



CHUAN HUAT RESOURCES BERHAD

QUARTERLY REPORT
For the Fourth Quarter
Ended 31 December 2009

Interim Financial Report
(Unaudited)

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Income Statements
For the Fourth Quarter Ended 31 December 2009**

(The figures below are unaudited)

	Individual quarter		Cumulative quarter	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	132,523	134,788	514,217	694,190
Operating expenses	(127,077)	(132,716)	(486,997)	(653,751)
Depreciation and amortisation	(1,169)	(1,136)	(4,668)	(4,385)
Other income	457	1,378	2,590	3,311
Operating profit	<u>4,734</u>	<u>2,314</u>	<u>25,142</u>	<u>39,365</u>
Interest expenses	(1,237)	(1,719)	(5,432)	(7,569)
Interest income	<u>235</u>	<u>208</u>	<u>1,191</u>	<u>935</u>
Profit before taxation	<u>3,732</u>	<u>803</u>	<u>20,901</u>	<u>32,731</u>
Taxation	<u>(1,209)</u>	<u>(203)</u>	<u>(5,930)</u>	<u>(9,254)</u>
Profit after taxation	<u>2,523</u>	<u>600</u>	<u>14,971</u>	<u>23,477</u>
Attributable to:-				
Equity holders of the parent	2,479	635	14,379	22,793
Minority Interest	<u>44</u>	<u>(35)</u>	<u>592</u>	<u>684</u>
	<u>2,523</u>	<u>600</u>	<u>14,971</u>	<u>23,477</u>
Earnings per share				
Basic (sen)	<u>1.98</u>	<u>0.51</u>	<u>11.47</u>	<u>18.18</u>
Diluted (sen)	<u>1.98</u>	<u>0.51</u>	<u>11.47</u>	<u>18.18</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 31 December 2009**

(The figures below are unaudited)

	Unaudited As at 31.12.09 RM'000	Audited As at 31.12.08 RM'000
ASSETS		
Non-Current assets		
Property, plant & equipment	47,618	46,385
Investment properties	5,823	5,588
Prepaid land lease payments	11,455	11,761
Intangible assets	777	777
Investments	2,839	2,980
	<u>68,512</u>	<u>67,491</u>
Current assets		
Inventories	77,200	62,066
Trade & other receivables	178,246	173,618
Cash & cash equivalents	16,937	27,461
	<u>272,383</u>	<u>263,145</u>
TOTAL ASSETS	<u>340,895</u>	<u>330,636</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	62,684	62,684
Reserves	64,709	54,091
	<u>127,393</u>	<u>116,775</u>
Minority shareholders' interests	<u>10,878</u>	<u>10,467</u>
Total equity	<u>138,271</u>	<u>127,242</u>
Non-current liabilities		
Borrowings	1,463	2,874
Hire purchase liabilities	2,827	2,132
Deferred tax liabilities	2,769	2,609
	<u>7,059</u>	<u>7,615</u>
Current liabilities		
Trade & other payables	41,238	33,613
Borrowings	153,391	161,966
Taxation	936	200
	<u>195,565</u>	<u>195,779</u>
	<u>202,624</u>	<u>203,394</u>
TOTAL EQUITY AND LIABILITIES	<u>340,895</u>	<u>330,636</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.02	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 BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statements of Changes in Equity
For the Fourth Quarter Ended 31 December 2009**

(The figures below are unaudited)

	← Attributable to equity holders of the Company →					Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Non-Distributable Capital Reserves RM'000	Distributable Accumulated profits RM'000	Total RM'000			
At 1 January 2009	62,684	21,073	33,018	116,775	10,467	127,242	
Net profit for the year	-	-	14,379	14,379	592	14,971	
Capitalisation of bonus issue	-	850	(850)	-	-	-	
Disposal of subsidiary companies	-	-	-	-	(198)	(198)	
Issuance of shares to minority interest	-	-	-	-	57	57	
Dividend paid to minority interest	-	-	-	-	(40)	(40)	
Dividend paid	-	-	(3,761)	(3,761)	-	(3,761)	
At 31 December 2009	62,684	21,923	42,786	127,393	10,878	138,271	
At 1 January 2008	62,684	21,074	13,007	96,765	10,906	107,671	
Net profit for the year	-	-	22,793	22,793	684	23,477	
Disposal of a subsidiary companies	-	(1)	1	-	(3)	(3)	
Additional investment in a subsidiary company	-	-	-	-	(1,224)	(1,224)	
Issuance of shares to minority interest	-	-	-	-	120	120	
Dividend paid to minority interest	-	-	-	-	(16)	(16)	
Dividend paid	-	-	(2,783)	(2,783)	-	(2,783)	
At 31 December 2008	62,684	21,073	33,018	116,775	10,467	127,242	

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 Fourth Quarter Ended 31 December 2009**

(The figures below are unaudited)

	12 months ended	
	31 Dec 09	31 Dec 08
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	20,901	32,730
Adjustment for non-cash flow :-		
Depreciation and amortization	4,668	4,385
Interest expenses	5,432	7,569
Interest income	(1,191)	(935)
Non-cash items	1,991	13,197
Operating profit before changes in working capital	<u>31,801</u>	<u>56,946</u>
 Changes in working capital:		
Net change in current assets	(22,439)	(10,661)
Net change in current liabilities	7,433	(13,502)
Cash generated by operations	<u>16,795</u>	<u>32,783</u>
 Interest received	1,007	824
Interest expenses paid	(5,432)	(7,569)
Net tax paid	(5,099)	(8,847)
Net cash generated by operating activities	<u>7,271</u>	<u>17,191</u>
 Cash flows from investing activities		
Purchase of property, plant and equipment	(3,822)	(5,530)
Purchase of investment property	(280)	-
Purchase of additional shares from minority interest	-	(2,000)
Proceeds from disposal of property, plant and equipment	1,339	1,422
Proceeds from disposal of investment property	-	120
Interest received	184	111
Dividend received	-	999
Net cash inflow from disposal of a subsidiary companies	70	539
Net cash used in investing activities	<u>(2,509)</u>	<u>(4,339)</u>
 Cash flows from financing activities		
Repayments of term loans	(2,926)	(2,732)
Net repayments of hire purchase liabilities	(1,556)	(1,539)
Net (repayment)/ proceeds from of short term borrowings	(7,632)	1,850
Proceeds from issuance of shares to minority interests	57	120
Dividend paid	(3,761)	(2,783)
Dividend paid to minority interests	(40)	(16)
Increase in fixed deposits pledged	-	(114)
Net cash used in financing activities	<u>(15,858)</u>	<u>(5,214)</u>
 Net (decrease)/ increase in cash & cash equivalents	(11,096)	7,638
Cash & cash equivalents at beginning of the year	<u>25,821</u>	<u>18,183</u>
Cash & cash equivalents at end of the year	<u>14,725</u>	<u>25,821</u>

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 FOURTH QUARTER ENDED 31 DECEMBER 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 (Amendments)	01 Jan 2010
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		12 months ended	
	31.12.09	31.12.08	31.12.09	31.12.08
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Trading in hardware & building materials	157,981	169,115	613,546	946,624
Manufacturing & trading of IT related products	14,608	11,786	53,852	46,448
Investment holding	425	1,776	1,700	2,838
Trading in properties	145	849	421	1,047
Total revenue including inter-segment sales	173,159	183,526	669,519	996,957
Elimination of inter segment sales	(40,636)	(48,738)	(155,302)	(302,767)
Total revenue	132,523	134,788	514,217	694,190

	3 months ended		12 months ended	
	31.12.09	31.12.08	31.12.09	31.12.08
<u>Segment Results</u>	RM'000	RM'000	RM'000	RM'000
<u>Profit/ (loss) from operations</u>				
Trading in hardware & building materials	4,693	600	25,297	38,138
Manufacturing & trading of IT related products	175	31	809	580
Investment holding	(234)	1,590	(1,144)	520
Trading in properties	100	93	180	127
	4,734	2,314	25,142	39,365
<u>Profit/ (loss) before taxation</u>				
Trading in hardware & building materials	3,706	(859)	21,136	31,760
Manufacturing & trading of IT related products	198	53	924	653
Investment holding	(236)	1,574	(1,172)	439
Trading in properties	64	35	13	(121)
	3,732	803	20,901	32,731

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.

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**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

	3 months ended		12 months ended	
	31.12.09	31.12.08	31.12.09	31.12.08
	RM'000	RM'000	RM'000	RM'000
Ordinary Shares				
(a) <u>Final dividend paid</u>				
[YE2008 -4.00 sen gross per Ordinary shares (50 sen), less Income tax at 25%]	-	-	3,761	-
(a) <u>Interim dividend paid</u>				
[YE2008 -1.50 sen gross per Ordinary shares (50 sen), less Income tax at 26%]	-	-	-	1,392
(b) <u>Final dividend paid</u>				
[YE2007 -1.50 sen gross per Ordinary shares (50 sen), less Income tax at 26%]	-	-	-	1,391
	-	-	3,761	2,783

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.

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**A12 Capital Commitments**

The Group has commitments as follows:

	31/12/09 RM'000	31/12/08 RM'000	Changes RM'000
Capital expenditure approved and contracted for	1,130	1,804	(674)

A13 Changes in Contingent Liabilities/Contingent Assets

	31/12/09 RM'000	31/12/08 RM'000	Changes RM'000
Corporate guarantees in respect of banking facilities granted to subsidiary Companies	193,423	184,403	9,020
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 December 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 (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.

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The significant related party transactions are as follows:

	12 months ended 31/12/09 RM'000	12 months ended 31/12/08 RM'000
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	9,691	15,839
ii) <u>Subsidiaries</u>		
CHM	869	1,435
KLC	953	3,250
CHRB BM	3,906	6,036
 b) Purchase of goods from		
i) <u>Other related parties</u>		
Anshin Steel Processor Sdn Bhd	2,713	5,862
ii) <u>Subsidiaries</u>		
KLC	1,325	1,424
CHM	3,689	5,554
 c) Others		
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	258	316
Security, water & electricity charges received from subsidiaries	32	86
Management fee and incentive received from subsidiaries	76	69
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.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**A16 Cash and cash equivalents**

	12 months ended	
	31/12/09	31/12/08
	RM'000	RM'000
Fixed deposit with a licensed bank	7,016	10,641
Cash and bank balances	9,921	16,820
Bank overdraft	(1,421)	(849)
	<u>15,516</u>	<u>26,612</u>
Less : Fixed Deposits pledged	(791)	(791)
	<u>14,725</u>	<u>25,821</u>

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CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**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		12 months ended	
	31/12/09	31/12/08	31/12/09	31/12/08
	RM'000	RM'000	RM'000	RM'000
Revenue				
- continuing operations	132,523	134,788	514,217	694,190
Profit before taxation				
- continuing operations	3,732	803	20,901	32,731

The Group's revenue for the fourth quarter of 2009 was relatively unchanged at RM132 million as compared to RM134 million for the corresponding quarter for financial year ended 31 December 2008. However the profit before tax for the quarter ended 31 December 2009 increase by 365% to RM3.7 million from RM803,000 recorded in the corresponding fourth quarter for year ended 31 December 2008. The lower profit recorded in fourth quarter for year ended 31 December 2008 was due to the write down of the stock value during the said fourth quarter of 2008.

For the financial year ended 31 December 2009 the revenue reduced to RM514 million compared to RM694 million recorded in the financial year ended 31 December 2008. Hence the profit before taxation also reduced to RM20.9 million in the financial year ended 31 December 2009 from RM32.7 million recorded in the financial year ended 31 December 2008. This reduction was mainly due to slower demand and lower selling prices during the year under review.

B2 Comment on Material Change in Profit before Taxation

	3 months ended	
	31/12/09	30/09/09
	RM'000	RM'000
Revenue	132,523	131,937
Profit before taxation	3,732	7,571

During the financial quarter under review, the Group recorded a lower profit before taxation of approximately RM3.7 million. The higher profit before tax of RM7.6 million for the preceding quarter ended 30 Sep 2009 was mainly due to the reversal in the third quarter of the over provision of doubtful debts made earlier in the first and second quarters of 2009.

CHUAN HUAT RESOURCES BERHAD

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B3 Commentary on Prospects

The domestic construction industry is expected to be buoyant with the commencement of various mega projects announced last year and coupled with the recent increase of global steel prices, the Group is optimistic of the prospects for the next financial year ending 31 December 2010.

The IT Division is also expected to perform favourably with the better economic outlook and plans to set up more retail outlets.

With the positive outlook and barring any unforeseen circumstances, the Board of Directors expects the Group's result to be satisfactory for the financial year ending 31 December 2010

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		12 months ended	
	31/12/09	31/12/08	31/12/09	31/12/08
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- current	965	32	5,561	8,690
- under/(over) provision in prior years	137	(8)	209	223
	<u>1,102</u>	<u>24</u>	<u>5,770</u>	<u>8,913</u>
Deferred taxation	107	179	160	341
TOTAL	<u>1,209</u>	<u>203</u>	<u>5,930</u>	<u>9,254</u>

The effective tax rate for the financial year ended 31 December 2009 and 31 December 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.

CHUAN HUAT RESOURCES BERHAD

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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 31 December 2009 were as follows:-

	12 months ended	
	31/12/09	31/12/08
	RM'000	RM'000
At cost	18	18
At book value	5	6
At market value	5	5

B8 Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at 16th February 2010 (the latest practical date which is not earlier than 7 days from the date of this report).

B9 Borrowings

	12 months ended	
	31/12/09	31/12/08
	RM'000	RM'000
<u>Short Term</u>		
Bank overdrafts (unsecured)	1,421	849
Bills payable (unsecured)	150,624	158,255
Term loans (amount payable within 12 months)	1,346	2,862
	<u>153,391</u>	<u>161,966</u>
<u>Long Term</u>		
Term Loans (secured)	2,809	5,736
Less : amount payable within 12 months	(1,346)	(2,862)
	<u>1,463</u>	<u>2,874</u>

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.

CHUAN HUAT RESOURCES BERHAD

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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.

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		12 months ended	
	31/12/09	31/12/08	31/12/09	31/12/08
Profit after tax and minority interest (RM'000)	2,479	635	14,379	22,793
Total number of ordinary shares in issue ('000)	125,367	125,367	125,367	125,367
Basic earnings per share (sen)	1.98	0.51	11.47	18.18
Diluted earnings per share (sen)	1.98	0.51	11.47	18.18

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

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 : 23 February 2010