



CHUAN HUAT RESOURCES BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Three Months Ended
31 March 2010

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Comprehensive Income****For the Quarter and Three months ended 31 March 2010**

(The figures below are unaudited)

	Individual quarter		Cumulative quarter	
	31-Mar-10 (RM'000)	31-Mar-09 (RM'000)	31-Mar-10 (RM'000)	31-Mar-09 (RM'000)
Revenue	129,284	114,949	129,284	114,949
Operating expenses	(124,145)	(109,059)	(124,145)	(109,059)
Depreciation and amortisation	(1,142)	(1,138)	(1,142)	(1,138)
Other income	841	421	841	421
Operating profit	4,838	5,173	4,838	5,173
Interest expenses	(1,364)	(1,678)	(1,364)	(1,678)
Interest income	212	384	212	384
Profit before taxation	3,686	3,879	3,686	3,879
Taxation	(964)	(1,280)	(964)	(1,280)
Profit for the period	2,722	2,599	2,722	2,599
Other Comprehensive income net of tax	-	-	-	-
Total Comprehensive Income for the period	2,722	2,599	2,722	2,599
Profit attributable to:-				
Owner of the parent	2,510	2,504	2,510	2,504
Non-Controlling Interest	212	95	212	95
Profit for the period	2,722	2,599	2,722	2,599
Total Comprehensive Income attributable to:-				
Owner of the parent	2,510	2,504	2,510	2,504
Non-Controlling Interest	212	95	212	95
Total Comprehensive Income for the period	2,722	2,599	2,722	2,599
Earnings per share				
Basic (sen)	2.00	2.00	2.00	2.00
Diluted (sen)	2.00	2.00	2.00	2.00

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position****As at 31 March 2010**

(The figures below are unaudited)

	Unaudited As at 31.03.10 (RM'000)	Audited As at 31.12.09 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	46,746	47,619
Investment properties	5,823	5,823
Prepaid land lease payments	11,379	11,455
Investments	2,839	2,839
Goodwill	777	777
	<u>67,564</u>	<u>68,513</u>
Current assets		
Inventories	83,680	77,196
Trade & other receivables	198,529	178,390
Cash & cash equivalents	17,246	17,121
	<u>299,455</u>	<u>272,707</u>
TOTAL ASSETS	<u>367,019</u>	<u>341,220</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	62,684	62,684
Reserves	67,041	64,719
	<u>129,725</u>	<u>127,403</u>
Non-controlling interest	<u>11,114</u>	<u>10,902</u>
Total equity	<u>140,839</u>	<u>138,305</u>
Non-current liabilities		
Borrowings	1,135	1,463
Hire purchase liabilities	2,514	2,827
Deferred tax liabilities	2,652	2,756
	<u>6,301</u>	<u>7,046</u>
Current liabilities		
Trade & other payables	38,597	41,582
Borrowings	180,376	153,391
Taxation	906	896
	<u>219,879</u>	<u>195,869</u>
	<u>226,180</u>	<u>202,915</u>
TOTAL EQUITY AND LIABILITIES	<u>367,019</u>	<u>341,220</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.03	1.02

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity
For the Three months ended 31 March 2010**

(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- Distributable Capital Reserves (RM'000)	Distributable Accumulated profits (RM'000)			
At 1 January 2010	62,684	21,923	42,796	127,403	10,902	138,305
Effects of applying FRS 139	-	-	(188)	(188)	-	(188)
Restated balance	62,684	21,923	42,608	127,215	10,902	138,117
Total comprehensive income for the period	-	-	2,510	2,510	212	2,722
At 31 March 2010	62,684	21,923	45,118	129,725	11,114	140,839
At 1 January 2009	62,684	21,073	33,018	116,775	10,467	127,242
Total comprehensive income for the period	-	-	2,504	2,504	95	2,599
Issue of shares to non-controlling interest	-	-	-	-	57	57
At 31 March 2009	62,684	21,073	35,522	119,279	10,619	129,898

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Cash Flows****For the Three months ended 31 March 2010**

(The figures below are unaudited)

	3 months ended	
	31 Mar 10	31 Mar 09
	(RM'000)	(RM'000)
Cash flows from operating activities		
Profit before tax	3,686	3,879
Adjustment for non-cash flow :-		
Depreciation and amortization	1,142	1,138
Interest expenses	1,364	1,678
Interest income	(212)	(384)
Non-cash items	228	1,603
Operating profit before changes in working capital	<u>6,208</u>	<u>7,914</u>
Changes in working capital:		
Net change in current assets	(27,239)	(9,350)
Net change in current liabilities	(2,907)	5,609
Cash (used) in/ generated from operations	<u>(23,938)</u>	<u>4,173</u>
Interest received	212	384
Interest expenses paid	(1,364)	(1,678)
Net tax paid	(879)	(1,356)
Net cash (used) in/ generated from operating activities	<u>(25,969)</u>	<u>1,523</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(193)	(258)
Proceeds from disposal of property, plant and equipment	21	1
Proceeds from issuance of shares to minority interest	-	57
Net cash used in investing activities	<u>(172)</u>	<u>(200)</u>
Cash flows from financing activities		
Repayments of term loans	(385)	(713)
Net repayments of hire purchase liabilities	(391)	(326)
Net (repayment)/ proceeds from of short term borrowings	21,516	(6,032)
Increased in fixed deposit pledged	(8)	-
Net cash generated from/ (used) in financing activities	<u>20,732</u>	<u>(7,071)</u>
Net (decrease)/ increase in cash & cash equivalents	(5,409)	(5,748)
Cash & cash equivalents at beginning of the period	<u>14,908</u>	<u>25,821</u>
Cash & cash equivalents at end of the period	<u>9,499</u>	<u>20,073</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements

PART A- EXPLANATORY NOTES PURSUANT TO FRS 134**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”), FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. These 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 31 December 2009.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2009, EXCEPT for the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation which are applicable to its financial statements:

FRS 7	Financial Instruments: Disclosures.
FRS 8	Operating Segments.
FRS 101	Presentation of Financial Statements.(revised)
FRS 123	Borrowing Costs (revised).
FRS 139	Financial Instruments: Recognition and Measurement.
Amendments to FRS 7	Financial Instruments: Disclosure
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interest in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The Principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

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(a) FRS 8, Operating Segments

FRS 8, requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segment. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101, Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dated. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dated when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit loss	At fair value through profit or loss
2	Held –to-maturity investments	At amortised costs effective interest method
3	Loans and receivables	At amortised costs effective interest method
4	Available-for-sale investment	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loans and other financial liabilities	At amortised cost effective interest method

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of the re-measurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained earnings as disclosed in the statement of changes in equity.

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The adoption of the above new policies has the following effects:

	Retained Profit/(loss) (RM'000)
At 1 January 2010, as previously stated	42,796
Adjustments arising from adoption of FRS 139:	
- Loan and receivables	(188)
At 1 January 2010, as restated	42,608

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no material effect to the Group's consolidated financial statements of the quarter or the comparative consolidated financial statements of the prior financial year.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not qualified.

3. 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.

4. 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 quarter and three months ended 31 March 2010.

5. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and three months ended 31 March 2010.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and three months ended 31 March 2010.

7. Dividends Paid

No dividend has been paid during the quarter and three months ended 31 March 2010.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**8. Segment Information**

<u>Segment Revenue</u>	3 months ended	
	31.03.10 (RM'000)	31.03.09 (RM'000)
Trading in hardware & building materials	154,563	136,419
Manufacturing & trading of IT related products	15,855	11,111
Investment holding	425	425
Trading in properties	141	82
Total revenue including inter-segment sales	170,984	148,037
Elimination of inter segment sales	(41,700)	(33,088)
Total revenue	129,284	114,949
<u>Segment Results</u>	3 months ended	
	31.03.10 (RM'000)	31.12.09 (RM'000)
<u>Profit/ (loss) from operations</u>		
Trading in hardware & building materials	4,626	5,315
Manufacturing & trading of IT related products	365	142
Investment holding	(264)	(320)
Trading in properties	111	36
	4,838	5,173
<u>Profit/ (loss) before taxation</u>		
Trading in hardware & building materials	3,481	4,041
Manufacturing & trading of IT related products	389	185
Investment holding	(265)	(333)
Trading in properties	81	(14)
	3,686	3,879

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9. 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.

10. 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.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter and three months ended 31 March 2010.

12. Contingent Liabilities/Contingent Assets

	31/03/10 (RM'000)	31/12/09 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of banking facilities granted to subsidiary Companies	192,923	193,423	(500)
Corporate guarantees in respect of the Supply of goods to subsidiary companies	14,000	14,000	-

13. Capital Commitments

The Group has commitments as follows:

	31/03/10 (RM'000)	31/12/09 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	1,130	1,130	-

14. 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

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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 31/03/10 (RM'000)	3 months ended 31/03/09 (RM'000)
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	4,947	1,689
ii) <u>Subsidiaries</u>		
CHM	603	31
KLC	168	115
CHRB BM	498	508
b) Purchase of goods from		
i) <u>Other related parties</u>		
Anshin Steel Processor Sdn Bhd	1,080	767
ii) <u>Subsidiaries</u>		
KLC	296	223
CHM	126	594
c) Others		
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	68	62
Security, water & electricity charges received from subsidiaries	10	7
Management fee and incentive received from subsidiaries	19	19
Interest expenses	77	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.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**15. Cash and Cash Equivalents**

	3 months ended	
	31/03/10 (RM'000)	31/03/09 (RM'000)
Fixed deposit with a licensed bank	4,331	9,799
Cash and bank balances	12,914	11,287
Bank overdraft	(6,947)	(222)
	<u>10,298</u>	<u>20,864</u>
Less : Fixed Deposits pledged	(799)	(791)
	<u>9,499</u>	<u>20,073</u>

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CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****16. Performance Review**

	3 months ended	
	31/03/10	31/03/09
	(RM'000)	(RM'000)
Revenue		
- continuing operations	<u>129,284</u>	<u>114,949</u>
Profit before taxation		
- continuing operations	<u>3,686</u>	<u>3,879</u>

The Group's revenue for the first quarter has increased by approximately 12%, as compared to the preceding year's corresponding financial period ended 31 March 2009. The increase was mainly due to the higher selling price of steel products.

Notwithstanding the higher price of steel, the Group recorded a profit before tax of approximately RM3.6 million, a reduction of 5% from the corresponding financial period ended 31 March 2009 which recorded a profit of approximately RM3.8 million. This was mainly due to the reduced gross profit margins of the construction steel products.

17. Variation of results against preceding quarter

	3 months ended	
	31/03/10	31/12/09
	(RM'000)	(RM'000)
Revenue	<u>129,284</u>	<u>132,860</u>
Profit before taxation	<u>3,686</u>	<u>3,732</u>

During the financial quarter under review, the Group recorded a profit before taxation of RM3.69 million which is almost similar to the profit before tax of the preceding quarter ended 31 Dec 2009 of approximately RM3.73 million.

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18. Commentary on Prospects

With the announcement of various mega projects by the government which is expected to take-off very quickly, the construction industry is looking very optimistic.

In line with the optimistic outlook, the Group is expanding its steel service center by adding new plant and machinery to cater for the increase in demand.

The IT Division is also expected to perform favourably with the strategies adopted to focus on its core products of printers and consumables by working very closely with its OEM (Original Equipment Manufacturer) principals. A new core product GPS (Global Positioning System) has been added to further increase the Group's revenue. The IT Division will continue to identify suitable locations throughout the country to open more retail outlets, especially in outstation areas for better market presence.

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

19. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2010.

20. Income Tax Expenses

	3 months ended	
	31/03/10 (RM'000)	31/03/09 (RM'000)
Malaysia income tax		
- current	1,068	1,301
- under/(over) provision in prior years	-	94
	<u>1,068</u>	<u>1,395</u>
Deferred taxation	(104)	(115)
TOTAL	<u>964</u>	<u>1,280</u>

The effective tax rate for the financial year ended 31 March 2010 and 31 March 2009 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.

21. Sale of Unquoted Investment and Properties

There were no sales of unquoted investments and properties during the quarter and three months ended 31 March 2010.

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22. 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 2010 were as follows:-

	3 months ended	
	31/03/10 (RM'000)	31/03/09 (RM'000)
At cost	18	18
At book value	5	5
At market value	5	5

23. Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at the date of this report.

24. Borrowings

	3 months ended	
	31/03/10 (RM'000)	31/03/09 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	6,947	222
Bills payable (unsecured)	172,139	152,223
Term loans (amount payable within 12 months)	1,290	2,536
	<u>180,376</u>	<u>154,981</u>
<u>Long Term</u>		
Term Loans (secured)	2,425	5,022
Less : amount payable within 12 months	(1,290)	(2,536)
	<u>1,135</u>	<u>2,486</u>

25. Off Balance Sheet Financial Instruments

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

26. 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 2009.

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27. Dividends

The Board of Directors recommended a final dividend of 2.0 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 25% which was paid on 8 April 2010 in respect of the financial year ended 31 December 2009 (2008: 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%). This will be tabled for the approval by the shareholders at the forthcoming Sixteen Annual General Meeting of CHRB at the date to be determined later. This was duly announced on 28 April 2010.

28. Earnings per share

Basic and diluted earnings per share

The basic and diluted earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total average number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended	
	31/03/10 (RM'000)	31/03/09 (RM'000)
Total number of ordinary shares in issue ('000)	125,367	125,367
Basic earnings per share (sen)	2.00	2.00

There were no potential dilutive components in the shareholdings of the Company as at 31 March 2010 and 31 March 2009.

29. 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: 31 May 2010