



CHUAN HUAT RESOURCES BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Nine Months Ended
30 September 2012

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Comprehensive Income
For the Quarter and Nine months ended 30 September 2012**

(The figures below have not been audited)

| | Individual quarter | | Cumulative quarter | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/09/12 (RM'000) | 30/09/11 (RM'000) | 30/09/12 (RM'000) | 30/09/11 (RM'000) |
| Revenue | 176,129 | 164,752 | 539,434 | 461,366 |
| Operating expenses | (167,499) | (158,625) | (515,577) | (438,082) |
| Other income | 580 | 3,300 | 2,051 | 4,782 |
| Operating profit | 9,210 | 9,427 | 25,908 | 28,066 |
| Depreciation and amortisation | (1,652) | (1,561) | (4,922) | (4,123) |
| Interest expenses | (2,515) | (2,430) | (7,164) | (5,723) |
| Interest income | 477 | 380 | 1,136 | 1,040 |
| Provision for and write off of receivables | (588) | (1,126) | (2,401) | (2,124) |
| Provision for and write off of inventories | (32) | - | (32) | - |
| Gain/(loss) on disposal of quoted or unquoted investments or properties | - | - | - | 2,970 |
| Impairment of assets | (61) | (14) | (61) | (41) |
| Foreign exchange gain or loss | (19) | (4) | (22) | (1) |
| Profit before tax | 4,820 | 4,672 | 12,442 | 20,064 |
| Taxation | (1,617) | (1,043) | (4,057) | (4,601) |
| Profit for the period | 3,203 | 3,629 | 8,385 | 15,463 |
| Other Comprehensive Income net of tax | - | - | - | - |
| Total Comprehensive Income for the period | 3,203 | 3,629 | 8,385 | 15,463 |
| Profit attributable to:- | | | | |
| Owner of the parent | 3,041 | 3,356 | 7,498 | 14,530 |
| Non-controlling interest | 162 | 273 | 887 | 933 |
| Profit for the period | 3,203 | 3,629 | 8,385 | 15,463 |
| Earnings per share (sen):- | | | | |
| Basic earning per share | 1.82 | 2.01 | 4.49 | 8.69 |
| Diluted earning per share | 1.46 | 1.61 | 3.59 | 6.95 |

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 2011.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



**Condensed Consolidated Statement of Financial Position
As at 30 September 2012**

(The figures below have not been audited)

| | Unaudited As at 30.09.12 (RM'000) | Audited As at 31.12.11 (RM'000) |
|---|--|--|
| ASSETS | | |
| Non-Current assets | | |
| Property, plant & equipment | 70,092 | 77,105 |
| Investment properties | 13,810 | 7,702 |
| Investments | 3,874 | 3,839 |
| Goodwill | 777 | 777 |
| | <u>88,553</u> | <u>89,423</u> |
| Current assets | | |
| Inventories | 97,520 | 93,159 |
| Trade & other receivables | 216,177 | 210,961 |
| Cash & cash equivalents | 29,111 | 23,129 |
| | <u>342,808</u> | <u>327,249</u> |
| TOTAL ASSETS | <u>431,361</u> | <u>416,672</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share Capital | 83,578 | 83,578 |
| Reserves | 71,222 | 68,072 |
| | <u>154,800</u> | <u>151,650</u> |
| Non-controlling interest | 13,520 | 13,391 |
| Total equity | <u>168,320</u> | <u>165,041</u> |
| Non-current liabilities | | |
| Borrowings | 2,731 | 3,923 |
| Deferred tax liabilities | 3,325 | 3,495 |
| | <u>6,056</u> | <u>7,418</u> |
| Current liabilities | | |
| Trade & other payables | 40,346 | 37,477 |
| Borrowings | 216,034 | 206,580 |
| Taxation | 605 | 156 |
| | <u>256,985</u> | <u>244,213</u> |
| | <u>263,041</u> | <u>251,631</u> |
| TOTAL EQUITY AND LIABILITIES | <u>431,361</u> | <u>416,672</u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 0.92 | 0.90 |

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 2011

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**Condensed Consolidated Statement of Changes in Equity
For the Nine months ended 30 September 2012**

(The figures below have not been audited)

| | Attributable to equity holders of the parent | | | | Total (RM'000) | Minority interests (RM'000) | Total Equity (RM'000) |
|--|--|--|---|----------------------------------|-------------------|-----------------------------------|-----------------------------|
| | Share Capital (RM'000) | Non- Distributable Capital Reserves (RM'000) | Distributable Warrant Reserve (RM'000) | Retained earnings (RM'000) | | | |
| At 1 January 2012 | 83,578 | 21,923 | 566 | 45,583 | 151,650 | 13,391 | 165,041 |
| Total comprehensive income for the period | - | - | - | 7,498 | 7,498 | 887 | 8,385 |
| Negative Goodwill | - | - | - | 40 | 40 | - | 40 |
| Dividend paid | - | - | - | (4,388) | (4,388) | - | (4,388) |
| Acquisition of additional shares in a subsidiary company from minority interest | - | - | - | - | - | (758) | (758) |
| At 30 September 2012 | 83,578 | 21,923 | 566 | 48,733 | 154,800 | 13,520 | 168,320 |
| At 1 January 2011 | 83,578 | 21,923 | - | 33,192 | 138,693 | 12,016 | 150,709 |
| Total comprehensive income for the period | - | - | - | 14,530 | 14,530 | 933 | 15,463 |
| Dividend paid | - | - | - | (4,388) | (4,388) | - | (4,388) |
| Issue of share by subsidiary company to MI | - | - | - | - | - | 80 | 80 |
| At 30 September 2011 | 83,578 | 21,923 | - | 43,334 | 148,835 | 13,029 | 161,864 |

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 2011

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**Condensed Consolidated Statement of Cash Flows
For the Nine months ended 30 September 2012**

(The figures below have not been audited)

| | 9 months ended | |
|---|-----------------------|-----------------|
| | 30/09/12 | 30/09/11 |
| | (RM'000) | (RM'000) |
| Cash flows from operating activities | | |
| Profit before tax from operation | 12,442 | 20,064 |
| <u>Adjustment for non-cash items :-</u> | | |
| Depreciation and amortization | 4,922 | 4,123 |
| Interest expenses | 7,164 | 5,723 |
| Interest income | (1,136) | (1,040) |
| Provision for and write off of receivables | 2,401 | 2,124 |
| Non-cash items | (1,370) | (7,349) |
| Operating profit before working capital changes | 24,423 | 23,645 |
| (Increase)/ decrease in inventories | (4,393) | (15,827) |
| (Increase)/ decrease in receivables | (6,407) | 10,555 |
| Increase/ (decrease) in payables | 2,869 | (4,278) |
| Cash generated from operations | 16,492 | 14,095 |
| Interest received | 1,007 | 814 |
| Interest paid | (5,817) | (5,388) |
| Net tax paid | (3,717) | (4,523) |
| Net cash inflow/ (outflow) from operating activities | 7,965 | 4,998 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,955) | (2,321) |
| Purchase of quoted investment | (35) | (3,677) |
| Purchase of subsidiary company | - | (20,356) |
| Purchase of investment properties | (142) | - |
| Purchase of additional shares in a subsidiary company from MI | (718) | - |
| Proceeds from disposal of property, plant and equipment | 190 | 287 |
| Proceeds from disposal of unquoted investment | - | 5,670 |
| Interest received | 129 | 226 |
| Interest paid | (846) | - |
| Issue of share by subsidiary company to minority interest | - | 80 |
| Net cash inflow/ (outflow) from investing activities | (4,377) | (20,091) |
| Cash flows from financing activities | | |
| Net proceed from/ (repayments of) term loans | (422) | (798) |
| Repayments of finance lease liabilities | (2,709) | (1,738) |
| Net proceeds from short term borrowings | 17,655 | 9,815 |
| Dividend paid | (4,388) | (4,388) |
| Interest paid | (500) | (335) |
| Decreased/ (increased) in fixed deposit pledged | 4,151 | (3,694) |
| Net cash inflow/ (outflow) from financing activities | 13,787 | (1,138) |
| Net increase/ (decrease) in cash & cash equivalents | 17,375 | (16,231) |
| Cash & cash equivalents at beginning of the financial year | (7,780) | 15,322 |
| Cash & cash equivalents at end of the period | 9,595 | (909) |

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 2011.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

1. Basis of Preparation

These interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 – *Interim Financial Reporting* and the applicable disclosure provisions 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 2011 which were prepared under the Financial Reporting Standards (“FRS”).

The 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 2011.

2. Significant Accounting Policies

This is the Group's unaudited interim report for the part of the period covered by the Group's first MFRS framework annual financial statement for the year ending 31 December 2012 and MFRS 1 – *First -Time Adoption of Malaysian Financial Reporting Standards* has been applied

The significant 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 2011. The FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, except there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs except as discussed below :-

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3, which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- i. The classification of former business combinations under FRS is maintained;
- ii. There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- iii. The carrying amount of goodwill recognised under FRS is not adjusted

2. Significant Accounting Policies (Cont'd)

(b) Property, Plant and equipment

The Group measured its property, plant and equipment ("PPE") at cost, less any accumulated depreciation and any accumulated impairment losses. However, some of the subsidiaries measured its property at valuation, which basis valuation is adjusted at Group level to cost basis in line with the Group policy. Upon transition to MFRS, the Group has elected to apply the optional exemption provided by MFRS 1 for these subsidiaries so that the entire Group has the uniform accounting policy of stating the PPE at cost. At the date of transition to MFRS, PPE stated at revalued amount in the aforesaid subsidiary were regarded as deemed cost.

Upon transition to MFRS, the Group has elected to measure all its PPE using cost model under MFRS 116 – *Property, Plant and Equipment*.

(c) Investment Properties

The Group measured its investment property ("IP") at fair value, less any accumulated impairment losses. Upon transition to MFRS, the Group has elected to apply the optional exemption provided by MFRS 1, IP stated at fair value amount will be regarded as deemed cost.

Upon transition to MFRS, the Group has elected to measure all its IP using cost model under MFRS 140 – *Investment Property*.

The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

The Group have not made early adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs which have been issued and will be effective for the financial periods as stated below:-

Effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101 – *Presentation of Items of Other Comprehensive Income*

Effective for annual periods beginning on or after 1 January 2013

- MFRS 10 – *Consolidated Financial Statements*
- MFRS 11 – *Joint Arrangements*
- MFRS 12 – *Disclosure of Interests in Other Entities*
- MFRS 13 – *Fair Value Measurement*
- MFRS 119 – *Employee Benefits (as amended in June 2011)*
- MFRS 127 – *Separate Financial Statements (as amended by IASB in May 2011)*
- MFRS 128 – *Investments in Associates and Joint Ventures (as amended by IASB in May 2011)*
- Amendments to MFRS 1 – *Government Loans*
- Amendments to MFRS 7 – *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- IC Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*

Effective for annual periods beginning on or after 1 January 2014

- a. Amendments to MFRS 132 – *Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods beginning on or after 1 January 2015

- MFRS 9 – *Financial Instruments (IFRS 9 issued by IASB in November 2009)*
- MFRS 9 – *Financial Instruments (IFRS 9 issued by IASB in October 2010)*

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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 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.

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 nine months ended 30 September 2012.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and nine months ended 30 September 2012.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and nine months ended 30 September 2012.

8. Dividends Paid

| Ordinary Shares | 3 months ended | | 9 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30.09.12 (RM'000) | 30.09.11 (RM'000) | 30.09.12 (RM'000) | 30.09.11 (RM'000) |
| <u>Interim dividend paid</u> [YE2010-1.5sen gross per Ordinary Shares (50sen), less Income tax at 25%] | - | - | - | 1,881 |
| <u>Final dividend paid</u> [YE2010-2.0sen gross per Ordinary Shares (50sen), less Income tax at 25%] | - | 2,507 | - | 2,507 |
| <u>First and Final dividend paid</u> [YE2011-3.5sen gross per Ordinary Shares (50sen), less Income tax at 25%] | 4,388 | - | 4,388 | - |
| | <u>4,388</u> | <u>2,507</u> | <u>4,388</u> | <u>4,388</u> |

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**9. Segment Information**

| <u>Segment Revenue</u> | 3 months ended | | 9 months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30.09.12 (RM'000) | 30.09.11 (RM'000) | 30.09.12 (RM'000) | 30.09.11 (RM'000) |
| Trading of hardware & building materials | 227,087 | 197,002 | 657,811 | 551,227 |
| Trading of IT related products | 17,499 | 13,686 | 60,474 | 46,931 |
| Others | 1,495 | 624 | 2,674 | 1,816 |
| Total revenue including inter-segment sales | 246,081 | 211,312 | 720,959 | 599,974 |
| Elimination of inter segment sales | (69,952) | (46,560) | (181,525) | (138,608) |
| Total revenue | 176,129 | 164,752 | 539,434 | 461,366 |
| <u>Profit/ (loss) from operations</u> | | | | |
| Trading of hardware & building materials | 8,695 | 7,435 | 24,404 | 24,849 |
| Trading of IT related products | 403 | 266 | 1,408 | 1,513 |
| Others | 112 | 1,726 | 96 | 1,704 |
| | 9,210 | 9,427 | 25,908 | 28,066 |
| <u>Profit/ (loss) before taxation</u> | | | | |
| Trading of hardware & building materials | 4,975 | 2,487 | 12,788 | 14,192 |
| Trading of IT related products | 250 | 217 | 1,005 | 1,369 |
| Others | (405) | 1,968 | (1,351) | 4,503 |
| | 4,820 | 4,672 | 12,442 | 20,064 |

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 nine months ended 30 September 2012.

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13. Contingent Liabilities/Contingent Assets

| | 30/09/12 (RM'000) | 31/12/11 (RM'000) | Changes (RM'000) |
|---|----------------------|----------------------|---------------------|
| Corporate guarantees in respect of banking facilities granted to subsidiary Companies | 275,590 | 236,322 | 39,268 |
| Corporate guarantees in respect of the Supply of goods to subsidiary companies | 36,900 | 36,900 | 0 |

14. Capital Commitments

The Group has commitments as follows:

| | 30/09/12 (RM'000) | 31/12/11 (RM'000) | Changes (RM'000) |
|---|----------------------|----------------------|---------------------|
| Capital expenditure approved and contracted for | 242 | 2,620 | (2,378) |

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) Pineapple Resources Berhad, a 63.85% owned subsidiary and it's subsidiary companies (PRB 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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**15. Related Party Transactions (Cont'd)**

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:

| | 9 months ended 30/09/12 (RM'000) | 9 months ended 30/09/11 (RM'000) |
|--|---|---|
| a) Sale of goods to | | |
| i) <u>Other related parties</u> | | |
| Ahmad Zaki Sdn Bhd | 13,713 | 25,012 |
| ii) <u>Subsidiaries</u> | | |
| CHM | 11,334 | 2,602 |
| KLC | 855 | 2,261 |
| CHRB BM | 1,418 | 1,414 |
| b) Purchase of goods from | | |
| i) <u>Other related parties</u> | | |
| Amalgamated Industrial Steel Berhad | 1,140 | 386 |
| ii) <u>Subsidiaries</u> | | |
| KLC | 1,338 | 1,848 |
| CHM | 634 | 474 |
| CHRB BM | 853 | 459 |
| c) Others | | |
| i) <u>Subsidiaries</u> | | |
| Rental income received from subsidiaries | 259 | 203 |
| Security, water & electricity charges received from Subsidiaries | 36 | 29 |
| Management fee and incentive received from Subsidiaries | 57 | 57 |
| Interest expenses | 67 | 40 |

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.

Amalgamated Industrial Steel Berhad is a company in which CHRB had 7.33% indirect interest through a 100% owned subsidiary, Chuan Huat Hardware Holdings Sdn Bhd.

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.

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16. Cash and Cash Equivalents

| | 9 months ended | |
|------------------------------------|----------------------|----------------------|
| | 30/09/12 (RM'000) | 30/09/11 (RM'000) |
| Fixed deposit with a licensed bank | 8,466 | 13,717 |
| Cash and bank balances | 20,645 | 14,650 |
| Bank overdraft | (19,049) | (24,639) |
| | <u>10,062</u> | <u>3,728</u> |
| Less : Fixed Deposits pledged | (467) | (4,637) |
| | <u>9,595</u> | <u>(909)</u> |

17. Review of Performance

The Group's revenue for the third quarter and nine (9) months financial period ended 30 Sep 2012 have increased by 6.9% and 16.9% respectively, as compared to the preceding year's corresponding financial period.

The Group recorded a Profit Before Tax ("PBT") of RM4.745 million and RM12.367 million for the third quarter and the nine (9) months of the financial period ended 30 Sep 2012 compared to RM4.672 million and RM20.064 million in the corresponding financial period respectively.

The details of the performance of the various segments are as follows:

| | 3 months ended | | | 9 months ended | | |
|--|--------------------|--------------------|-------------|--------------------|--------------------|--------------|
| | 30.09.12 RM'000 | 30.09.11 RM'000 | change % | 30.09.12 RM'000 | 30.09.11 RM'000 | Change % |
| Revenue | | | | | | |
| Trading of hardware & building materials | 163,084 | 155,292 | 5.0 | 494,103 | 428,831 | 15.2 |
| Trading of IT related Products | 12,351 | 9,233 | 33.8 | 43,927 | 31,848 | 37.9 |
| Others | 694 | 227 | 205.7 | 1,404 | 687 | 104.4 |
| Total | <u>176,129</u> | <u>164,752</u> | <u>6.9</u> | <u>539,434</u> | <u>461,366</u> | <u>16.9</u> |
| Profit before taxation | | | | | | |
| Trading of hardware & building materials | 4,975 | 3,195 | 55.7 | 12,788 | 14,900 | -14.2 |
| Trading of IT related Products | 250 | 217 | 15.2 | 1,005 | 1,369 | -26.6 |
| Others | (405) | 1,260 | -132.1 | (1,351) | 3,795 | -135.6 |
| Total | <u>4,820</u> | <u>4,672</u> | <u>3.2</u> | <u>12,442</u> | <u>20,064</u> | <u>-38.0</u> |

The reason for the changes in the various sectors are as follows:-

- (i) Trading of hardware & building materials
The increase in revenue was due to the consolidation of additional revenue from a newly acquired wholly owned subsidiary.

The decrease in PBT for the nine (9) months of the financial period ended 30 Sep 2012 was mainly due to the lower gross profit margins of the construction steel products.

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17. Review of Performance (Cont'd)

(ii) Trading of IT related products

The increase in revenue was due to improved performance from the retail outlets, Information Technology ("IT") fairs and sales of new products such as personal computers and mobile phones.

The decrease in PBT was due to lower profit margin for new products such as personal computers and mobile phones.

(iii) Others

The increase in revenue was due to sales of properties.

The increase in Loss Before Tax ("LBT") during the current quarter and the nine (9) months of the financial period ended 30 Sep 2012 was mainly due to bank interest incurred in respect of investment in a newly acquired wholly owned subsidiary.

However, the preceding financial period ended 30 Sep 2011 recorded a higher PBT mainly due to gain of RM2.97 million arising from a disposal of an unquoted investment.

18. Material changes in profit before taxation against preceding quarter

The total revenue of the Group for the current quarter was decreased by RM15.7million or 8.2% as compared to the immediate preceding quarter and the total profit before taxation ("PBT") in the current quarter decreased by RM0.700 million or 12.7%. The details analyses by business segment are as follow:

| | Individual Quarter 3 months ended | | Change % |
|--|--------------------------------------|----------------------|--------------|
| | 30/09/12 (RM'000) | 30/06/12 (RM'000) | |
| Revenue | | | |
| Trading of hardware & building Materials | 163,084 | 174,200 | -6.4 |
| Trading of IT related products | 12,351 | 17,118 | -27.8 |
| Others | 694 | 486 | 42.8 |
| Total | 176,129 | 191,804 | -8.2 |
| Profit before taxation | | | |
| Trading of hardware & building Materials | 4,975 | 5,402 | -7.9 |
| Trading of IT related products | 250 | 526 | -52.5 |
| Others | (405) | (408) | 0.7 |
| Total | 4,820 | 5,520 | -12.7 |

The reason for the changes in the various sectors are as follows:-

(i) Trading of hardware & building materials

The decrease in PBT during the quarter under review was mainly due to decrease in revenue from the construction steel products.

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18. Material changes in profit before taxation against preceding quarter (Cont'd)

- (ii) Trading of IT related products
The decrease in PBT during the quarter under review was mainly due to the seasonal slow down.

19. Commentary on Prospects

The Malaysian construction industry is expected to remain active subsequent to the announcement of the launching of various mega projects especially the Klang Valley MRT (Mass Rapid Transit) and LRT (Light Rail Transit) Extension where the contracts have already been awarded. The Group's Trading of Hardware and Building Materials division is expected to benefit from these anticipated upward trends of demand for the wide range of construction materials especially steel products.

As for the Group's IT retail subsidiaries under the Pineapple Resources Group, the Information and Communication Technology (ICT) industry is expected to be robust for the rest of the year with the Government participation in the usage of the internet widely in all sectors and the availability of affordable internet devices. The Pineapple Resources Group will continue with its aggressive product promotions and participations in all major IT/PC fairs and road shows.

20. Profit Forecast and Profit Guarantee

The Group is not subject to any profit forecast or profit guarantee requirements.

21. Income Tax Expenses

| | 3 months ended | | 9 months ended | |
|---|----------------|--------------|----------------|--------------|
| | 30/09/12 | 30/09/11 | 30/09/12 | 30/09/11 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Malaysia income tax | | | | |
| - current | 1,583 | 999 | 4,054 | 4,363 |
| - under/(over) provision in prior years | 107 | (42) | 174 | (53) |
| | 1,690 | 957 | 4,228 | 4,310 |
| Deferred taxation | (73) | 86 | (171) | 291 |
| TOTAL | 1,617 | 1,043 | 4,057 | 4,601 |

The effective tax rate for the financial year ended 30 September 2012 and 30 September 2011 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. Corporate Proposals

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

23. Borrowings

| | 9months ended | |
|--|----------------------|----------------------|
| | 30/09/12 (RM'000) | 30/09/11 (RM'000) |
| <u>Short Term</u> | | |
| Bank overdrafts (unsecured) | 19,049 | 24,673 |
| Bills payable (unsecured) | 194,549 | 183,682 |
| Finance lease liabilities | 2,242 | 3,396 |
| Term loans (amount payable within 12 months) | 194 | 430 |
| | <u>216,034</u> | <u>212,181</u> |
| <u>Long Term</u> | | |
| Finance lease liabilities | 4,232 | 6,580 |
| Less : amount payable within 12 months | (2,242) | (3,396) |
| | <u>1,990</u> | <u>3,184</u> |
| Term Loans (secured) | 936 | 1,595 |
| Less : amount payable within 12 months | (195) | (430) |
| | <u>741</u> | <u>1,165</u> |
| | <u>2,731</u> | <u>4,349</u> |

24. Realised and Unrealised Profits/ (Losses)

| | As at | As at |
|---|---------------|---------------|
| | 30/09/2012 | 31/12/2011 |
| | RM'000 | RM'000 |
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 52,077 | 49,080 |
| -Unrealised | (3,044) | (3,197) |
| | <u>49,033</u> | <u>45,883</u> |
| Less: Consolidation adjustments | (300) | (300) |
| Total Group retained profits as per consolidated accounts | <u>48,733</u> | <u>45,583</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 2011.

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27. Dividends

The Board of Directors recommended a first and final dividend of 3.50 sen (7.0%) gross per ordinary share, less income tax at 25% [2010: final dividend of 2.0 sen (4.0%) gross per ordinary share, less income tax at 25% in additional to the interim dividend of 1.5 sen (3.0%) gross per ordinary share less income tax at 25%].and was approved by the shareholders at the Eighteenth Annual General Meeting of CHRB held on 28 June 2012. The dividend was paid on 23 August 2012.

28. 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 number of ordinary shares of the Company in issue for the respective period as follows:

| | 3 months ended | | 9 months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30/09/12 (RM'000) | 30/09/11 (RM'000) | 30/09/12 (RM'000) | 30/09/11 (RM'000) |
| Profit attributable to the owners of the parent (RM'000) | 3,041 | 3,356 | 7,498 | 14,530 |
| Total number of ordinary shares in issue ('000) | 167,156 | 167,156 | 167,156 | 167,156 |
| Basic earnings per share (sen) | 1.82 | 2.01 | 4.49 | 8.69 |

28. Earnings per share (Cont'd)

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 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 | | 9 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/09/12 (RM'000) | 30/09/11 (RM'000) | 30/09/12 (RM'000) | 30/09/11 (RM'000) |
| Profit attributable to the owners of the parent (RM'000) | 3,041 | 3,356 | 7,498 | 14,530 |
| Total number of ordinary shares in issue ('000) | 167,156 | 167,156 | 167,156 | 167,156 |
| Effects of dilution for Warrants ('000) | 41,789 | 41,789 | 41,789 | 41,789 |
| Adjusted number of ordinary shares in issue applicable to diluted earnings per share ('000) | 208,945 | 208,945 | 208,945 | 208,945 |
| Diluted earnings per share (sen) | 1.46 | 1.61 | 3.59 | 6.95 |

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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: 27 November 2012