



CHUAN HUAT RESOURCES BERHAD

QUARTERLY REPORT
For the Second Quarter
Ended 30 June 2009

Interim Financial Report
(Unaudited)

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Income Statements
For the Second Quarter Ended 30 June 2009**

(The figures below are unaudited)

	Individual quarter		Cumulative quarter	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	134,808	207,610	249,757	379,554
Operating expenses	(127,790)	(189,555)	(236,849)	(352,015)
Depreciation and amortisation	(1,182)	(1,118)	(2,320)	(2,164)
Other income	910	1,094	1,331	1,791
Operating profit	<u>6,746</u>	<u>18,031</u>	<u>11,919</u>	<u>27,166</u>
Interest expenses	(1,306)	(1,946)	(2,984)	(3,896)
Interest income	<u>279</u>	<u>311</u>	<u>663</u>	<u>524</u>
Profit before taxation	<u>5,719</u>	<u>16,396</u>	<u>9,598</u>	<u>23,794</u>
Taxation	<u>(1,518)</u>	<u>(4,268)</u>	<u>(2,798)</u>	<u>(6,352)</u>
Profit after taxation	<u>4,201</u>	<u>12,128</u>	<u>6,800</u>	<u>17,442</u>
Attributable to:-				
Equity holders of the parent	3,983	11,796	6,487	16,982
Minority Interest	<u>218</u>	<u>332</u>	<u>313</u>	<u>460</u>
	<u>4,201</u>	<u>12,128</u>	<u>6,800</u>	<u>17,442</u>
Earnings per share				
Basic (sen)	<u>3.18</u>	<u>9.41</u>	<u>5.17</u>	<u>13.55</u>
Diluted (sen)	<u>3.18</u>	<u>9.41</u>	<u>5.17</u>	<u>13.55</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Balance Sheet****As at 30 June 2009**

(The figures below are unaudited)

	Unaudited As at 30.06.09 RM'000	Audited As at 31.12.08 RM'000
ASSETS		
Non-Current assets		
Property, plant & equipment	47,108	46,385
Investment properties	5,543	5,588
Prepaid land lease payments	11,608	11,761
Intangible assets	777	777
Investments	2,909	2,980
	<u>67,945</u>	<u>67,491</u>
Current assets		
Inventories	65,105	62,066
Trade & other receivables	191,344	173,618
Cash & cash equivalents	20,179	27,461
	<u>276,628</u>	<u>263,145</u>
TOTAL ASSETS	<u>344,573</u>	<u>330,636</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	62,684	62,684
Reserves	60,578	54,091
	<u>123,262</u>	<u>116,775</u>
Minority shareholders' interests	<u>10,837</u>	<u>10,467</u>
Total equity	<u>134,099</u>	<u>127,242</u>
Non-current liabilities		
Borrowings	2,180	2,874
Hire purchase liabilities	3,059	2,132
Deferred tax liabilities	2,703	2,609
	<u>7,942</u>	<u>7,615</u>
Current liabilities		
Trade & other payables	41,267	33,613
Borrowings	160,000	161,966
Taxation	1,265	200
	<u>202,532</u>	<u>195,779</u>
	<u>210,474</u>	<u>203,394</u>
TOTAL EQUITY AND LIABILITIES	<u>344,573</u>	<u>330,636</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.98	0.93

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements.

CHUAN HUAT RESOURCES BERHAD

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Condensed Consolidated Statements of Changes in Equity
For the Second Quarter Ended 30 June 2009
(The figures below are unaudited)

	← Attributable to equity holders of the Company →			Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Non - Distr Capital reserves RM'000	Distributable Accumulated profits RM'000			
At 1 January 2009	62,684	21,073	33,018	116,775	10,467	127,242
Net profit for the period	-	-	6,487	6,487	313	6,800
Issuance of shares to minority interest	-	-	-	-	57	57
At 30 June 2009	62,684	21,073	39,505	123,262	10,837	134,099
At 1 January 2008	62,684	21,074	13,008	96,766	10,906	107,672
Net profit for the period	-	-	16,982	16,982	460	17,442
Disposal of a subsidiary company	-	-	-	-	(3)	(3)
Issuance of shares to minority interest	-	-	-	-	120	120
Dividend paid	-	-	(1392)	(1392)	-	(1392)
At 30 June 2008	62,684	21,074	28,598	112,356	11,483	123,839

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Cash Flow Statements
For the Second Quarter Ended 30 June 2009**

(The figures below are unaudited)

	6 months ended	
	30 June 2009	30 June 2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	9,598	23,794
Adjustment for non-cash flow :-		
Depreciation and amortisation	2,320	2,164
Interest expenses	2,984	3,896
Interest income	(663)	(524)
Non-cash items	5,082	1,447
Operating profit before changes in working capital	19,321	30,777
Changes in working capital:		
Net change in current assets	(25,676)	(45,345)
Net change in current liabilities	7,369	12,866
Cash used in operations	1,014	(1,702)
Interest received	663	524
Interest expenses paid	(2,984)	(3,896)
Net tax paid	(2,312)	(1,079)
Net cash used in operating activities	(3,619)	(6,153)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,646)	(1,444)
Purchase of investment property	-	(190)
Proceeds from disposal of property, plant and equipment	1,301	750
Proceeds from issuance of shares to minority interest	57	-
Proceeds from disposal of investment property	-	120
Net cash outflow from disposal of a subsidiary company	-	(3)
Net cash used in investing activities	(288)	(767)
Cash flows from financing activities		
Repayments of term loans	(1,447)	(1,354)
Net repayments of hire purchase liabilities	(715)	(971)
Net (repayment)/ proceeds from of short term borrowings	(1,002)	14,675
Proceeds from issuance of shares to minority interest	-	120
Dividend paid	-	(1,392)
Net cash generated by financing activities	(3,164)	11,078
Net (decrease)/ increase in cash & cash equivalents	(7,071)	4,158
Cash & cash equivalents at beginning of the year	25,821	18,425
Cash & cash equivalents at end of the period	18,750	22,583

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

SECTION 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(2) and Part A of Appendix 9B of the of Bursa Securities MAIN Market Listing Requirements (“MAIN LR”) 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

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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.

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		6 months ended	
	30.06.09	30.06.08	30.06.09	30.06.08
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Trading in hardware & building materials	161,615	295,595	298,034	524,290
Manufacturing & trading of IT related products	13,762	11,402	24,873	21,972
Investment holding	425	347	850	708
Trading in properties	92	0	174	0
Total revenue including inter-segment sales	175,894	307,344	323,931	546,970
Elimination of inter segment sales	(41,086)	(99,734)	(74,174)	(167,416)
Total revenue	134,808	207,610	249,757	379,554
	3 months ended		6 months ended	
	30.06.09	30.06.08	30.06.09	30.06.08
<u>Segment Results</u>	RM'000	RM'000	RM'000	RM'000
<u>Profit/ (loss) from operations</u>				
Trading in hardware & building materials	6,822	18,078	12,137	27,543
Manufacturing & trading of IT related products	234	157	376	283
Investment holding	(330)	(237)	(650)	(655)
Trading in properties	21	33	57	(5)
	6,747	18,031	11,920	27,166
<u>Profit/ (loss) before taxation</u>				
Trading in hardware & building materials	5,811	16,568	9,852	24,304
Manufacturing & trading of IT related products	267	182	452	324
Investment holding	(338)	(258)	(671)	(701)
Trading in properties	(21)	(96)	(35)	(133)
	5,719	16,396	9,598	23,794

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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:

	30/06/09 RM'000	31/12/08 RM'000	Changes RM'000
Capital expenditure approved and contracted for	2,079	1,804	275

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
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	30/06/09 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 30 June 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) Disccomp 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 (CHRBBM), 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:

	6 months ended 30/06/09 RM'000	6 months ended 30/06/08 RM'000
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	4,206	10,175
ii) <u>Subsidiaries</u>		
CHM	245	15
KLC	358	1,209
CHRB BM	1,429	3,538

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

Anshin Steel Processor Sdn Bhd	1,035	2,967
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ii) Subsidiaries

KLC	477	482
CHM	1,188	3,525

c) Othersi) Subsidiaries

Rental income received from subsidiaries	123	166
Security, water & electricity charges received from subsidiaries	13	46
Management fee and incentive received from subsidiaries	38	31
Interest expenses	56	-

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

	6 months ended	
	30/06/09	30/06/08
	RM'000	RM'000
Fixed deposit with a licensed bank	6,798	1,561
Cash and bank balances	13,381	22,962
Bank overdraft	(638)	(1,504)
	<hr/> 19,541	<hr/> 23,019
Less : Fixed Deposits pledged	(791)	(436)
	<hr/> <hr/> 18,750	<hr/> <hr/> 22,583

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SECTION B

Explanatory Notes Pursuant to Paragraph 9.22 (2) and Part A of Appendix 9B of the MAIN LR.

B1 Performance Review

	3 months ended		6 months ended	
	30/06/09 RM'000	30/06/08 RM'000	30/06/09 RM'000	30/06/08 RM'000
Revenue				
- continuing operations	134,808	207,610	249,757	379,554
Profit before taxation				
- continuing operations	5,719	16,396	9,598	23,794

The Group's revenue for the second quarter and six (6) months financial period ended 30 June 2009 have decreased by approximately 35% and 34% respectively, as compared to the preceding year's corresponding financial period ended 30 June 2008. The decrease was mainly due to the lower selling prices of steel products, which saw the global prices dropping sharply from the last quarter of year 2008. However the prices have since stabilised and recovered in-line with the market condition.

The Group recorded a profit before tax of approximately RM5.7 mil and RM9.6 mil for the second quarter and six (6) months financial period ended 30 June 2009, as compared to the corresponding period ended 30 June 2008 of approximately RM16.4 mil and RM23.8 mil. 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	
	30/06/09 RM'000	31/03/09 RM'000
Revenue	134,808	114,949
Profit before taxation	5,719	3,879

During the financial quarter under review, the Group recorded a profit before taxation of approximately RM5.7 mil, as compared to the profit before tax of the preceding quarter ended 31 March 2009 of approximately RM3.9 mil. The increase of profit before taxation is mainly due to the increase in revenue recorded during the quarter under review.

B3 Commentary on Prospects

With the global steel prices having reached its bottom during the year and on the path to recovery and coupled with the improving domestic economy, the Group is confident that the steel and building material division be achieving a better performance for the second half of the year.

The IT Division is also expected to perform favourably with the strategies adopted to increase the domestic market share and streamlining the operational cost.

With the positive outlook and barring any unforeseen circumstances, the Board of Directors expects the Group's result to be better in the second half of the financial year ending 31 December 2009

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		3 months ended	
	30/06/09	30/06/08	30/06/09	30/06/08
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- current	1,291	4,252	2,592	6,385
- under/(over) provision in prior years	18	-	112	-
	<u>1,309</u>	<u>4,252</u>	<u>2,704</u>	<u>6,385</u>
Deferred taxation	209	16	94	(33)
TOTAL	<u>1,518</u>	<u>4,268</u>	<u>2,798</u>	<u>6,352</u>

The effective tax rate for the financial year ended 30 June 2009 and 30 June 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.

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.

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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 30 June 2009 were as follows:-

	6 months ended	
	30/06/09 RM'000	30/06/08 RM'000
At cost	18	18
At book value	5	6
At market value	5	6

B8 Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at 21 August 2009 (the latest practical date which is not earlier than 7 days from the date of this report).

B9 Borrowings

	6 months ended	
	30/06/09 RM'000	30/06/08 RM'000
<u>Short Term</u>		
Bank overdrafts (unsecured)	638	1504
Bills payable (unsecured)	157,253	171,080
Term loans (amount payable within 12 months)	2,109	2,744
	<hr/>	<hr/>
	160,000	175,328
<u>Long Term</u>		
Term Loans (secured)	4,289	7,113
Less : amount payable within 12 months	(2,109)	(2,744)
	<hr/>	<hr/>
	2,180	4,369

B10 Off Balance Sheet Financial Instruments

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

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.

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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%) and was approved by the shareholders at the Fifteen Annual General Meeting of CHRB held on 25 June 2009. The dividend was paid on 18 August 2009.

The entitlement date was fixed on 31 July 2009 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 31 July 2009 in respect of ordinary transfers;
- (b) Share bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia

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		3 months ended	
	30/06/09	30/06/08	30/06/09	30/06/08
Profit after tax and minority interest (RM'000)	3,983	11,796	6,487	16,982
Total number of ordinary shares in issue ('000)	125,367	125,367	125,367	125,367
Basic earnings per share (sen)	3.18	9.41	5.17	13.55
Diluted earnings per share (sen)	3.18	9.41	5.17	13.55

There were no potential dilutive components in the shareholdings of the Company as at 30 June 2009.

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B14 Authorisation For Issue

This interim 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 2009