>Long Term</u>		
Term Loans (secured)	5,022	7,780
Less : amount payable within 12 months	(2,536)	(2,730)
	<u>2,486</u>	<u>5,050</u>

B10 Off Balance Sheet Financial Instruments

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

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B11 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 31 December 2008.

B12 Dividends

The Board of Directors recommended a final dividend of 4.0 sen gross per ordinary share, less income tax at 25% in addition to the interim dividend of 1.5 sen gross per ordinary share less income tax at 26% which was paid on 9 April 2008 in respect of the financial year ended 31 December 2008 (2007: 4.5 sen gross per ordinary share, less income tax at 26%). This will be tabled for the approval by the shareholders at the forthcoming Fifteen Annual General Meeting of CHRB at a date to be determined later. This was duly announced on 22 April 2009.

B13 Earnings per share

Basic and diluted earnings per share

The basic and diluted earnings per share is calculated by dividing profit after taxation and minority interests by the total average number of ordinary shares in issue for the respective period as follows:

	3 months ended	
	31/03/09	31/03/08
Profit after tax and minority interest (RM'000)	2,504	5,186
Total number of ordinary shares in issue ('000)	125,367	125,367
Basic earnings per share (sen)	2.00	4.14
Diluted earnings per share (sen)	2.00	4.14

There were no potential dilutive components in the shareholdings of the Company as at 31 March 2009.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG
DEPUTY MANAGING DIRECTOR

Date: 27 May 2009