



CHUAN HUAT RESOURCES BERHAD

Interim Financial Statements
For the Quarter and Three Months Ended
31 March 2011

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 2011**

(The figures below are unaudited)

	Individual quarter		Cumulative quarter	
	31-Mar-11 (RM'000)	31-Mar-10 (RM'000)	31-Mar-11 (RM'000)	31-Mar-10 (RM'000)
Revenue	149,035	129,284	149,035	129,284
Operating expenses	(140,914)	(124,145)	(140,914)	(124,145)
Depreciation and amortisation	(1,260)	(1,142)	(1,260)	(1,142)
Other income	3,589	841	3,589	841
Operating profit	10,450	4,838	10,450	4,838
Interest expenses	(1,652)	(1,364)	(1,652)	(1,364)
Interest income	375	212	375	212
Profit before taxation	9,173	3,686	9,173	3,686
Taxation	(1,823)	(964)	(1,823)	(964)
Profit for the period	7,350	2,722	7,350	2,722
Other Comprehensive income net of tax	-	-	-	-
Total Comprehensive Income for the period	7,350	2,722	7,350	2,722
Profit attributable to:-				
Owner of the parent	7,025	2,510	7,025	2,510
Non-Controlling Interest	325	212	325	212
Profit for the period	7,350	2,722	7,350	2,722
Total Comprehensive Income attributable to:-				
Owner of the parent	7,025	2,510	7,025	2,510
Non-Controlling Interest	325	212	325	212
Total Comprehensive Income for the period	7,350	2,722	7,350	2,722
Earnings per share				
Basic (sen)	4.20	1.50	4.20	1.50
Diluted (sen)	3.36	1.50	3.36	1.50

The Condensed Consolidated Statement of Comprehensive Income 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 31 December 2010.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position****As at 31 March 2011**

(The figures below are unaudited)

	Unaudited As at 31.03.11 (RM'000)	Audited As at 31.12.09 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	60,325	60,369
Investment properties	5,713	5,713
Investments	130	2,830
Goodwill	777	777
	<u>66,945</u>	<u>69,689</u>
Current assets		
Inventories	80,743	77,501
Trade & other receivables	201,094	201,465
Cash & cash equivalents	27,388	18,972
	<u>309,225</u>	<u>297,938</u>
TOTAL ASSETS	<u>376,170</u>	<u>367,627</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	83,578	83,578
Reserves	62,140	55,115
	<u>145,718</u>	<u>138,693</u>
Non-controlling interest	12,341	12,016
Total equity	<u>158,059</u>	<u>150,709</u>
Non-current liabilities		
Borrowings	3,654	3,769
Deferred tax liabilities	3,037	2,936
	<u>6,691</u>	<u>6,705</u>
Current liabilities		
Trade & other payables	38,404	44,637
Borrowings	172,424	165,302
Taxation	592	274
	<u>211,420</u>	<u>210,213</u>
	<u>218,111</u>	<u>216,918</u>
TOTAL EQUITY AND LIABILITIES	<u>376,170</u>	<u>367,627</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.87	0.83

The Condensed Consolidated Statement of Financial Position 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 31 December 2010.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Three months ended 31 March 2011**

(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 2011	83,578	21,923	33,192	138,693	12,016	150,709
Total comprehensive income for the period	-	-	7,025	7,025	325	7,350
At 31 March 2011	83,578	21,923	40,217	145,718	12,341	158,059
At 1 January 2010	62,684	21,923	42,796	127,403	10,902	138,305
Effects of applying FRS139	-	-	(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

The Condensed Consolidated Statement of Changes in Equity 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 31 December 2010.

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Cash Flows
For the Three months ended 31 March 2011**

(The figures below are unaudited)

	3 months ended	
	31 Mar 11	31 Mar 10
	(RM'000)	(RM'000)
Cash flows from operating activities		
Profit before tax	9,173	3,686
Adjustment for non-cash flow :-		
Depreciation and amortization	1,260	1,142
Interest expenses	1,652	1,364
Interest income	(375)	(212)
Non-cash items	(2,553)	228
Operating profit before changes in working capital	9,157	6,208
Changes in working capital:		
Net change in current assets	(3,246)	(27,239)
Net change in current liabilities	(6,234)	(2,907)
Cash used in from operations	(323)	(23,938)
Interest received	375	212
Interest expenses paid	(1,652)	(1,364)
Net tax paid	(1,509)	(879)
Net cash used in operating activities	(3,109)	(25,969)
Cash flows from investing activities		
Purchase of property, plant and equipment	(596)	(193)
Proceeds from disposal of property, plant and equipment	78	21
Proceeds from disposal of unquoted investment	5,670	-
Net cash generated from/ (used) in investing activities	5,152	(172)
Cash flows from financing activities		
Repayments of term loans	(284)	(385)
Net repayments of hire purchase liabilities	(521)	(391)
Net proceeds from of short term borrowings	9,536	21,516
Increased in fixed deposit pledged	(6)	-
Net cash generated from financing activities	8,725	20,732
Net increase / (decrease) in cash & cash equivalents	10,768	(5,409)
Cash & cash equivalents at beginning of the year	15,322	14,908
Cash & cash equivalents at end of the period	26,090	9,499

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 31 December 2010.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



PART A- EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

This interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134 (Interim Financial Reporting) and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. 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 2010.

The accounting policies, methods of computation and basis of consolidation adopted by the Group in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2010.

2. Realised and Unrealised Profits/ (Losses)

	Accumulated Quarter Ended 31/03/2011 RM'000	Accumulated Quarter Ended 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	43,267	36,137
-Unrealised	(2,750)	(2,645)
	<hr/> 40,517	<hr/> 33,492
Less: Consolidation adjustments	(300)	(300)
Total Group retained profits as per consolidated accounts	<hr/> 40,217	<hr/> 33,192

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 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.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



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 quarter and three months ended 31 March 2011.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and three months ended 31 March 2011.

7. 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 2011.

8. Dividends Paid

No dividend has been paid during the quarter and three months ended 31 March 2011.

9. Segment Information

	3 months ended	
	31.03.11 (RM'000)	31.03.10 (RM'000)
Segment Revenue		
Trading in hardware & building materials	178,281	154,563
Trading of IT related products	16,085	15,855
Investment holding	428	425
Trading in properties	166	141
Total revenue including inter-segment sales	194,960	170,984
Elimination of inter segment sales	(45,925)	(41,700)
Total revenue	149,035	129,284
Segment Results		
<u>Profit/ (loss) from operations</u>		
Trading in hardware & building materials	7,223	4,626
Trading of IT related products	453	365
Investment holding	2,651	(264)
Trading in properties	123	111
	10,450	4,838

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



	3 months ended 31.03.11 (RM'000)	3 months ended 31.03.11 (RM'000)
Segment Results		
<u>Profit/ (loss) before taxation</u>		
Trading in hardware & building materials	5,919	3,481
Trading of IT related products	481	389
Investment holding	2,663	(265)
Trading in properties	110	81
	<u>9,173</u>	<u>3,686</u>

10. 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.

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. 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 2011.

13. Contingent Liabilities/Contingent Assets

	31/03/11 (RM'000)	31/12/10 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of banking facilities granted to subsidiary Companies	<u>191,423</u>	<u>191,423</u>	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	<u>18,000</u>	<u>18,000</u>	-

14. Capital Commitments

The Group has commitments as follows:

	31/03/11 (RM'000)	31/12/10 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	<u>753</u>	<u>879</u>	<u>(126)</u>

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



15. 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.

The significant related party transactions are as follows:

	3 months ended 31/03/11 (RM'000)	3 months ended 31/03/10 (RM'000)
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	8,019	4,947
ii) <u>Subsidiaries</u>		
CHM	560	603
KLC	626	168
CHRB BM	671	498
b) Purchase of goods from		
i) <u>Other related parties</u>		
Anshin Steel Processor Sdn Bhd	879	1,080
ii) <u>Subsidiaries</u>		
KLC	464	296
CHM	136	126
CHRB BM	78	-
c) Others		
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	68	68
Security, water & electricity charges received from Subsidiaries	10	10
Management fee and incentive received from Subsidiaries	19	19
Interest expenses	0	77

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



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 CHR.B.

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.

16. Cash and Cash Equivalents

	3 months ended	
	31/03/11 (RM'000)	31/03/10 (RM'000)
Fixed deposit with a licensed bank	10,950	4,331
Cash and bank balances	16,438	12,914
Bank overdraft	(349)	(6,947)
	<u>27,039</u>	<u>10,298</u>
Less : Fixed Deposits pledged	(949)	(799)
	<u>26,090</u>	<u>9,499</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 MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****17. Performance Review**

	3 months ended	
	31/03/11	31/03/10
	(RM'000)	(RM'000)
Revenue		
- continuing operations	<u>149,035</u>	<u>129,284</u>
Profit before taxation		
- continuing operations	<u>9,173</u>	<u>3,686</u>

The Group's revenue for the first quarter has increased by approximately 15%, as compared to the preceding year's corresponding financial period ended 31 March 2010. The increases were mainly due to the increase in sales of steel products.

The Group recorded a profit before tax of RM9.2 million for the first quarter and RM3.7 million for the preceding year's corresponding financial period ended 31 March 2010. This was mainly due to increase of sales coupled with the gain of RM2.97 million on disposal of unquoted investment during the quarter under review.

18. Variation of results against preceding quarter

	3 months ended	
	31/03/11	31/12/10
	(RM'000)	(RM'000)
Revenue	<u>149,035</u>	<u>139,105</u>
Profit before taxation	<u>9,173</u>	<u>3,179</u>

During the financial quarter under review, the Group recorded a higher profit before taxation of RM9.17 million, as compared to the profit before tax of RM3.18 million for the preceding quarter ended 31 December 2010. This was mainly due to increase of sales coupled with gain of RM2.97 million on disposal of unquoted investment during the quarter under review.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



19. Commentary on Prospects

The Malaysian economy has registered a growth of about 7.2% during the fiscal year 2010 and has recorded growth of 4.6% for the first quarter of 2011. The nation's GDP growth of 2011 is expected to be maintained led by a sustained expansion in both private consumption and capital spending. The construction industry which also registered a growth of 3.8% during the first quarter of 2011 and supported by expansion across all sub-sectors. In line with this optimistic outlook with some of the mega projects announced recently by the Government, the Group has expanded its steel service center division by upgrading and increasing the production capacity to cater to the increased demand.

In anticipation of the continuing growth in the retail industry, the IT Division of the Group will follow through with the expansion plan of adding more retail outlets, especially in outstation areas. The Board is optimistic that these will contribute to the Group's performance.

20. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2011.

21. Income Tax Expenses

	3 months ended	
	31/03/11 (RM'000)	31/03/10 (RM'000)
Malaysia income tax		
- current	1,723	1,068
- under/(over) provision in prior years	-	-
	<u>1,723</u>	<u>1,068</u>
Deferred taxation	100	(104)
TOTAL	<u>1,823</u>	<u>964</u>

The effective tax rate for the financial period ended 31 March 2011 and 31 March 2010 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.

22. Sale of Unquoted Investment and Properties

There were no sales of investment properties for the current quarter and financial period to date. The sale of unquoted investment during the financial period ended 31 March 2011 resulted in a profit of RM2.97 million and is recognized in the other income.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



23. 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 2011 were as follows:-

	3 months ended	
	31/03/11 (RM'000)	31/03/10 (RM'000)
At cost	18	18
At book value	5	5
At market value	6	5

24. Corporate Proposals

Save as disclosed below, the Group does not have any corporate proposals announced but not completed as at 20 May 2011 (the latest practical date which is not earlier than 7 days from the date of this report).

On the 21 April 2011, the Company has through a wholly owned subsidiary, Chuan Huat Hardware Holdings Sdn Bhd, entered into an agreement ("SPA") with:-

1. ONG HIAP HOLDINGS SDN BHD (162662-P) a private limited company incorporated in Malaysia and having its registered address at No. 23A, Jalan SS21/60 Damansara Utama, Petaling Jaya, Selangor Darul Ehsan ;
2. 2.KOPERASI ANGKATAN TENTERA MALAYSIA BERHAD (3522) a private limited company incorporated in Malaysia and having its principal office at Tingkat 5, Wisma Koperasi Tentera, No 1 Jalan 2/65C, Off Jalan Pahang Barat, 50786 Kuala Lumpur and
3. 3. MULPHA CAPITAL PARTNERS BERHAD (114292-T) a private limited incorporated Malaysia and having its registered address at Bangunan Mulpha, No 17 Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan

in relation to the acquisition of their entire equity interests of 10,000,000 shares of RM1.00 each in SAMA WIRA MULPHA INDUSTRIES SDN BHD for a total cash consideration of RM26 million.

The above proposed acquisition is expected to be completed within 2-3 months from the SPA date, subject to any extension of time as may be agreed by all parties.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



25. Borrowings

	3 months ended	
	31/03/11 (RM'000)	31/03/10 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	349	6,947
Bills payable (unsecured)	169,766	172,139
Term loans (amount payable within 12 months)	183	1,290
Finance lease liabilities	2,126	1,345
	<u>172,424</u>	<u>181,721</u>
<u>Long Term</u>		
Term Loans (secured)	757	2,425
Less : amount payable within 12 months	(183)	(1,290)
	<u>574</u>	<u>1,135</u>
Finance lease liabilities	5,206	3,859
Less : amount payable within 12 months	(2,126)	(1,345)
	<u>3,080</u>	<u>2,514</u>
	<u>3,654</u>	<u>3,649</u>

26. Off Balance Sheet Financial Instruments

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

27. 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 2010.

28. 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 12 April 2010 in respect of the financial year ended 31 December 2010 (2009: 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%). This will be tabled for the approval by shareholders at the Seventeen Annual General Meeting of CHRB at the date to be determined later. This was duly announced on 28 April 2011.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)

**29. 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 average number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended	
	31/03/11 (RM'000)	31/03/10 (RM'000)
Profit attributable to the owners of the parent (RM'000)	7,025	2,510
Weighted average number of ordinary shares in issue ('000)	167,156	167,156
Basic earnings per share (sen)	4.20	1.50

b. Diluted earnings per share

The 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 adjusted for the effects of dilutive potential ordinary shares for the respective period as follows:

	3 months ended	
	31/03/11 (RM'000)	31/03/10 (RM'000)
Profit attributable to the owners of the parent (RM'000)	7,025	2,510
Weighted average number of ordinary shares in issue ('000)	167,156	167,156
Effects of dilution for Warrants ('000)	41,789	-
Adjusted Weighted average number of ordinary shares in issue applicable to diluted earnings per share ('000)	208,945	167,156
Diluted earnings per share (sen)	3.36	1.50

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



30. 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: 26 May 2011