



CHUAN HUAT RESOURCES BERHAD

(290729-W)



your reliable business partner

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Corporate Information

BOARD OF DIRECTORS

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
(Non-Executive Chairman)

Dato' Lim Khoon Heng
(CEO/Group Managing Director)

Dato' Lim Loong Heng
(Deputy Managing Director)

Nicholas Lim Kean Hoong
(Executive Director)

Tai Keat Chai
(Independent Non-Executive Director)

Dali Kumar @ Dali Bin Sardar
(Independent Non-Executive Director)

Leow Bock Lim
(Independent Non-Executive Director)

AUDIT COMMITTEE

Tai Keat Chai (Chairman)

Leow Bock Lim
Dali Kumar @ Dali Bin Sardar

NOMINATION COMMITTEE

Dali Kumar @ Dali Bin Sardar (Chairman)

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
Tai Keat Chai
Leow Bock Lim

REMUNERATION COMMITTEE

Dali Kumar @ Dali Bin Sardar (Chairman)

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
Dato' Lim Khoon Heng
Tai Keat Chai
Leow Bock Lim

SECRETARY

Pan Kow Bah (LS 0008906)

REGISTERED OFFICE

Wisma Lim Kim Chuan
Lot 50A, Jalan 1/89B
3½ Miles, Off Jalan Sungai Besi
57100 Kuala Lumpur

Tel : +603-7983 3333
Fax : +603-7980 3333
E-mail : enquiries@chuanhuat.com.my

PRINCIPAL BANKERS

AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
EON Bank Berhad
OCBC Bank (Malaysia) Berhad
Amlslamic Bank Berhad

AUDITORS

ONG BOON BAH & CO.
B-10-1, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur

Tel : +603-2163 0292
Fax : +603-2163 0316

REGISTRAR

SECTRARS SERVICES SDN. BHD.
28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur.

Tel : +603-2274 6133
Fax : +603-2274 1016

WEBSITE

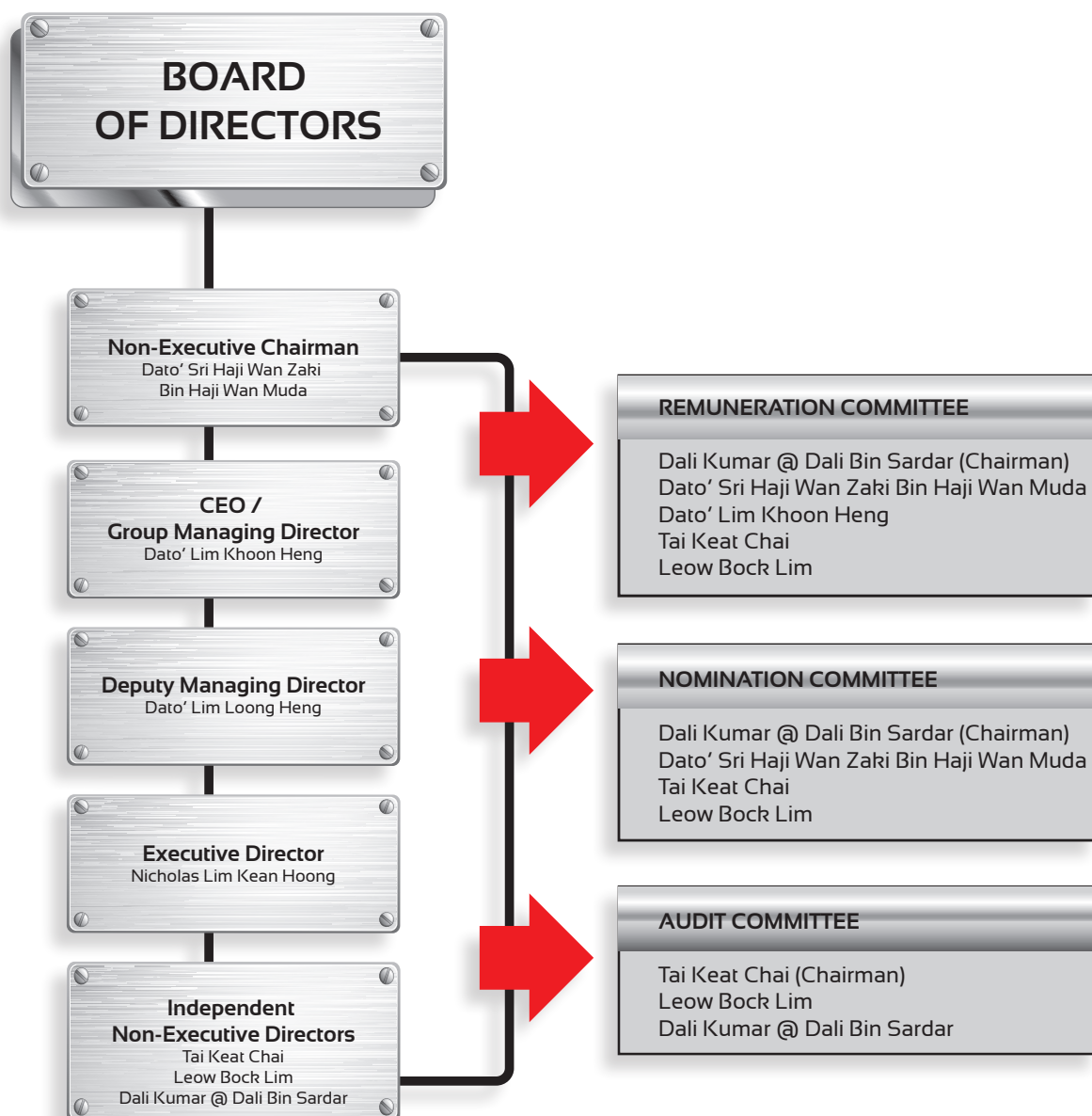
<http://www.chuanhuat.com.my>

STOCK EXCHANGE LISTING

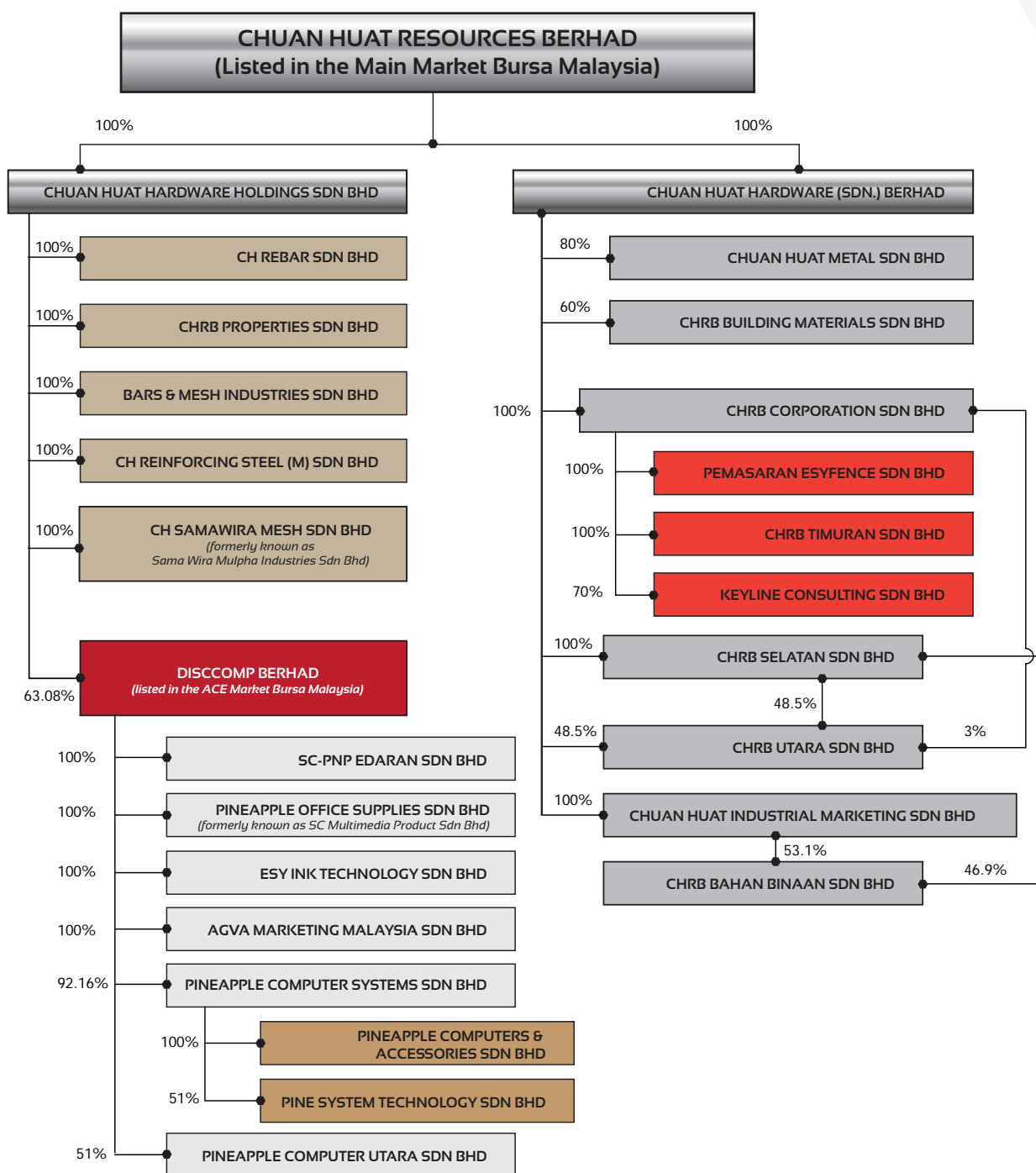
Main Market of Bursa Malaysia
(Trading/Services Sector)

Stock Name : CHUAN
Stock Code : 7016

Organisation Structure



Group Structure



Board of Directors



DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA
(Non-Executive Chairman)

DATO' LIM KHOON HENG
(CEO/Group Managing Director)

DATO' LIM LOONG HENG
(Deputy Managing Director)

NICHOLAS LIM KEAN HOONG
(Executive Director)

TAI KEAT CHAI
(Independent Non-Executive Director)

LEOW BOCK LIM
(Independent Non-Executive Director)

DALI KUMAR @ DALI BIN SARDAR
(Independent Non-Executive Director)

Profile of Directors



DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA

(Non-executive Chairman and Director, member of the Remuneration Committee and Nomination Committee)

63 years of age
SSAP, SIMP, DPMT, PPN, PJK

Chairman and Director, holding a non-executive position since 2 May 1997.

He is the founder member of Ahmad Zaki Sdn Bhd ("AZSB") and began his working career in 1971 as a Financial Assistant with Syarikat Permodalan Pahang Bhd. He later joined Perakayuan Pahang Sdn Bhd in 1973 where he served until 1977 while holding the post of Marketing Manager. In the same year, he joined Pesaka Terengganu Bhd, as its Operations Manager and continued to serve until 1979 prior to joining Pesama Timber Corporation Sdn Bhd as Managing Director. He left Pesama Timber Corporation Sdn Bhd in 1984 to venture into the construction industry by founding AZSB. He was conferred with the SSAP award which carries the title of "Dato' Sri" by the Sultan of Pahang on 28 October 2006.

Dato' Sri Haji Wan Zaki is also the Executive Vice Chairman in Ahmad Zaki Resources Berhad. He attended five out of six Board Meetings held in the financial year ended 31 December 2011.



DATO' LIM KHOON HENG, PATRICK

(CEO/Group Managing Director and member of the Remuneration Committee)

59 years of age
Malaysian
DSSA

Chief Executive Officer and Group Managing Director, holding an executive and non-independent position since 2 May 1997.

He is the Managing Director of Chuan Huat Hardware (Sdn.) Berhad since 14 December 1976. He is responsible for the operation management and strategic planning of the Chuan Huat Resources Berhad Group. He was conferred with the DSSA award which carries the title of "Dato" by the Sultan of Selangor on 13 March 1999. He has been appointed as the President of the Malaysia Hardware, Machinery & Building Materials Dealers' Association and the Advisor of the Metal Dealers Association (Selangor and Kuala Lumpur). He was awarded the Outstanding Entrepreneurship Award on 29 July 2010 in the Asia Pacific Entrepreneurship Awards 2010 (APEA 2010).

Dato' Lim Khoon Heng is also the Non-Executive Chairman in Disccomp Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2011.

Profile of Directors

DATO' LIM LOONG HENG, MARK (Deputy Managing Director)

57 years of age
Malaysian
DIMP

Deputy Managing Director, holding an executive and non-independent position since 2 May 1997.

He was attached to Schinger Ltd in UK as an Assistant Accountant for two years prior to his appointment to the Board of Directors of Chuan Huat Hardware Holdings Sdn Bhd. He currently takes charge of corporate planning matters of the Chuan Huat Resources Berhad Group. He was conferred with the DIMP award which carries the title of "Dato" by the Sultan of Pahang on 26 February 2005.

Dato' Lim Loong Heng is also the Managing Director in Disccomp Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2011



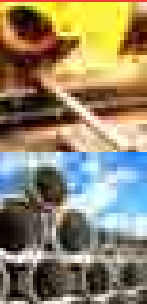
NICHOLAS LIM KEAN HOONG (Executive Director)

31 years of age
Malaysian

Director, holding an executive position and was appointed on 25 February 2011.

He has joined the Chuan Huat Group in June 2006 as the Manager responsible for the operation and marketing of the steel services centre division of Chuan Huat Group. He is an Executive Director of CH Reinforcing Steel (M) Sdn Bhd and Bars & Mesh Industries Sdn Bhd since July 2009. He holds a Bachelor's Degree in Computer Science and Management Studies (Hons) from Nottingham University.

Nicholas Lim Kean Hoong has attended six out of six Board Meetings held in the financial year ended 31 December 2011.



Profile of Directors



TAI KEAT CHAI

(Director, member of the Audit Committee, Remuneration Committee and Nomination Committee)

58 years of age
Malaysian

Director, holding a non-executive and independent position since 29 June 2001.

He is qualified as a Fellow of the Institute of Chartered Accountants in England & Wales and is also a member of the Malaysian Institute of Accountants. He worked at KPMG, London as an Audit Senior between 1977 and 1978, after which he returned to Malaysia and commenced working with PricewaterhouseCoopers in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad where he worked in corporate finance for 7 years before he ventured into stockbroking, during which time he worked in SJ Securities Sdn Bhd, A.A Anthony Securities Sdn Bhd and ECM Libra Investment Bank Berhad. He is presently a director of Fiscal Corporate Services Sdn Bhd.

Mr. Tai Keat Chai is also an Independent Non-Executive Director in Disccomp Berhad, Cuscapi Berhad, MIDF Amanah Investment Bank Berhad, Imaspro Corporation Berhad, Opensys (M) Berhad and SILK Holdings Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2011.



DALI KUMAR @ DALI BIN SARDAR

(Director, member of the Audit Committee, Nomination Committee and Remuneration Committee)

53 years of age
Malaysian

Director, holding a non-executive and independent position since 15 July 1999.

He was with Citibank/Citicorp (NY/KL) from 1982 to 1996. Prior to his departure, he was the Managing Director of Citicorp Capital Sdn Bhd, a venture capital subsidiary of Citicorp. He left to become the CEO of Utama Merchant Bank Berhad. He left the position at the end of 1996 and set up DTA Capital Partners Sdn Bhd. DTA is a boutique corporate finance set-up. DTA now has two fully-owned subsidiaries managing two venture capital funds of Mavcap which is fully owned by the Ministry of Finance (MOF). He also served several terms as Chairman on the Malaysian Venture Capital and Private Equity (MVCA) and Treasurer of Asia Pacific Venture Capital and Private Equity Association (APVCA).

Encik Dali Kumar @ Dali Bin Sardar also serves as Directors in M Development Ltd and Radiance Electronics Ltd (both listed on SGX main board) as well as numerous private companies. He attended six out of six Board Meetings held in the financial year ended 31 December 2011.

Profile of Directors

LEOW BOCK LIM

(Director, member of the Audit Committee, Remuneration Committee and Nomination Committee)

69 years of age
Malaysian

Director, holding a non-executive and independent position since 29 June 2001.

He is an associate of The Institute of Chartered Secretaries and Administrators and an associate of the Institute of Canadian Bankers. He is a retired banker who has had over 35 years of working experience in various local and foreign banks. He began his banking career with the OCBC Bank in 1960. In 1962, he left to join United Malayan Banking Corporation Berhad as an operations officer. Between 1966 and 1970, he held various operational and treasury positions in The Chase Manhattan Bank. In 1971 and 1972, he served as the chief operating officer of the Oriental Bank Berhad. Between 1973 and 1977, he was the treasury head of The Bank of Nova Scotia. He joined the Security Pacific Asian Bank in 1978 and was its country head for 12 years. In 1994, he joined Alliance Bank Berhad as its Senior Vice President and served as its head of treasury and international banking prior to his retirement in 2000.

Mr. Leow Bock Lim is also an independent Non-Executive Director in Disccomp Berhad and Voir Holdings Berhad. He attended five out of six Board Meetings held in the financial year ended 31 December 2011.



Family Relationship

Except for Dato' Lim Khoon Heng and Dato' Lim Loong Heng who are brothers while Nicholas Lim Kean Hoong is the nephew to both Dato' Lim Khoon Heng and Dato' Lim Loong Heng, none of the other Directors are related to one another, nor with any major shareholders.

Conviction for Offences

None of the Directors have been convicted of any offences (excluding traffic offences) within the last 10 years.

Chairman's Statement



" On behalf of the Board of Directors of Chuan Huat Resources Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements for the Company and the Group for the financial year ended 31 December 2011 "

Operation Review

Financial Year 2011 came and bid farewell with no fireworks as the global economy continues its uncertainties brought forward from the previous year and not sparing the domestic economy as well.

However, with the Group's management resilience and determination, it managed to sail through the choppy weather by returning a set of more favorable results, both in terms of revenue and profits as compared to the previous year.

Financial Performance

For the financial year under review, the Group achieved a revenue of RM642.77 million as compared to RM551.58 million in the previous year, whilst net profit after tax was at RM18.07 million as compared to RM15.71 million in the previous year. Percentage wise, revenue was increased by 16.5% whilst net profit after tax increased by 15.0%.

The increases were mainly due to the inclusion of the results of the newly acquired subsidiary, Sama Wira Mulpha Industries Sdn. Bhd. (now known as CH Samawira Mesh Sdn. Bhd.) and the increase of steel prices during the year.

Earning per share for the year was at 10.04 sen (2010: 8.75 sen)

Business Outlook

In spite of the expected continuation of the uncertainties in the global economy into FY2012, the Group is optimistic that with the launching and implementation of the ETP (Economic Transformation Programme) and the 10th Malaysia Plan, such as the major infrastructure projects, the Mass Rapid Transit (MRT), It will continue to achieve a stable growth.

Chairman's Statement



Dividend

The Board of Directors has recommended a First and Final Dividend of 3.5 Sen gross per ordinary share in respect of the financial year ended 31 December 2011 to be approved by the shareholders at the forthcoming AGM to be held on 28 June 2012.

Acknowledgements

On behalf of the Board of Directors and the management team, I would like to extend my sincere appreciation to our shareholders, customers, suppliers, financial institutions, business associates and not forgetting all the staff for their invaluable contributions towards the success of the Group for the year.

DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA
Chairman

Statement On Corporate And Social Responsibility

The Group has long recognised and acknowledged the importance of a corporate culture that emphasises good corporate citizenship. As such the Group is committed and endeavours on ongoing basis, to integrate Corporate Social Responsibility ("CSR") practices into its day to day business operations. The Group aims not only to increase the stakeholder value through its core business but also of its responsibilities for the betterment of the community and the environment.

The CSR contributions of the Group includes:-

ENVIRONMENT

The Group complies to environmental laws and regulations. During the year, the Group was not penalised for any instance of non-compliance with environment laws and regulations.

COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community whenever the need arises. The Group is active and aware on community welfare by supporting needy social objectives in the communities in which its businesses operate and its employees live and work.

During the financial year 2011, the Group has identified the need of a plight which was highlighted in "The Star" on 5 May 2011 of Puan Haliza Sa'aban, a widow with 5 daughters aged from 8 to 17 of Skudai Kiri, Johor which needed to rebuild her rickety home. The house gets flooded several times a year, especially during the rainy season or during high tide and had since started to give way.

The Group has contributed the necessary building materials and together with other parties contributing either cash and services have successfully rebuild Puan Haliza house to a decent comfortable house providing a safe roof for her and her children.

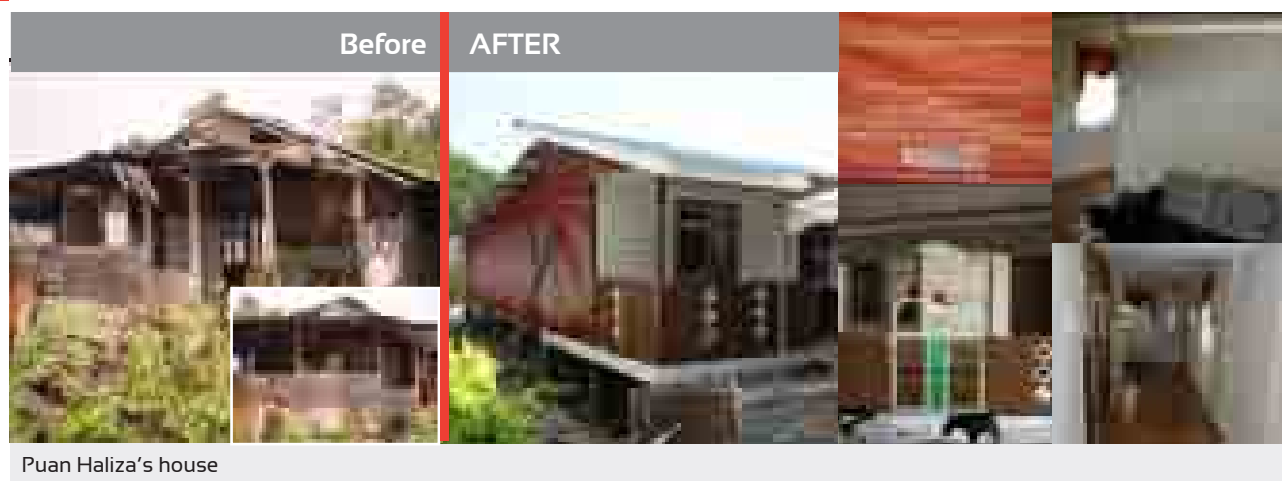
Subsequent to this CSR effort, the Group will be taking position as a major supplier of building materials of the nation to address the plight and dire needs of rebuilding a home for them. Assistance will be in the form of provision of building materials required for the building of their house.

WORKPLACE

The Group recognises the importance of ensuring a conducive and safe environment for employees to work in. The Group has through its Occupational, Safety and Health committee is actively ensuring safety, health and welfare of all employees are not being compromised. Consistent education, training, counselling or industrial accident prevention programmes are being held to ensure a high level of awareness of safety requirements being disseminated to all employees at all levels.

The Group constantly upgrades the employees' skill, knowledge and experiences which would enhance the individual employee's competency. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

The Group have also organised out-door activities to promote teamwork and create a harmonious environment for employees. This includes activities such as social events, sports activities and company trips.



Puan Haliza's house

Corporate Governance Statement

The Board of Directors of Chuan Huat Resources Berhad ("Board") is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance ("the Code") respectively.

The Board has directed and managed the business and affairs of the Group towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholders' values whilst taking into account the interests of other stakeholders.

The Board is pleased to provide the following statements, which outlines the main corporate governance practices that were in place throughout the financial year.

Compliance Statement

The Group has complied throughout the year ended 31 December 2011 with all the best practices of corporate governance set out in Part 2 of the Code.

Principles Statements

The following statement sets out how the Group has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings: (A) Board of Directors, (B) Directors' remuneration, (C) Shareholders and (D) Accountability and audit.

A. BOARD OF DIRECTORS

(a) Board responsibilities

The Group is controlled and led by a dynamic Board. It has a balanced board composition with effective independent directors. The Board acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

(b) Division of roles and responsibilities between the Chairman and the Chief Executive Officer

There is a distinct and clear division of the roles and responsibilities between the Chairman of the Board and the Group's Chief Executive Officer ("CEO") to ensure that there is a proper balance of power and authority. The Chairman is primarily responsible for the effective conduct of the Board and ensuring that all Directors have full and timely access to all relevant information necessary for informed decision making. The Chairman encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings in order to reflect the consensus of the whole Board and not the views of any individual or group. The Group's CEO has overall responsibilities over the operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

(c) Board meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2011, the Board met on six (6) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, corporate proposals, the business plan and direction of the Group.

Corporate Governance Statement

A. BOARD OF DIRECTORS (cont'd)

(c) Board meetings (cont'd)

The attendance record of each Director was as follows :

Numbers of Meeting attended	
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	5/6
Dato' Lim Khoo Heng	6/6
Dato' Lim Loong Heng	6/6
Nicholas Lim Kean Hoong	6/6
Tai Keat Chai	6/6
Dali Kumar @ Dali Bin Sardar	6/6
Leow Bock Lim	5/6

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers providing updates on operational, financial and corporate developments as well as minutes of meetings of the Board are circulated prior to the meeting are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting. The Board has full access to senior management and the advice and services of the Company Secretary, who are responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. In addition, the Directors may also seek independent professional advice, at the Company's expense, if required. The Directors may also consult with the Group Managing Director and other Board members prior to seeking any independent professional advice.

(d) Board balance

As at the date of this statement, the Board consists of seven (7) members; comprising one (1) Managing Director, one (1) Deputy Managing Director, one (1) Executive Director, one (1) Non-Executive Director and, three (3) Independent Non-Executive Directors. A brief profile of each Director can be found in the "Directors' Profile".

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive director) and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group. The Board complied with paragraph 15.02 of the Listing Requirements which requires that at least two (2) directors or one-third of the Board, whichever is the higher, are independent directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the Executive Directors. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the deliberation.

There is a clear division of responsibilities at the head of the Group to ensure a balance of authority and power.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Group.

Corporate Governance Statement

A. BOARD OF DIRECTORS (cont'd)

(e) Supply of information

The members of the Board in their individual capacity have full and timely access to information with Board papers distributed in advance of meetings for the discharge of their duties and responsibilities. Prior to the meetings of the Board, Board papers which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, were circulated to all the directors. The Board meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Securities. Besides direct access to management staff, external professional advisers as well as company secretary are also made available to render their independent views and advice to the Board.

(f) Board committee

i. Audit Committee

The Audit Committee of the Board has been in place since 1997. It presently comprises three (3) Independent Non-Executive Directors. A brief report on Audit Committee can be found in the "Audit Committee Report".

ii. Nomination Committee

The Nomination Committee of the Board has been in place since 2001, which comprised the following members:

Name of Directors	Designation
Dali Kumar @ Dali Bin Sardar (Chairman)	Independent Non-Executive Director
Tai Keat Chai	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	Non-Executive Chairman

The Nomination Committee is empowered by the Board for recommending board appointments and assessment of directors on an on-going basis. The Committee also keeps under review the Board structure, size and composition as well as considering the Board succession planning. There was no meeting conducted during the financial year ended 31 December 2011 as there is currently no necessity to appoint any new members to the Board since the establishment of Nomination Committee. The Board is of the opinion that the present mix of experience and expertise is adequate, optimal and sufficiently capable in overseeing and ensuring that the strategies of the Group are thoroughly deliberated, considered and properly implemented.

iii. Remuneration Committee

The Remuneration Committee of the Board has been in place since 2001, which comprised the following members:

Name of Directors	Designation
Dali Kumar @ Dali Bin Sardar (Chairman)	Independent Non-Executive Director
Tai Keat Chai	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	Non-Executive Chairman
Dato' Lim Khoo Heng	CEO/Group Managing Director

The remuneration committee is responsible for recommending the remuneration packages of executive directors to the Board. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of non-executive director with individual directors abstaining from decisions in respect of their individual remuneration.

Corporate Governance Statement

A. BOARD OF DIRECTORS (cont'd)

(g) Directors' training

All the Directors, including new Directors joining the Board this year have successfully completed the Mandatory Accreditation Programme and fulfilled the Continuous Education Programme as prescribed by Bursa Malaysia Securities Berhad.

The Board recognises the need to broaden the Board's perspectives, skills and knowledge and to keep abreast with the development in the corporate environment. The training programme or seminars attended by some of the Directors and senior management of Group for the financial year ended 31 December 2011 includes:-

- i. Common Pitfalls under Chapter 10 Listing Requirements - Transactions.
- ii. Understanding of Proposed Goods & Service Tax Implementations in Malaysia.
- iii. Corporate Directors Training Programme 2011.
- iv. Understanding the Main Market Listing requirement of Bursa Malaysia Berhad, Corporate Tax, Company Law and Corporate Governance.

At the same time, the Board also benefited from various briefings on regulatory and legal developments by the Company Secretary and External Auditors during the Board meetings, with an intention to keep the Board with the Listing Requirements, Companies Act, 1965, relevant accounting standards, regulatory and related legal developments.

The Board believes that continuous training for Directors is vital to the Board members to gain insight into the state of economy, investment opportunities (local and abroad), technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge to enable them to discharge their roles, duties and responsibilities effectively. As such every member of the Board is always evaluating their own training needs on a regular basis and actively identifying relevant seminars / courses / conferences to ensure that they are kept abreast on various issues pertaining to the constantly changing environment within which the business of the Group operates, particularly in areas of corporate governance and regulatory compliance.

(h) Retirement and Re-election

The Articles of Association provide that at least one-third of the Board, including the Group Managing Director, are subject to retirement by rotation at each Annual General Meeting. The directors to retire in each year are the directors who have been longest in office since their appointment or re-appointment. A retiring director is eligible for re-appointment.

The Articles of Association also provide that all Directors including the Group Managing Director who shall be elected from amongst the Board members shall also retire once at least in each three (3) years and shall be eligible for re-election. These provide an opportunity for the shareholders to renew their mandates. The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings' attendance and the shareholdings in the Company of each director standing for election are disclosed under the Directors' Profile and Analysis of Shareholdings.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. DIRECTORS' REMUNERATION

(a) Remuneration Procedure

The practised policy on directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate directors of the quality required to manage the business of the Group and to align the interest of the directors with those of the shareholders. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages.

There was one (1) meeting convened during the financial year ended 31 December 2011.

(b) Details of the directors' remuneration

The aggregate remuneration of directors who served during the financial year ended 31 December 2011 are as follows:

Element of remuneration	Executive Directors	Non-Executive Directors	Total
Salaries & other emoluments	1,266,494	-	1,266,494
Fees	45,000	171,500	216,500
	1,311,494	171,500	1,482,994

Corporate Governance Statement

B. DIRECTORS' REMUNERATION (cont'd)

(b) Details of the directors' remuneration (cont'd)

The numbers of directors whose remuneration fall into the respective bands are as follows:

Band of remuneration	Executive Directors	Non-Executive Directors	Total
0 - 50,000	-	2	2
50,001 - 100,000	-	2	2
100,001 - 150,000	1	-	1
500,000 - 550,000	1	-	1
650,000 - 700,000	1	-	1

C. SHAREHOLDERS

The Company recognises the importance of communicating with its shareholders and does this through the annual report, Annual General Meeting, Company's website and analyst meetings. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders a clear and complete picture of the Company's performance and position as possible.

The key elements of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both private and institutional shareholders on all issues relevant to the Company at the Annual General Meeting. At the Annual General Meeting, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Additionally, a press conference is held immediately after the Annual General Meeting where the Group's Managing Director advises the press of the resolutions passed, and answers questions on the Group's operation. The Group Deputy Managing Director and the Executive Directors are also present at the press conference to clarify and explain any issue.

The Company also responded to fund managers, institutional investors, investment analysts and members of media upon request, to brief them on key events of the Company. Investors' and analysts' feedback is sought to ensure principal issues are being effectively communicated and shareholders' objectives are known.

D. ACCOUNTABILITY AND AUDIT

(a) Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders as well as the Group's Chairman Statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

(b) Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have (1) ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied, and (2) selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Governance Statement

D. ACCOUNTABILITY AND AUDIT (cont'd)

(c) Directors' responsibility statement in respect of the state of internal controls

The Board acknowledges its responsibility for the internal control system in the Company and the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business unit particular need and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be completely eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

(d) Relationship with the Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of external auditors is subject to the approval of shareholders in general meeting whilst their remuneration is authorised by shareholders to be fixed by the Board.

Key features underlying the relationship of the Audit Committee with the auditors including the role of both the external and internal auditors are further described in the Audit Committee Report.

A summary activity of the Audit Committee during the year, including the evaluation of the independent audit process, is set out in the Audit Committee Report.

Corporate Governance Statement

ADDITIONAL COMPLIANCE INFORMATION

(a) Statement on material contracts involving directors' or major shareholders' interest

There is no material contracts subsisting as at 31 December 2011 or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interests of the Directors or major shareholders other than those disclosed under notes to the account on Related Party Transactions of revenue in nature.

The Company is also seeking shareholders' mandate on Recurrent Related Party Transactions of a revenue or trading nature for transactions to be entered by the Company or its subsidiaries with Related Parties in the ordinary course of business in the forthcoming Annual General Meeting. The details of Recurrent Related Party Transactions of a revenue or trading nature for transactions to be entered by the Company or its subsidiaries with Related Parties are included in the Circular dated 6 June 2012.

(b) Non-audit fee

As at the date of this statement, there was no non-audit fee incurred and paid to external auditors.

(c) Utilisation of Proceeds

There were no proceeds raised from any corporate proposals as at the date of this statement.

(d) Shares Buy-Back

There were no shares buy-back during the financial year ended 31 December 2011.

(e) Options, Warrants or Convertible Securities Exercised

During the financial year, a total Renounceable Rights Issue of 41,789,066 Five (5)-year Warrants 2011/2016 were issued.

(f) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2011.

(g) Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by any regulatory bodies.

(h) Profit Guarantee

The Company did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2011.

(i) Revaluation Policy

The Company has not adopted a regular revaluation policy on landed properties.

Audit Committee Report

I. MEMBERSHIP

The present members of the Audit Committee comprise:

Name	Designation
Tai Keat Chai (Chairman)	Independent Non-Executive Director
Dali Kumar @ Dali bin Sardar	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director

II. MEETING AND ATTENDANCE

During the year ended 31 December 2011, the Committee held 5 meetings, which were appropriately structured through the use of agendas, and the attendance details of the members were as follows:

Name	No. of meetings attended
Tai Keat Chai	5/5
Dali Kumar @ Dali bin Sardar	5/5
Leow Bock Lim	5/5

The Company Secretary and the Finance General Manager were also present by invitation at all the meetings, whilst the internal and external auditors also attended when invited to do so.

III. SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee during the year included the following:

- reviewed the quarterly reports of the Company prior to their submission to the Board and public release;
- reviewed the audited financial statements of the Company prior to their submission to the Board for its consideration and approval;
- reviewed the external auditor's scope of work and audit plans for the year;
- reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- reviewed and discussed on the internal audit reports to assess the effectiveness of the system of internal controls in the areas audited;
- reviewed the related party transactions entered into by the Group;
- evaluated and recommended the re-appointment of the external auditor.

IV. INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit functions to a professional services firm, which is tasked with the aim of assisting the Committee to discharge its duties and responsibilities.

The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control. Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's financial statements.

Audit Committee Report

V. TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee include the following:

- a) to safeguard the interests of all shareholders including the minority shareholders;
- b) to assist in discharging the responsibilities of the Board of Directors as they relate to the Company's management and internal controls, accounting policies and financial reporting; and
- c) to provide, by way of regular meetings, a line of communication between the Board, and the internal and external auditors.

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of no fewer than three members, none of whom shall be alternate directors.

All the audit committee members must be non-executive directors, with the majority of the members, including the Chairman of the Committee, shall be independent directors.

At least one member shall be a member of the Malaysian Institute of Accountants or a person approved under subparagraph 15.09(l)(c)(ii) of Bursa Malaysia Listing Requirements.

Any vacancy resulting in the non-compliance of subparagraph 15.09(l) of Bursa Malaysia Listing Requirements shall be filled within three months, and the Board shall review the terms of office and performance of the Committee and each of its members at least once every three years to determine whether they have carried out their duties in accordance with their terms of reference.

Authority

The Committee shall have the authority to investigate any matter within its terms of reference, and the resources required to perform its duties.

It shall also have full and unrestricted access to any information pertaining to the Company, and have direct communication channels with the external and internal auditors.

The Committee should be able to obtain independent professional or other advice, and be able to convene meetings with the external auditor, excluding the attendance of its executive members, whenever deemed necessary.

Meetings

The Committee shall meet at least four times a year, and as many times as it deems necessary.

The majority of members present shall be independent directors in order to form a quorum.

The Company Secretary of the Company shall act as the Secretary of the Committee, and shall draw up an agenda for circulation together with the relevant support papers at least one week prior to each meeting to the members.

The Company Secretary shall also be responsible for keeping the minutes of the meetings, which shall be circulated to the members of the Board as well.

The Committee shall meet at least once a year with the management and the internal and external auditors in separate sessions without the presence of any executive Board member.

Audit Committee Report

V. TERMS OF REFERENCE (cont'd)

Functions

The functions of the Committee include the following:

1. To review, and report the same to the Board:

- a) with the external auditor, the nature and scope of its audit plan, its evaluation of the system of internal controls and its audit report;
- b) the assistance given by the Company's employees to the external auditor;
- c) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- e) the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
- f) any problems or reservations arising from the interim and final audits, and any matter which the external auditor may wish to discuss (in the absence of management where necessary);
- g) the external auditor's management letter, and management's response;
- h) any related party transactions and conflict of interests situation that may arise within the Company or Group including any transactions, procedures or course of conducts that raises questions of management integrity; and
- i) the appointment of the external auditor, its audit fee and any questions of its dismissal or resignation.

2. To recommend the nomination of the external auditor.

3. To consider other matters as defined by the Board.

Statement On Internal Control

INTRODUCTION

Consistent with paragraph 15.26 (b) of Bursa Malaysia Listing Requirements and in compliance to the Malaysian Code on Corporate Governance, the Board is pleased to provide the following statements on internal control of the Group with regards to the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management practices to good corporate governance. However, the Board recognizes that reviewing the effectiveness of the Group's system of internal control is a concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.

RISK MANAGEMENT FRAMEWORK

The Board is aware that a sound system of internal control should be embedded in the operations of the Group and form part of its culture. The system of internal control not only covers financial controls but also operational and compliance controls and risk management. It involves key management in each business, including the Board and is designed to meet the Group's particular needs, manage the risks they are exposed to and ensure compliance with the applicable laws and regulations. Key commercial and financial risks are reviewed together with other more general risks as those relating to compliance with laws and regulations. These monitoring, reviewing and reporting process have been and are aimed to give assurance that the structure of controls and operations is appropriate to the Group's operations and that there is an acceptable level of risks throughout the Group's business.

The above risk management framework facilitates the ability of the Board and management to manage risks within the risk parameters and risk standards. Continuous effort is made to improve policies, processes, people and structure within the Group. Besides improving the management of existing risks, the framework also manages potential risks in the light of changes in risk profile experience by the industry and the Group.

KEY PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal controls are as follows:

- An operational structure with defined lines of responsibility or delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- A documented delegation of authority with clear lines of responsibility in identifying the approving authority of various transactions.
- Detailed budgeting process established requiring all business units to prepare budget and business plan on an annual basis.
- Effective reporting systems which expose significant variances against budget and plan are in place to monitor performance; key variances are followed-up by the management and reported to the Board on a quarterly basis.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as staff utilization and cash flow performance.
- Regular visits to operating units by members of the Board and senior management.

Statement On Internal Control

INTERNAL AUDIT

The Group has engaged a professional consulting firm to provide outsourced internal audit services, which provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the year under review, internal auditor carried out audit based on the internal audit plan approved by the Audit Committee. The audit findings are deliberated and resolved with the management. The Audit Committee on behalf of the Board, reviews internal control issues identified and recommendations from reports by the internal and external auditors on a regular basis.

Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's Annual Report.

Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiary companies are shown in Note 6 to the financial statements.

There have been no significant changes in the activities of the Company and of its subsidiary companies during the financial year except as disclosed in Note 6 to the financial statements.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	18,073,769	7,598,514
Profit attributable to:		
Owners of the Company	16,778,452	7,598,514
Non-controlling interests	1,295,317	-
	<u>18,073,769</u>	<u>7,598,514</u>

DIVIDENDS

Since the end of the previous year, the Company paid:

- (a) an interim ordinary dividend of 1.5 sen per ordinary share less income tax at 25% amounting to RM1,880,499 in respect of the financial year ended 31 December 2010 on 12 April 2011.
- (b) a final ordinary dividend of 2.0 sen per ordinary share less income tax at 25% amounting to RM2,507,338 in respect of the financial year ended 31 December 2010 on 18 August 2011.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIRECTORS

The Directors who served since the date of last report are:

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
Dato' Lim Khoo Heng
Dato' Lim Loong Heng
Dali Kumar @ Dali Bin Sardar
Tai Keat Chai
Leow Bock Lim
Nicholas Lim Kean Hoong

In accordance with the Company's Articles of Association, Dato' Sri Haji Wan Zaki Bin Haji Wan Muda and Dato' Lim Loong Heng retire by rotation at the forthcoming Annual General Meeting of the Company, and being eligible, offer themselves for re-election.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest except as disclosed in Note 31 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

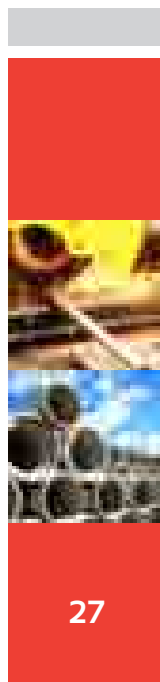
According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	Number of Ordinary shares of RM 0.50 each			As at 31.12.2011
	As at 1.1.2011	Additions	Disposals	
Direct Interests				
Dato’ Sri Haji Wan Zaki Bin Haji Wan Muda	14,318,067	-	-	14,318,067
Dato’ Lim Khoon Heng	17,801,186	-	-	17,801,186
Dato’ Lim Loong Heng	17,801,182	-	-	17,801,182
Indirect Interests				
Dato’ Lim Khoon Heng #	9,297,621	2,700,000	-	11,997,621
Dato’ Lim Loong Heng #	9,297,621	2,700,000	-	11,997,621

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	Number of Warrants of RM 0.02 each			As at 31.12.2011
	As at 1.1.2011	Additions	Disposals	
Direct Interests				
Dato’ Sri Haji Wan Zaki Bin Haji Wan Muda	-	3,678,124	-	3,678,124
Dato’ Lim Khoon Heng	-	4,693,000	-	4,693,000
Dato’ Lim Loong Heng	-	4,693,000	-	4,693,000
Indirect Interests				
Dato’ Lim Khoon Heng #	-	3,777,745	-	3,777,745
Dato’ Lim Loong Heng #	-	3,777,745	-	3,777,745

Indirect interest held through Lim Kim Chuan & Sons Holdings Sdn Bhd



Directors' Report

Other than as disclosed above, the Directors of the Company do not have any other interest in shares in the Company or its related companies during and at the end of the financial year.

By virtue of their interests in shares in the Company, Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, Dato' Lim Khoo Heng and Dato' Lim Loong Heng are deemed to be interested in shares in all the subsidiary companies and its related companies to the extent that the Company has an interest.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts but that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render it necessary to write off any debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Except as disclosed in the financial statements, no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

- (a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

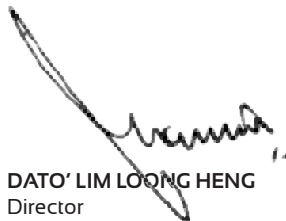
AUDITORS

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 26 April 2012.

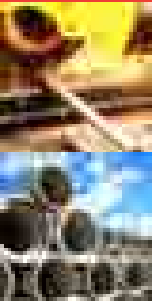


DATO' LIM KHOON HENG
Director



DATO' LIM LOONG HENG
Director

Kuala Lumpur



Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' LIM KHOON HENG and DATO' LIM LOONG HENG, being two of the Directors of CHUAN HUAT RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 33 to 86 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors dated 26 April 2012.



DATO' LIM KHOON HENG
Director

Kuala Lumpur



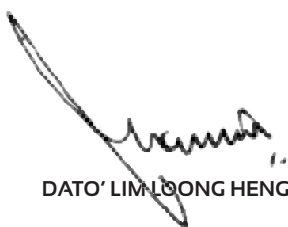
DATO' LIM LOONG HENG
Director

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

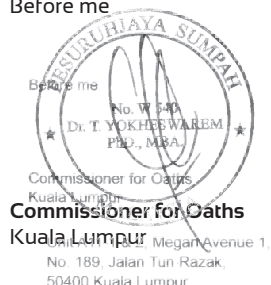
I, DATO' LIM LOONG HENG, being the Director primarily responsible for the financial management of CHUAN HUAT RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 33 to 86 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed DATO' LIM LOONG HENG at Kuala Lumpur in the Federal Territory on 26 April 2012.



DATO' LIM LOONG HENG

Before me



Commissioner for Oaths
Kuala Lumpur
No. 189, Jalan Tun Razak,
50400 Kuala Lumpur

Independent Auditors' Report To The Members Of Chuan Huat Resources Berhad

(Incorporated In Malaysia) Company No: 290729 W

Report on the Financial Statements

We have audited the financial statements of CHUAN HUAT RESOURCES BERHAD, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 86.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

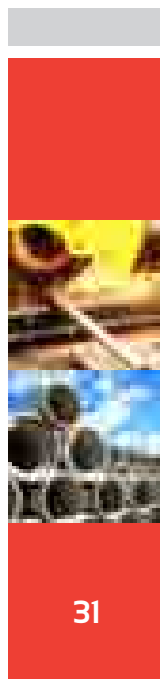
Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



Independent Auditors' Report To The Members Of Chuan Huat Resources Berhad

(Incorporated In Malaysia) Company No: 290729 W

Other Matters

The supplementary information set out in Note 40 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ONG BOON BAH & CO
AF: 0320
Chartered Accountants

Kuala Lumpur
26 April 2012



WONG SOO THIAM
1315/12/12(J)
Chartered Accountant

Statements Of Financial Position

AS AT 31 DECEMBER 2011

		GROUP 2011 RM	2010 RM	COMPANY 2011 RM	2010 RM
Note					
ASSETS					
Non-current assets					
Property, plant and equipment	4	77,105,505	60,368,766	1,620	-
Investment properties	5	7,701,974	5,713,304	-	-
Subsidiary companies	6	-	-	43,743,927	43,743,927
Investment securities	7	3,838,907	2,830,190	-	-
Goodwill	8	776,606	776,606	-	-
		89,422,992	69,688,866	43,745,547	43,743,927
Current assets					
Inventories	9	93,158,522	77,500,586	-	-
Trade receivables	10	186,595,969	137,811,873	-	-
Other receivables, deposits and prepayments	11	21,873,793	62,530,352	7,952	271,110
Amounts due from subsidiary companies	12	-	-	43,647,460	44,820,685
Tax recoverable		2,491,594	1,123,036	35,246	27,049
Fixed deposits with licensed banks	13	5,739,810	9,443,795	-	-
Cash and bank balances		17,388,697	9,528,659	5,134,429	176,273
		327,248,385	297,938,301	48,825,087	45,295,117
TOTAL ASSETS		416,671,377	367,627,167	92,570,634	89,039,044
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	83,578,133	83,578,133	83,578,133	83,578,133
Capital reserves	15	21,923,153	21,923,153	-	-
Warrants reserve	16	565,554	-	565,554	-
Retained earnings	17	45,582,626	33,192,011	8,243,701	5,033,024
		151,649,466	138,693,297	92,387,388	88,611,157
Non-controlling interests		13,391,258	12,015,941	-	-
Total equity		165,040,724	150,709,238	92,387,388	88,611,157

The accompanying notes form an integral part of the financial statements.

Statements Of Financial Position

AS AT 31 DECEMBER 2011

		GROUP		COMPANY	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Current liabilities					
Trade payables	18	27,241,072	39,135,048	-	-
Other payables and accruals	19	10,235,631	5,502,363	183,246	427,887
Loans and borrowings	20	206,579,827	165,301,347	-	-
Tax liabilities		155,737	274,081	-	-
		244,212,267	210,212,839	183,246	427,887
Net current assets		83,036,118	87,725,462	48,641,841	44,867,230
Non-current liabilities					
Loans and borrowings	21	3,922,916	3,768,814	-	-
Deferred tax liabilities	22	3,495,470	2,936,276	-	-
		7,418,386	6,705,090	-	-
Total liabilities		251,630,653	216,917,929	183,246	427,887
TOTAL EQUITY AND LIABILITIES		416,671,377	367,627,167	92,570,634	89,039,044

The accompanying notes form an integral part of the financial statements.

Statements Of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		GROUP		COMPANY	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue	23	642,770,846	551,582,657	8,334,500	12,326,724
Other operating income		8,632,721	3,750,585	11,260	-
Changes in inventories of finished goods and work-in-progress		5,669,616	(1,264,712)	-	-
Purchases of finished goods		(458,476,216)	(404,325,923)	-	-
Raw materials and consumables used		(122,711,804)	(83,212,944)	-	-
Employee benefits expenses	24	(19,923,262)	(19,086,439)	(168,500)	(155,000)
Depreciation and amortisation expenses		(5,738,521)	(4,698,728)	(180)	-
Administrative expenses		(17,940,956)	(15,075,151)	(135,996)	(362,766)
Finance costs	25	(8,219,623)	(6,376,048)	-	-
Profit before tax from operations	26	24,062,801	21,293,297	8,041,084	11,808,958
Tax expenses	27	(5,989,032)	(5,582,711)	(442,570)	(2,223,182)
Net profit for the financial year		18,073,769	15,710,586	7,598,514	9,585,776
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial year		18,073,769	15,710,586	7,598,514	9,585,776
Profit attributable to:					
Owners of the Company		16,778,452	14,622,419	7,598,514	9,585,776
Non-controlling interests		1,295,317	1,088,167	-	-
		18,073,769	15,710,586	7,598,514	9,585,776
Total comprehensive income attributable to:					
Owners of the Company		16,778,452	14,622,419	7,598,514	9,585,776
Non-controlling interests		1,295,317	1,088,167	-	-
		18,073,769	15,710,586	7,598,514	9,585,776
Earnings per share attributable to owners of the Company (sen)					
- Basic	28	10.04	8.75		
- Diluted	28	8.03	8.75		

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to owners of the Company					
	Non-distributable		Distributable			
	Share capital RM	Capital reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group						
Balance at 1 January 2010	62,683,600	21,923,153	42,796,137	127,402,890	10,902,032	138,304,922
Effect of adopting FRS 139	-	-	(41,123)	(41,123)	(23,233)	(64,356)
Balance at 31 December 2010	62,683,600	21,923,153	42,755,014	127,361,767	10,878,799	138,240,566
Total comprehensive income for the financial year	-	-	14,622,419	14,622,419	1,088,167	15,710,586
Transactions with owners						
Bonus issue	20,894,533	-	(20,894,533)	-	-	-
Issue of shares by a subsidiary company to minority interests	-	-	-	-	60,000	60,000
Dividends paid (Note 29)	-	-	(3,290,889)	(3,290,889)	(11,025)	(3,301,914)
	20,894,533	-	(24,185,422)	(3,290,889)	48,975	(3,241,914)
Balance at 31 December 2010	83,578,133	21,923,153	33,192,011	138,693,297	12,015,941	150,709,238

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to owners of the Company						
	Non-distributable		Distributable				
	Share capital RM	Capital reserves RM	Warrant reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group (cont'd)							
Balance at 1 January 2011	83,578,133	21,923,153	-	33,192,011	138,693,297	12,015,941	150,709,238
Total comprehensive income for the financial year	-	-	-	16,778,452	16,778,452	1,295,317	18,073,769
Transactions with owners							
Issue of warrants (Note 16)	-	-	565,554	-	565,554	-	565,554
Issue of shares by a subsidiary company to minority interests	-	-	-	-	-	80,000	80,000
Dividends paid (Note 29)	-	-	-	(4,387,837)	(4,387,837)	-	(4,387,837)
	-	-	565,554	(4,387,837)	(3,822,283)	80,000	(3,742,283)
Balance at 31 December 2011	83,578,133	21,923,153	565,554	45,582,626	151,649,466	13,391,258	165,040,724

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Distributable			
	Share capital RM	Warrants reserve RM	Retained earnings RM	Total equity RM
COMPANY				
Balance at 1 January 2010	62,683,600	-	19,632,670	82,316,270
Total comprehensive income for the financial year	-	-	9,585,776	9,585,776
Transactions with owners				
Dividends (Note 29)	-	-	(3,290,889)	(3,290,889)
Capitalisation of bonus issue	20,894,533	-	(20,894,533)	-
	20,894,533	-	(24,185,422)	(3,290,889)
Balance at 31 December 2010	83,578,133	-	5,033,024	88,611,157
Total comprehensive income for the financial year	-	-	7,598,514	7,598,514
Transactions with owners				
Dividends (Note 29)	-	-	(4,387,837)	(4,387,837)
Issue of warrants (Note 16)	-	565,554	-	565,554
	-	565,554	(4,387,837)	(3,822,283)
Balance at 31 December 2011	83,578,133	565,554	8,243,701	92,387,388

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
GROUP			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from operations		24,062,801	21,293,297
Adjustments for non-cash items, interests and dividends	30(a)	8,458,782	9,969,055
Operating profit before working capital changes in (Increase)/Decrease in inventories		32,521,583 (6,600,707)	31,262,352 401,816
Decrease/(Increase) in trade and other receivables		6,586,194	(23,687,839)
(Decrease)/Increase in trade and other payables		(11,825,803)	4,478,473
Cash generated from operations		20,681,267	12,454,802
Tax paid		(6,726,465)	(6,571,297)
Interest paid		(7,662,699)	(6,039,614)
Interest received		922,359	758,826
Net cash inflow from operating activities		7,214,462	602,717
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	30(b)	(3,264,946)	(3,631,844)
Purchase of quoted investment		(3,708,717)	-
Proceeds from disposal of property, plant and equipment		317,224	198,632
Proceeds from disposal of investment property		178,000	627,000
Proceeds from disposal of quoted investment		5,670,000	4,294
Interest received		313,825	111,495
Net cash outflow from acquisition of subsidiary companies	36	(21,041,443)	-
Net cash outflow from investing activities		(21,536,057)	(2,690,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayments of term loans		(1,035,595)	(1,768,172)
Repayments of finance lease liabilities		(2,764,525)	(1,606,171)
Net proceeds/(Repayments) from short term borrowings		2,992,573	9,606,542
Proceeds from issue of shares to minority interests		80,000	60,000
Dividend paid		(4,387,837)	(3,290,889)
Dividend paid to minority interests		-	(11,025)
Interest paid		(556,924)	(336,434)
Increase in fixed deposits pledged		(3,763,608)	(127,507)
Issuance of warrant		565,554	-
Net cash (outflow)/inflow from financing activities		(8,780,362)	2,526,344
Net (decrease)/increase in cash and cash equivalents		(23,101,957)	438,638
Cash and cash equivalents at beginning of the financial year		15,902,934	14,883,393
Cash and cash equivalents at end of the financial year	30(c)	(7,779,926)	15,322,031

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
COMPANY			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from operations		8,041,084	11,808,958
Adjustments for non-cash items, interests and dividends	30(a)	(7,985,580)	(11,966,724)
Operating profit/(loss) before changes in working capital		55,504	(157,766)
Decrease/(Increase) in other receivables		263,158	(162,924)
(Decrease)/Increase in other payables		(244,641)	210,671
Cash generated from/(used in) operations		74,021	(110,019)
Tax paid		(450,767)	(2,262,157)
Net cash outflow from operating activities		(376,746)	(2,372,176)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,800)	-
Repayment from/(Advance to) from subsidiary companies		4,097,725	(869,434)
Dividend received		5,050,000	6,630,822
Interest received		11,260	-
Net cash inflow from investing activities		9,157,185	5,761,388
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,387,837)	(3,290,889)
Issuance of warrants		565,554	-
Net cash outflow from financing activities		(3,822,283)	(3,290,889)
Net increase in cash and cash equivalent		4,958,156	98,323
Cash and cash equivalents at beginning of the financial year		176,273	77,950
Cash and cash equivalents at end of the financial year	30(c)	5,134,429	176,273

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise indicated in these summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

(b) Subsidiary companies and basis of consolidation

(i) Investments in subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entities.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statements of comprehensive income.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 1(c). Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statements of comprehensive income on the date of acquisition.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Subsidiary companies and basis of consolidation (cont'd)

(iii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 1(f).

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of comprehensive income during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost/valuation less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1(f).

Freehold land is not amortised as it has an infinite life. Leased assets are depreciated over shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant, machinery and cabin	10% - 15%
Renovation	10% - 20%
Motor vehicles	10% - 20%
Furniture and fittings and office equipment	10%

Expenditure incurred on the installation of construction and extension of buildings, plant and machinery is capitalised as capital work-in-progress until the buildings and plant are fully completed and operational.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of comprehensive income.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Such properties are initially measured at cost, including transaction costs, and thereafter are stated at fair value, which is determined by Directors by reference to market evidence of transaction prices for similar properties. A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis and carried at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the statements of comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any difference between the net disposal proceeds and the carrying amount is charged or credited to statements of comprehensive income in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 1(d) up to the date of change in use.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, investment property that is measured at fair value are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. The goodwill acquired in a business combination is allocated to CGU that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in the statements of comprehensive income if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the statements of comprehensive income in the year in which the reversals are recognised.

(g) Financial instruments

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the preceding categories.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items which are recognised in the profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest income using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument is recognised in profit or loss when the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment as described in Note 1(h).

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in statements of comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statements of comprehensive income.

(h) Impairment of financial assets

All financial assets (except for investment in subsidiary companies) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined using the weighted average method. Cost of raw materials and consumables comprises purchase cost and in the case of finished goods and work-in-progress comprises an appropriate share of production overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling expenses.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except for property interest held under operating lease which is held to earn rental income or for capital appreciation on both, is classified as investment property. The policy for the recognition and measurement of investment property is in accordance with Note 1(e).

(ii) Finance leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the statements of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 1(d).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense in statements of comprehensive income on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(k) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in statements of comprehensive income except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Income taxes (cont'd)

Deferred tax is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the statements of comprehensive income for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue, expense and asset are recognised net of the amount of sales tax except where receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statements of financial position.

(l) Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in the statements of comprehensive income in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds..

(m) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial years.

The Group's contributions to defined contribution plans are charged to the profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing in the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statements of comprehensive income for the year.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, is recognised net of sales taxes, returns and discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(iv) Management fees

Management fees are recognised when services are rendered.

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy as described in note 1(g).

Notes To The Financial Statements

31 DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other component. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment and Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Classification of Right Issues
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs 2010	Improvements to FRSs (2010)

Notes To The Financial Statements

31 DECEMBER 2011

2. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below.

(a) Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The amendments to FRS 107 expand the disclosures required in respect of fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. The amendment to FRS 107 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The fair value measurement disclosures are presented in Note 38.

(b) Amendments to FRS 3 (Improvements to FRSs (2010))

The amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by FRS.

The amendment also clarifies that the amendments to FRS 7, FRS 132 and FRS 139 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of FRS 3 (2010). Those contingent consideration arrangements are to be accounted for in accordance with the guidance in FRS 3 (2005).

(c) Amendments to FRS 101 (Improvements to FRSs (2010))

The amendment clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. There is no financial impact on the financial statements of the Company for the current financial year other than the presentation of statement of changes in equity.

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2011:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012:

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendments to FRS 112	Income Taxes - Deferred Tax: Recovery of Underlying Assets

Notes To The Financial Statements

31 DECEMBER 2011

2. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

Effective for financial periods beginning on or after 1 July 2012:

Amendments to FRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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Effective for financial periods beginning on or after 1 January 2013:

FRS 9	Financial Instruments (2009)
FRS 9	Financial Instruments (2010)
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 128	Investment in Associates and Joint Ventures (2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The above new FRSs, Amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

Notes To The Financial Statements

31 DECEMBER 2011

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets' estimated economic useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year and ensures consistencies with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of property, plant and equipment may result in revision of future depreciation charges.

(b) Impairment of assets

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and change the recoverable amounts of assets and impairment losses needed.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
GROUP					
2011					
COST OR VALUATION					
At 1 January 2011	49,029,134	36,806,218	7,243,966	3,028,219	96,107,537
Acquisition of subsidiary	15,272,005	10,831,673	1,136,641	60,605	27,300,924
Additions	34,940	3,441,586	421,952	1,525,762	5,424,240
Disposals	(1,008)	(1,998,210)	(1,370)	-	(2,000,588)
Written off	(1,400,000)	(6,353)	(2,616)	-	(1,408,969)
Transfer	1,301,533	-	-	(3,435,203)	(2,133,670)
At 31 December 2011	64,236,604	49,074,914	8,798,573	1,179,383	123,289,474
Representing items at:					
Cost	49,332,799	49,074,914	8,798,573	1,179,383	108,385,669
Valuation	14,903,805	-	-	-	14,903,805
	64,236,604	49,074,914	8,798,573	1,179,383	123,289,474
LESS: ACCUMULATED DEPRECIATION					
At 1 January 2011	11,925,292	19,403,041	4,356,438	-	35,684,771
Acquisition of subsidiary	366,843	6,658,753	908,179	-	7,933,775
Charge for the financial year	1,136,539	4,022,222	579,760	-	5,738,521
Disposals	(22)	(1,874,243)	(696)	-	(1,874,961)
Written off	(1,400,000)	(4,938)	(1,199)	-	(1,406,137)
At 31 December 2011	12,028,652	28,204,835	5,842,482	-	46,075,969
Representing items at:					
Cost	11,598,771	28,204,835	5,842,482	-	45,646,088
Valuation	429,881	-	-	-	429,881
	12,028,652	28,204,835	5,842,482	-	46,075,969

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
GROUP					
2011 (cont'd)					
LESS: ACCUMULATED IMPAIRMENT LOSSES					
At 1 January 2011	-	-	-	54,000	54,000
Charge for the financial year	-	-	-	54,000	54,000
At 31 December 2011	-	-	-	108,000	108,00
CARRYING AMOUNTS					
At 31 December 2011					
At cost	37,734,028	20,870,079	2,956,091	1,071,383	62,631,581
At valuation	14,473,924	-	-	-	14,473,924
	52,207,952	20,870,079	2,956,091	1,071,383	77,105,505
2010					
COST					
As previously stated	33,811,653	33,726,040	6,385,815	1,585,586	75,509,094
Effects of adopting the Amendments to FRS117	15,205,655	-	-	-	15,205,655
As restated	49,017,308	33,726,040	6,385,815	1,585,586	90,714,749
Additions	11,826	4,126,843	499,238	1,442,633	6,080,540
Disposals	-	(641,342)	(9,895)	-	(651,237)
Written off	-	(35,000)	(1,515)	-	(36,515)
Transfer	-	(370,323)	370,323	-	-
At 31 December 2010	49,029,134	36,806,218	7,243,966	3,028,219	96,107,537

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
GROUP					
2010 (cont'd)					
LESS: ACCUMULATED DEPRECIATION					
As previously stated	7,114,714	16,937,704	3,838,169	-	27,890,587
Effects of adopting the Amendments to FRS117	3,750,476	-	-	-	3,750,476
As restated	10,865,190	16,937,704	3,838,169	-	31,641,063
Charge for the financial year	1,060,102	3,121,849	516,777	-	4,698,728
Disposals	-	(640,025)	(7,822)	-	(647,847)
Written off	-	(6,000)	(1,173)	-	(7,173)
Transfer	-	(10,487)	10,487	-	-
At 31 December 2010	11,925,292	19,403,041	4,356,438	-	35,684,771
LESS: ACCUMULATED IMPAIRMENT LOSSES					
At 1 January 2010	-	-	-	-	-
Charge for the financial year	-	-	-	54,000	54,000
At 31 December 2010	-	-	-	54,000	54,000
CARRYING AMOUNTS					
At 31 December 2010	37,103,842	17,403,177	2,887,528	2,974,219	60,368,766

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amounts of property, plant and equipment acquired under finance leases are as follows:

	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
GROUP					
CARRYING AMOUNTS					
At 31 December 2011	-	13,146,233	-	-	13,146,233
At 31 December 2010	-	2,549,528	-	-	2,549,528

	Computer and software RM	Office equipment RM	Total RM
COMPANY			
2011			
COST			
At 1 January 2011	-	4,500	4,500
Additions	1,800	-	1,800
At 31 December 2011	1,800	4,500	6,300
LESS: ACCUMULATED DEPRECIATION			
At 1 January 2011	-	4,500	4,500
Charge for the financial year	180	-	180
At 31 December 2011	180	4,500	4,680
CARRYING AMOUNTS			
At 31 December 2011	1,620	-	1,620

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment RM
2010	
COST	
At 1 January and 31 December 2010	4,500
LESS: ACCUMULATED DEPRECIATION	
At 1 January and 31 December 2010	4,500
CARRYING AMOUNTS	
At 31 December 2010	-

(a) Analysis of land and buildings as follows:

	Leasehold land RM	Freehold land RM	Buildings RM	Total RM
GROUP				
2011				
COST				
At 1 January 2011	15,205,655	7,015,668	26,807,811	49,029,134
Acquisition of subsidiary	-	8,968,200	6,303,805	15,272,005
Additions	-	-	34,940	34,940
Disposal	-	-	(1,008)	(1,008)
Written off	-	-	(1,400,000)	(1,400,000)
Transfer	-	-	1,301,533	1,301,533
At 31 December 2011	15,205,655	15,983,868	33,047,081	64,236,604
Representing items at:				
Cost	15,205,655	7,383,868	26,743,276	49,332,799
Valuation	-	8,600,000	6,303,805	14,903,805
	15,205,655	15,983,868	33,047,081	64,236,604
LESS: ACCUMULATED DEPRECIATION				
At 1 January 2011	4,055,829	-	7,869,463	11,925,292
Acquisition of subsidiary	-	-	366,843	366,843
Charge for the financial year	305,354	-	831,185	1,136,539
Disposal	-	-	(22)	(22)
Written off	-	-	(1,400,000)	(1,400,000)
At 31 December 2011	4,361,183	-	7,667,469	12,028,652

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Analysis of land and buildings as follows: (cont'd)

	Leasehold land RM	Freehold land RM	Buildings RM	Total RM
GROUP (cont'd)				
2011				
Representing items at:				
Cost	4,361,183	-	7,237,588	11,598,771
Valuation	-	-	429,881	429,881
	4,361,183	-	7,667,469	12,028,652
CARRYING AMOUNTS				
At 31 December 2011				
At cost	10,844,472	7,383,868	19,505,688	37,734,028
At valuation	-	8,600,000	5,873,924	14,473,924
	10,844,472	15,983,868	25,379,612	52,207,952
2010				
COST				
As previously stated	-	7,014,408	26,797,245	33,811,653
Effects of adopting the Amendments to FRS 117	15,205,655	-	-	15,205,655
As restated	15,205,655	7,014,408	26,797,245	49,017,308
Additions	-	-	11,826	11,826
At 31 December 2010	15,205,655	7,014,408	26,809,071	49,029,134
LESS: ACCUMULATED DEPRECIATION				
As previously stated	-	-	7,114,714	7,114,714
Effects of adopting the Amendments to FRS 117	3,750,476	-	-	3,750,476
As restated	3,750,476	-	7,114,714	10,865,190
Charge for the financial year	305,355	-	754,747	1,060,102
At 31 December 2010	4,055,831	-	7,869,461	11,925,292
CARRYING AMOUNTS				
At 31 December 2010	11,149,824	7,014,408	18,939,610	37,103,842

Notes To The Financial Statements

31 DECEMBER 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Analysis of land and buildings as follows: (cont'd)

- (i) Certain landed properties with carrying amounts totalling RM6,594,758 (2010: RM6,594,758) have been pledged as securities for credit facilities granted to certain subsidiary companies.
- (ii) The issuance of title deeds of certain pieces of freehold and leasehold land of the subsidiary companies are pending from the relevant authorities as at 31 December 2011.

5. INVESTMENT PROPERTIES

	GROUP	
	2011 RM	2010 RM
At fair value:		
At 1 January	5,713,304	5,823,304
Additions	2,133,670	479,900
Disposals	(145,000)	(589,900)
At 31 December	7,701,974	5,713,304
Analysed as:		
Freehold land and buildings	5,091,974	3,103,304
Leasehold land and buildings	2,610,000	2,610,000
	7,701,974	5,713,304

Investment properties are state at fair value, which has been determined by Directors by reference to market evidence of transaction prices for similar properties.

As disclosed in Note 26, the rental income earned by the Group for the financial year ended 31 December 2011 from its investment properties amounted to RM208,380 (2010: RM182,300). Direct operating expenses (including repairs and maintenance) arising from investment properties that generate rental income and from investment properties that did not generate rental income are RM32,421 (2010: RM37,596) and RM13,452 (2010: RM11,377) respectively.

6. SUBSIDIARY COMPANIES

	COMPANY	
	2011 RM	2010 RM
Unquoted shares, at costs	43,743,927	43,743,927

Notes To The Financial Statements

31 DECEMBER 2011

6. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2011 %	2010 %	
Chuan Huat Hardware Holdings Sdn Bhd ("CHHH")	Malaysia	100.0	100.0	Investment holding
Chuan Huat Hardware (Sdn) Berhad ("CHHH")	Malaysia	100.0	100.0	Hardware merchants, suppliers of steel and iron products, building and construction materials of all kinds importers and exporters, marketing and holding of securities for investments

Subsidiary companies of CHHH

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2011 %	2010 %	
Disccomp Berhad ("Disccomp")	Malaysia	# 63.9	# 63.9	Distribution of printing consumables and computers accessories and investment holding
Bars & Mesh Industries Sdn Bhd	Malaysia	#100.0	#100.0	Trading of steel wire products
CH Reinforcing Steel (M) Sdn Bhd	Malaysia	#100.0	#100.0	Processing and trading of steel wire products
CH Rebar Sdn Bhd	Malaysia	#100.0	#100.0	Cutting and bending of steel bars
CHRB Properties Sdn Bhd	Malaysia	#100.0	#100.0	Trading in properties
CH Samawira Mesh Sdn Bhd (formerly known as Sama Wira Mulpha Industries Sdn Bhd)	Malaysia	#100.0	-	Manufacture and sale of welded wire mesh and hard drawn steel wires

Notes To The Financial Statements

31 DECEMBER 2011

6. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows: (cont'd)

Subsidiary companies of Discomp

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2011 %	2010 %	
SC-PNP Edaran Sdn Bhd	Malaysia	#100.0	#100.0	Retailers and suppliers of computer hardware, software, accessories and services
Pineapple Office Supplies Sdn Bhd (formerly known as SC Multimedia Product Sdn Bhd)	Malaysia	#100.0	#100.0	Ceased operation
Pineapple Computer System Sdn Bhd	Malaysia	#92.2	#92.2	Retailing in computer related accessories
Esy Ink Technology Sdn Bhd	Malaysia	#100.0	#100.0	Dormant
Pineapple Computer Utara Sdn Bhd	Malaysia	# 51.0	# 51.0	Retailing and distribution of full range of computer peripherals and accessories
Pineapple Computers & Accessories Sdn Bhd	Malaysia	#100.0	#100.0	Retailing in computers and related accessories
Pine System Technology Sdn Bhd	Malaysia	# 51.0	# 51.0	Dealers of computer hardware, software and related products
AGVA Marketing Malaysia Sdn Bhd	Malaysia	#100.0	-	Trading of multimedia storage products

Subsidiary companies of CHH

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2011 %	2010 %	
Chuan Huat Industrial Marketing Sdn Bhd	Malaysia	#100.0	#100.0	Trading as hardware merchant, retailers, importers and exporters and suppliers of building and construction materials of all kinds
CHRB Selatan Sdn Bhd	Malaysia	#100.0	#100.0	Hardware merchants, retailers and suppliers of building and construction materials of all kinds
CHRB Utara Sdn Bhd	Malaysia	#100.0	#100.0	Trading in building materials
CHRB Corporation Sdn Bhd ("CHRB Corp")	Malaysia	#100.0	#100.0	Investment holding

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6. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows: (cont'd)

Subsidiary companies of CHH (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2011 %	2010 %	
CHRB Bahan Binaan Sdn Bhd	Malaysia	#100.0	#100.0	Trading in building materials
Chuan Huat Metal Sdn Bhd	Malaysia	# 80.0	# 80.0	Trading in building materials
CHRB Building Materials Sdn Bhd	Malaysia	# 60.0	# 60.0	Trading in building materials

Subsidiary companies of CHRB CORP

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2011 %	2010 %	
CHRB Timuran Sdn Bhd	Malaysia	#100.0	#100.0	Dealing and marketing in building materials
Pemasaran Esysence Sdn Bhd	Malaysia	#100.0	#100.0	Supply and installation of welded fencing
Keyline Consulting Sdn Bhd	Malaysia	# 70.0	# 70.0	Trading and retailing of ironmongery products and architectural hardware

7. INVESTMENT SECURITIES

Non-current

Available-for-sale financial assets

Unquoted shares, at cost

Disposals

Accumulated impairment loss

Investment written off

Reclassification

Quoted shares in Malaysia, at cost

Additions

Accumulated impairment loss

Reclassification

GROUP	
2011 RM	2010 RM
3,270,001	3,275,000
(2,700,000)	-
(570,000)	(570,000)
-	(4,999)
4,700	-
4,701	2,700,001
18,000	18,000
3,708,717	-
(13,300)	(13,300)
(4,700)	-
3,708,717	4,700

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7. INVESTMENT SECURITIES (cont'd)

	2011 RM	GROUP 2010 RM
Club membership, at cost	125,489	125,489
Total investment securities	3,838,907	2,830,190
Market value of: - quoted shares	2,655,296	5,100

Certain quoted investment had been reclassified to unquoted investment due to delisting of such securities on 23 August 2011.

8. GOODWILL

	2011 RM	GROUP 2010 RM
At beginning and end of the financial year	776,606	776,606

Goodwill acquired in business combination is allocated, at acquisition, to cash-generating units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the steel operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 5 years based on estimated growth rate of 8% per annum. The discount rate used is 6.55% per annum.

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9. INVENTORIES

	2011 RM	GROUP 2010 RM
At cost:		
Raw materials	4,253,147	2,849,633
Finished goods	70,870,951	59,737,388
Work-in-progress	3,840,056	2,906,019
Consumables	114,395	66,782
Properties under construction	363,446	-
Completed properties	13,215,564	12,113,218
Goods in transit	580,869	26,660
	93,238,428	77,699,700
Allowance for inventories obsolescence - finished goods	(79,906)	(199,114)
	93,158,522	77,500,586

As at 31 December 2011, the strata titles of the completed properties have not been registered in the name of the subsidiary company.

A completed property with carrying value amounted to RM6,594,758 (2010: RM6,594,758) has been pledged to a licensed bank for credit facilities granted to a subsidiary company.

10. TRADE RECEIVABLES

	2011 RM	GROUP 2010 RM
Trade receivables	209,866,260	160,367,328
Allowance for impairment losses	(23,270,291)	(22,555,455)
	186,595,969	137,811,873

Trade receivables are non-interest bearing and are generally on 7 days to 90 days. (2010: 7 days to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM	GROUP 2010 RM
Neither past due nor impaired	140,503,243	102,269,760
1 to 90 days past due not impaired	37,331,366	31,143,684
91 to 180 days past due not impaired	5,400,510	1,815,931
More than 180 days past due not impaired	3,360,850	2,582,498
	46,092,726	35,542,113
Impaired	23,270,291	22,555,455
	209,866,260	160,367,328

Notes To The Financial Statements

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10. TRADE RECEIVABLES (cont'd)

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to RM46,092,727 (2010: RM35,542,113) that are past due at the reporting date but not impaired. The remaining balance of receivables that are past due but not impaired are unsecured in nature.

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2011 RM	GROUP 2010 RM
At 1 January	22,555,455	23,229,147
Charge for the financial year	2,631,488	1,917,109
Reversal of impairment losses	(2,501,383)	(2,494,090)
Acquisition of subsidiary company	584,731	-
Written off	-	(96,711)
At 31 December	23,270,291	22,555,455

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	18,875,754	59,468,546	-	-
Deposits	813,441	530,790	1,000	1,000
Prepayments	2,184,598	2,531,016	6,952	270,110
	21,873,793	62,530,352	7,952	271,110

Included in other receivables are deposits amounting to RM17.2 million (2010: RM55.8 million) paid to a supplier to secure the supply of finished goods.

12. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies which arose mainly from inter-company transactions, advances and payments made on behalf is unsecured, interest free and is repayable in cash on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

The deposits of the Group carry interest rates ranging from 2.75% to 3.30% (2010: 2.15% to 3.20%) per annum and have maturity periods range from 30 days to 365 days (2010: 7 days to 365 days).

The Group's fixed deposits with carrying value of RM4,617,403 (2010: RM943,795) have been pledged to licensed banks for banking facilities granted to the subsidiary companies.

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14. SHARE CAPITAL

	GROUP		COMPANY	
	Amount 2011 RM	Number of shares 2010	Amount 2011 RM	Number of shares 2010
Authorised: Ordinary shares of RM0.50 each				
At 1 January	500,000,000	1,000,000,000	100,000,000	200,000,000
Increase during the financial year	-	-	400,000,000	800,000,000
At 31 December	500,000,000	1,000,000,000	500,000,000	1,000,000,000

	GROUP		COMPANY	
	Amount 2011 RM	Number of shares 2010	Amount 2011 RM	Number of shares 2010
Issued and fully paid: Ordinary shares of RM0.50 each				
At 1 January	83,578,133	167,156,266	62,683,600	125,367,200
Issued during the financial year - Bonus issue 1 : 3	-	-	20,894,533	41,789,066
At 31 December	83,578,133	167,156,266	83,578,133	167,156,266

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

15. CAPITAL RESERVES

Details of capital reserves as at 31 December are as follows:

	GROUP	
	2011 RM	2010 RM
Accretion arising from change in equity interest in subsidiary companies	73,154	73,154
Capitalisation of bonus issue by subsidiary companies	21,849,999	21,849,999
	21,923,153	21,923,153

Notes To The Financial Statements

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16. WARRANTS RESERVE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Warrants reserve arising from:				
Public issue	835,781	-	835,781	-
Listing expenses	(270,227)	-	(270,227)	-
	565,554	-	565,554	-

The warrants reserve arose from the allocation of the proceeds received from the Public Issue by reference to the fair value of the warrants net of discount, amounting to RM0.02 sen per Warrant and net of listing expenses incurred in relation to listing exercise.

17. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the I08 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the I08 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the I08 balance. Accordingly, during the transitional period, the Company may utilise the credit in the I08 balance as at 31 December 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011 and 2010, the Company has sufficient credit in the I08 balance to pay franked dividends out of its entire retained earnings.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group for trade purchase range from 7 days to 90 days.

19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables	1,466,998	2,080,041	35,606	191,837
Accruals	8,768,633	3,422,322	147,640	236,050
	10,235,631	5,502,363	183,246	427,887

Included in accruals of the Group and of the Company is Directors' fee amounting to RM130,000 (2010: RM130,000) and RM130,000 (2010: RM130,000) respectively.

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20. LOANS AND BORROWINGS

	GROUP	
	2011 RM	2010 RM
Current		
Secured:		
Bank overdrafts	26,291,030	2,706,628
Bankers' acceptance	176,893,046	160,230,000
Finance lease liabilities (Note 21)	3,114,934	2,042,527
Term loans	280,817	322,192
	206,579,827	165,301,347
Non-current		
Secured:		
Finance lease liabilities (Note 21)	2,845,886	3,050,040
Term loans	1,077,030	718,774
	3,922,916	3,768,814
Bank overdrafts (Note 30(c))	26,291,030	2,706,628
Bankers' acceptance	176,893,046	160,230,000
Finance lease liabilities (Note 21)	5,960,820	5,092,567
Term loans	1,357,847	1,040,966
Total loans and borrowings	210,502,743	169,070,161

Maturity of loans and borrowings (excluding finance lease liabilities) as at reporting date are as follows:

	GROUP	
	2011 RM	2010 RM
Within one year	203,745,262	163,258,820
From one to two years	150,282	135,778
From two to five years	646,379	582,996
	204,541,923	163,977,594

The term loans are secured by way of legal charges over certain of the Group's landed properties and corporate guarantee provided by the Company (Note 34). The term loans carry interest rates ranging from 5.60% to 7.00% (2010: 5.90% to 8.05%) per annum.

The bank overdrafts carry interest rates ranging from 5.57% to 8.35% (2010: 6.50% to 8.05%) per annum.

The short term borrowings carry interest rates ranging from 2.96% to 4.70% (2010: 2.70% to 8.05%) per annum.

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21. FINANCE LEASE LIABILITIES

	2011 RM	GROUP 2010 RM
Minimum lease payments:		
- within one year	3,599,050	2,240,168
- between one and five years	3,092,574	3,495,274
	6,691,624	5,735,442
Finance charges	(730,804)	(642,875)
	5,960,820	5,092,567
Portion due within one year (Note 20)	(3,114,934)	(2,042,527)
	2,845,886	3,050,040
Non-current portion (Note 20)		

The present value of payments are repayable as follows:

	2011 RM	GROUP 2010 RM
Within one year	3,114,934	2,042,527
Between one and five years	2,845,886	3,050,040
	5,960,820	5,092,567

The finance lease liabilities carry interest rates ranging from 2.61% to 7.42% (2010: 2.43% to 7.69%) per annum.

22. DEFERRED TAX LIABILITIES

	2011 RM	GROUP 2010 RM
Deferred tax assets		
At 1 January	2,936,276	2,755,863
Net recognised in profit and loss (Note 27)	515,821	180,413
Acquisition of subsidiary companies	43,373	-
At 31 December	3,495,470	2,936,276

The Group's movements in deferred tax liabilities and assets during the financial year prior to offsetting comprise the following:

GROUP Deferred tax liabilities	Accelerated capital allowances RM
At 1 January 2010	(2,897,941)
Recognised in profit and loss	(180,413)
At 31 December 2010	(3,078,354)
Recognised in profit and loss	(515,821)
Acquisition of subsidiary companies	(43,373)
At 31 December 2011	(3,637,548)

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22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2010	129,236	12,842	142,078
Recognised in profit and loss	-	-	-
At 31 December 2010	129,236	12,842	142,078
Recognised in profit and loss	-	-	-
At 31 December 2011	129,236	12,842	142,078
			RM
At 31 December 2011			(515,821)
Net recognised in profit and loss			
			(3,495,470)
Net deferred tax liabilities			
At 31 December 2010			(180,413)
Net recognised in profit and loss			
			(2,936,276)
Net deferred tax liabilities			
		GROUP	
	2011 RM	2010 RM	
Deferred tax assets not accounted for:			
- Unutilised tax losses	248,152	1,098,003	
- Unabsorbed capital allowances	1,473,270	233,890	
	1,721,422	1,331,893	
The tax effect on deferred tax assets not accounted for	430,356	332,973	

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

23. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods	641,858,095	551,282,057	-	-
Rental income	912,751	300,600	-	-
Dividend income from a subsidiary company	-	-	7,974,500	11,966,724
Management fees from a subsidiary company	-	-	360,000	360,000
	642,770,846	551,582,657	8,334,500	12,326,724

Notes To The Financial Statements

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24. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, wages and bonus	16,022,207	15,728,746	-	-
Defined contribution plans	1,774,819	1,458,934	-	-
Other benefits	2,126,236	1,898,759	168,500	155,000
	19,923,262	19,086,439	168,500	155,000

Included in employee benefits expenses of the Group and of the Company are Directors' remuneration as disclosed in Note 26(b).

25. FINANCE COSTS

	GROUP	
	2011 RM	2010 RM
Interest expenses on:		
- bankers' acceptance	7,036,152	5,941,959
- bank overdrafts	626,547	97,655
- term loans	63,038	122,153
- finance lease liabilities	493,332	211,967
- others	554	2,314
	8,219,623	6,376,048

26. PROFIT BEFORE TAX FROM OPERATIONS

(a) Profit before tax from operations is arrived at:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
After charging:				
Auditors' remuneration:				
- current year	107,187	101,000	8,800	8,800
- prior year	-	10,371	-	1,600
Depreciation of property, plant and equipment	5,738,521	4,698,728	-	-
Directors' remuneration (Note 26(b))	1,482,994	2,068,804	168,500	155,000
Rental of premises	912,624	750,819	-	-
Rental of credit card machine	7,920	-	-	-
Bad debts written off	19,313	215,872	-	-
Property, plant and equipment written off	2,832	29,342	-	-
Impairment losses on:				
- property, plant and equipment	54,000	54,000	-	-
- trade receivables	2,348,976	1,917,109	-	-
Inventories written off	-	73,218	-	-
Investment written off	-	4,999	-	-
Management fee	166,000	-	-	-
Allowance for inventories obsolescence	77,657	196,865	-	-

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26. PROFIT BEFORE TAX FROM OPERATIONS (cont'd)

(a) Profit before tax from operations is arrived at:(cont'd)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
And crediting:				
Rental income from:				
- sublease receipts (Note 5)	208,380	182,300	-	-
- others	1,199,663	984,106	-	-
Gross dividend income from subsidiary companies	-	-	7,974,500	11,966,724
Interest income from:				
- fixed deposits	141,212	20,864	11,260	-
- repo	172,613	90,631	-	-
- others	922,359	758,826	-	-
Gain on disposal of:				
- property, plant and equipment	191,597	195,242	-	-
- investment property	33,000	37,100	-	-
- quoted investment	-	373	-	-
- unquoted investment	2,970,000	-	-	-
Management fee from:				
- subsidiary company	-	-	360,000	360,000
- others	39,600	-	-	-
Reversal of impairment losses on trade receivables	2,501,383	2,494,090	-	-
Gain on foreign exchange -realised	12,888	18,127	-	-

(b) The aggregate amount of remuneration receivable by Directors of the Group and the Company during the financial year were categorised as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive Directors:				
Salaries and other emoluments	1,137,478	1,700,928	-	-
Fees	45,000	60,000	45,000	45,000
Defined contributions plans	129,016	149,876	-	-
Non-executive Directors:				
Fees	171,500	158,000	123,500	110,000
	1,482,994	2,068,804	168,500	155,000

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27. TAX EXPENSES

The major components of the income tax expense for the years ended 31 December 2011 and 2010 are:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Statements of comprehensive income:				
Current tax:				
-current year	5,518,089	5,632,322	442,570	2,223,182
-prior years	(44,878)	(230,024)	-	-
	5,473,211	5,402,298	442,570	2,223,182
Deferred tax liabilities (Note 22):				
- origination and reversal of temporary differences	515,821	180,413	-	-
	5,989,032	5,582,711	442,570	2,223,182

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax from operations	24,062,801	21,293,297	8,041,084	11,808,958

	GROUP		COMPANY	
	2011 %	2010 %	2011 %	2010 %
Applicable tax rate	25	25	25	25
Expenses not deductible for tax purposes	6	8	-	1
Income not subject to tax	-	-	(20)	(7)
Utilisation of unabsorbed capital allowances and tax losses	(6)	(6)	-	-
Prior years	-	(1)	-	-
Change in unrecognised temporary differences	-	-	-	-
Average effective tax rate	25	26	5	19

Domestic income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2010 has reflected these changes.

The Company has an estimated tax exempt account amounting to RM359,000 (2010: RM359,000) available for the distribution of tax exempt dividends. These amounts are subject to agreement with the tax authority.

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28. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2011 RM	2010 RM
Profit for the financial year attributable to owners of the Company (RM)	16,778,452	14,622,419
Weighted average number of ordinary shares (basic)	167,156,266	167,156,266
Effect of warrant issue	41,789,066	-
Weighted average number of ordinary shares (diluted)	208,845,332	167,156,266
Basic earnings per share (sen)	10.04	8.75
Dilluted earnings per share (sen)	8.03	8.75

29. DIVIDENDS

	GROUP AND COMPANY	
	2011 RM	2010 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final dividend for 2010: 2.0 sen (2009: 2.0 sen) per ordinary share, less income tax at 25%	2,507,338	1,880,508
- Interim dividend for 2010: 1.5 sen (2009: 1.5 sen) per ordinary share, less income tax at 25%	1,880,499	1,410,381
	4,387,837	3,290,889

30. STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items, interests and dividends

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Bad debts written off	19,313	215,872	-	-
Depreciation of property, plant and equipment	5,738,521	4,698,728	180	-
Dividend income	-	-	(7,974,500)	(11,966,724)
Interest income	(1,236,184)	(870,321)	(11,260)	-
Interest expenses	8,219,623	6,376,048	-	-
Property, plant and equipment written off	2,832	29,342	-	-

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30. STATEMENTS OF CASH FLOWS (cont'd)

(a) Adjustments for non-cash items, interests and dividends (cont'd)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Reversal of impairment losses on trade receivables	(2,501,383)	(2,494,090)	-	-
Allowance for inventories obsolescence	77,657	196,865	-	-
Impairment losses on:				
- trade receivables	2,631,488	1,917,109	-	-
- property, plant and equipment	54,000	54,000	-	-
Gain on disposal of:				
- property, plant and equipment	(191,597)	(195,242)	-	-
- quoted investment	-	(373)	-	-
- unquoted investment	(2,970,000)	-	-	-
- investment property	(33,000)	(37,100)	-	-
Negative goodwill	(1,352,488)	-	-	-
Investment written off	-	4,999	-	-
Inventories written off	-	73,218	-	-
	8,458,782	9,969,055	(7,985,580)	(11,966,724)

(b) Purchase of property, plant and equipment

	GROUP	
	2011 RM	2010 RM
Aggregate cost	5,424,240	6,080,540
Acquired by means of finance leases	(2,159,294)	(2,448,696)
Cash payments made to purchase property, plant and equipment	3,264,946	3,631,844

(c) Cash and cash equivalents at end of the financial year

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits with licensed banks	5,739,810	9,443,795	-	-
Cash and bank balances	17,388,697	9,528,659	5,134,429	176,273
Bank overdrafts (Note 20)	(26,291,030)	(2,706,628)	-	-
	(3,162,523)	16,265,826	5,134,429	176,273
Fixed deposits pledged (Note 13)	(4,617,403)	(943,795)	-	-
	(7,779,926)	15,322,031	5,134,429	176,273

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31. RELATED PARTY TRANSACTIONS

The related parties of the Group and of the Company comprise the following:

- related parties being companies in which Directors of the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.
- key management personnel includes the Company's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Executive and Non-Executive Directors compensation is disclosed in Note 25(b).

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place at terms agreed between the parties during the financial year:

(a) Sale of goods

	GROUP	
	2011 RM	2010 RM
Related party:		
- Ahmad Zaki Sdn Bhd	34,365,690	18,444,564

(b) Purchase of goods

	GROUP	
	2011 RM	2010 RM
Related party:		
- Amalgamated Industrial Steel Berhad	794,000	-

(c) Others

	COMPANY	
	2011 RM	2010 RM
Dividend income received from a subsidiary company:		
- Chuan Huat Hardware (Sdn) Berhad	6,374,500	11,966,724
- Chuan Huat Hardware Holdings Sdn Bhd	1,600,000	-
Management fees received from a subsidiary company:		
- Chuan Huat Hardware (Sdn) Berhad	360,000	360,000

Ahmad Zaki Sdn Bhd is 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, the Company has indirect interest through Chuan Huat Hardware Holdings Sdn Bhd, a wholly owned subsidiary company of the Company.

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 not more favourable than those arranged with independent third parties.

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32. CAPITAL MANAGEMENT

The Group's primary objective in managing its capital is to maximise the Group's value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. The Group targets a capital structure of an optimal mix of debt and equity in order to achieve an efficient cost of capital vis-à-vis maintaining financial flexibility for its business requirement and investing for future growth. The Group regularly reviews and manages its capital structure in accordance to the changes in economic conditions, its business plans and future.

The Group uses the debt to equity ratio, which is total debt dividend by total equity attributable to equity holders of the Company, as the key measurement for its capital structure management. The debt-to-equity ratio as at 31 December 2011 and 2010 were as follows:

	GROUP	
	2011 RM	2010 RM
Total loans and borrowings (Note 20)	210,502,743	169,070,161
Less: Cash and cash equivalents (Note 30(c))	7,779,926	(15,322,031)
Net debt	218,282,669	153,748,130
Total equity	165,040,724	150,709,238
Debt-to-equity ratio	1.32	1.02

The Group did not breach any gearing requirements during the financial years ended 31 December 2011 and 31 December 2010.

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the years ended 31 December 2011 and 31 December 2010.

33. CAPITAL COMMITMENT

The Group has the following commitments:

	GROUP	
	2011 RM	2010 RM
Capital expenditure for property, plant and equipment - approved but not contracted for	2,619,864	878,570

Notes To The Financial Statements

31 DECEMBER 2011

34. CONTINGENT LIABILITIES

	2011 RM	GROUP 2010 RM
Unsecured:		
Guarantees in respect of banking facilities granted to subsidiary companies	236,322,000	191,423,000
Corporate guarantees given to suppliers for supply of goods to subsidiary companies	36,900,000	18,000,000
	<u>273,222,000</u>	<u>209,423,000</u>

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The hardware and building materials segment is a hardware merchant supplier of steel and iron products, building and construction materials of all kinds.
- (ii) The technology related products segment includes distribution of printing consumables and retailers and suppliers of computer hardware, software accessories and related services.
- (iii) The property segment is in the business of trading and leasing out residential and commercial properties.
- (iv) The corporate segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director and the Financial Controller. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director and the Financial Controller. Hence no disclosure is made on segment liability.

Notes To The Financial Statements

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35. SEGMENT INFORMATION (cont'd)

	Hardware and building materials RM	Technology related products RM	Property RM	Corporate RM	Eliminations RM	Consolidated RM	Notes
2011							
REVENUE							
External customers	588,553,888	53,304,207	619,465	293,286	-	642,770,846	
Inter-segment	170,008,487	29,130,084	36,000	853,200	(200,027,771)	-	A
Total revenue	758,562,375	82,434,291	655,465	1,146,486	(200,027,771)	642,770,846	
RESULTS							
Interest income	1,106,115	148,741	38	11,260	(29,970)	1,236,184	
Dividend income	6,054,622	1,525,000	-	-	(7,579,622)	-	
Depreciation	1,365,211	357,826	277	4,015,207	-	5,738,521	
Impairment of non-financial assets	-	-	-	54,000	-	54,000	
Other non-cash expenses	2,832	-	-	-	-	2,832	B
Segment profit/(loss)	19,416,057	2,237,251	427,111	1,982,382	-	24,062,801	C
ASSETS							
Additions to non-current assets	6,329,211	579,885	-	632,719	-	7,541,815	D
Segment assets	398,667,339	33,745,035	13,729,002	182,253,210	(211,723,209)	416,671,377	E
2010							
REVENUE							
External customers	502,755,231	44,525,620	4,023,420	278,386	-	551,582,657	
Inter-segment	166,227,815	19,684,945	-	1,429,200	(187,341,960)	-	A
Total revenue	668,983,046	64,210,565	4,023,420	1,707,586	(187,341,960)	551,582,657	
RESULTS							
Interest income	876,473	87,005	-	-	(93,157)	870,321	
Dividend income	9,500,000	1,000,000	-	-	(10,500,000)	-	
Depreciation	3,793,880	373,451	276	531,121	-	4,698,728	
Impairment of non-financial assets	54,000	-	-	-	-	54,000	
Other non-cash expenses	29,000	73,218	342	-	-	102,560	B
Segment profit/(loss)	25,213,244	1,765,903	1,409,248	(1,587,057)	(5,508,041)	21,293,297	C
ASSETS							
Additions to non-current assets	4,540,366	338,561	-	1,201,613	-	6,080,540	D
Segment assets	318,844,321	27,403,810	16,385,256	43,833,691	(38,839,911)	367,627,167	E

Notes To The Financial Statements

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35. SEGMENT INFORMATION (cont'd)

Notes : Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	NOTE	2011 RM	2010 RM
Property plant and equipment written off	26	2,832	29,342
Inventories written off	26	-	73,218
		<u>2,832</u>	<u>102,560</u>

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from operations" presented in the consolidated statement of comprehensive income:

	NOTE	2011 RM	2010 RM
Finance costs	25	<u>(8,219,623)</u>	<u>(6,376,048)</u>

D Additions to non-current assets consist of:

	NOTE	2011 RM	2010 RM
Property, plant and equipment	4	5,408,145	6,080,540
Investment properties	5	2,133,670	-
		<u>7,541,815</u>	<u>6,080,540</u>

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	NOTE	2011 RM	2010 RM
Goodwill	8	<u>776,606</u>	<u>776,606</u>

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

Notes To The Financial Statements

31 DECEMBER 2011

36. ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year, the Group had on:

- (a) 19 July 2011, Chuan Huat Hardware Holdings Sdn Bhd, a subsidiary of the Company, completed the acquisition of 10,000,000 ordinary shares of RM10,000,000 each in CH Samawira Mesh Sdn Bhd (formerly known as Sama Wira Mulpha Industries Sdn Bhd), which represents 100% of the issued and paid-up share capital of Sama Wira Mulpha Industries Sdn Bhd at par.
- (b) 22 December 2011, Disccomp Berhad, a subsidiary company of the Group, completed the acquisition of 1,000,000 ordinary shares of RM1,000,000 each in AGVA Marketing Malaysia Sdn Bhd, which represents 100% of the issued and paid-up share capital of AGVA Marketing Malaysia Sdn Bhd at par.
- (i) Details of net assets acquired at the date of acquisition are as follows:

	GROUP 2011 RM
Property, plant and equipment	(19,367,149)
Inventories	(9,134,886)
Receivables	(15,096,797)
Fixed deposits with licensed banks	(4,774,983)
Cash and bank balances	(1,066,121)
Payables	4,665,096
Loans and borrowings	16,496,432
Deferred tax liabilities	43,373
Net assets acquired	(28,235,035)
Negative goodwill	1,352,488
Purchase consideration	(26,882,547)
Cash and bank balances acquired	5,841,104
Net cash outflow from acquisition of subsidiary companies	(21,041,443)

- (ii) The effects of the acquisition of subsidiary companies on the financial results of the Group during the financial year were as follows:

	GROUP 2011 RM
Revenue	30,278,850
Other operating income	684,836
Change in inventories	(3,903,429)
Purchase of merchandise	(21,942,992)
Depreciation of property, plant and equipment	(495,709)
Employee benefits expenses	(1,554,098)
Finance costs	(564,057)
Other operating expenses	(2,048,658)
Profit before tax	454,743
Tax expense	(159,550)
Net profit for the financial year	295,193

Notes To The Financial Statements

31 DECEMBER 2011

36. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

- (ii) The effects of the acquisition of subsidiary companies on the financial position of the Group at the end of the financial year were as follows:

	GROUP 2011 RM
Property, plant and equipment	19,445,917
Inventories	5,921,590
Receivables	16,900,037
Fixed deposits with licensed banks	999,399
Cash and bank balances	10,960,017
Payables	(18,307,214)
Deferred tax liabilities	(90,901)
Increase in Group's net assets	35,828,845

37. CORPORATE INFORMATION

- (a) The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.
- (b) The registered office and principal place of business of the Company are both located at Wisma Lim Kim Chuan, Lot 50A, Jalan 1/89B, 3½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur.
- (c) The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiary companies are shown in Note 6 to the financial statements.
- (d) The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2012.

38. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group and the Company are exposed to financial risk from operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, market price risk and liquidity risk.

The Board of Directors reviews and agree policies and procedures for the management of these risks, which are executed by the Executive Directors and the Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

Notes To The Financial Statements

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38. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities where the currency denomination differs from the local currency, Ringgit Malaysia (RM). Exposures to foreign currency risks are monitored on an ongoing basis and the Group does not hedge its foreign currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their borrowings. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2010: less than 6 months) from the reporting date. Under the current interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's profit or loss. Accordingly, no sensitivity analysis is prepared.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and the Company's exposure to credit risk arises primarily from loans and advances to subsidiary companies and financial guarantees given. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies. As at end of the reporting date, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly. As at the end of the reporting date, the maximum exposure to credit risk is represented by its carrying amounts in the statements of financial position.

As at the end of the reporting date, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiary companies. Nevertheless, these advances have been overdue for less than a year.

Notes To The Financial Statements

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38. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Determination of fair values

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximated their fair values except as set out below:

GROUP	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM
Financial asset				
Available-for-sale financial assets	3,708,717	2,655,296	4,700	5,100*
Financial liability				
Borrowings				
- Finance lease liabilities	5,956,736	5,951,185		
- Term loans	1,357,847	1,077,696		

* Market value as at financial year end

No disclosure is made for unquoted shares because of the lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Deposits, cash and bank balances

The carrying amounts of cash and cash equivalents approximate fair values due to the relatively short term maturity of these instruments.

(b) Quoted equity instrument

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting date or estimated by discounting expected future cash flows at estimated average cost of borrowing rate.

Notes To The Financial Statements

31 DECEMBER 2011

38. FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values (cont'd)

(a) Financial instruments carried at amortised cost (cont'd)

(c) Trade and other receivables and payables

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate their fair values. The carrying amounts of other receivables and payables is reasonable approximation of fair values due to their short-term nature.

(d) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting. The carrying amount of long term floating rate loans approximates their fair value as the loans will be repriced to market interest rate on or near reporting date.

The fair values of current loans and borrowings is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(e) Amounts due from subsidiary companies

The carrying amounts of the amounts due from subsidiary companies is a reasonable approximation of fair values due to its short maturity.

(b) Financial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements if financial position as at 31 December 2011 are as follows:

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (c) Level 3: Inputs for the asset or liability that are not based on observable market data (unabsorbed inputs).

The Group do not have any financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 December 2011.

39. SIGNIFICANT EVENTS

- (a) On 12 January 2011, the Company has renounceable right issue of 41,780,066 five (5) year warrants 2011/2016 in the Company on the basis of one (1) warrant for every four (4) existing ordinary shares of RM0.50 at an issue price of RM0.02 per warrant.
- (b) On 21 April 2011, Chuan Huat Hardware Holdings Sdn Bhd, a wholly-owned subsidiary, had entered into a conditional agreement to acquire the entire equity interest in Sama Wira Mulpha Industries Sdn Bhd for a total cash consideration of RM26 million.

Notes To The Financial Statements

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40. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group and the Company as at 31 December 2011, into realised and unrealised profits, pursuant to directive, is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained earnings:				
- Realised	49,080,319	36,136,766	8,243,701	5,033,024
- Unrealised	(3,197,693)	(2,644,755)	-	-
	45,882,626	33,492,011	8,243,701	5,033,024
Consolidation adjustments	(300,000)	(300,000)	-	-
	45,582,626	33,192,011	8,243,701	5,033,024
Retained earnings as per statements of financial positions				
	45,582,626	33,192,011	8,243,701	5,033,024

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Statement of Shareholdings

As At 4 May 2012

Authorised Share Capital	:	RM500,000,000.00 divided into 1,000,000,000 shares of 50 sen each
Issued and Paid-Up Capital	:	RM 83,578,133.00 divided into 167,156,266 shares of 50 sen each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	On show of hands - one (1) vote On a poll - one (1) vote for each share held

ANALYSIS OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less Than 100	75	3.20	2,781	0.00
100 - 1,000	53	2.26	25,232	0.02
1,001 - 10,000	1,477	63.07	7,252,767	4.34
10,001 - 100,000	656	28.01	18,715,015	11.20
100,001 - Less Than 5% Of Issue Share	75	3.20	49,656,305	29.70
5% And Above Of Issued Share	6	0.26	91,504,166	54.74
Total	2,342	100.00	167,156,266	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Lim Khoon Heng	17,801,186	10.64	25,773,579(^)	15.42
Dato' Lim Loong Heng	17,801,182	10.64	25,773,579(^)	15.42
Datin Cheong Yoke Ha	17,801,182	10.64	-	-
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	14,318,067	8.56	-	-
Hew Kwee Won	13,775,958	8.24	-	-
Lim Kim Chuan & Sons Holdings Sdn Bhd	11,997,621	7.18	-	-
Nik Awang @ Wan Azmi Bin Wah Hamzah	10,671,216	6.38	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
DDato' Lim Khoon Heng	17,801,186	10.64	25,773,579(^)	15.42
Dato' Lim Loong Heng	17,801,182	10.64	25,773,579(^)	15.42
Nicholas Lim Kean Hoong	-	-	-	-
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	14,318,067	8.56	-	-
Dali Kumar @ Dali Bin Sardar	-	-	-	-
Tai Keat Chai	-	-	-	-
Leow Bock Lim	-	-	-	-

Note: ^ Deemed interest by virtue of their interests in Lim Kim Chuan & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of their mother's Hew Kwee Won shareholding in Chuan Huat Resources Berhad.

Statement of Shareholdings

As At 4 May 2012

LIST OF 30 LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	LIM KHOON HENG	17,801,186	10.65
2	CHEONG YOKE HA	17,801,182	10.65
3	LIM LOONG HENG	17,801,182	10.65
4	WAN ZAKI BIN WAN MUDA	14,318,067	8.57
5	HEW KWEE WON	13,775,958	8.24
6	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	10,006,591	5.99
7	CHONG MOAN LAM @ CHEONG MOON LAM	7,856,639	4.70
8	W MOHAMED @ NIK AZAM BIN WAN HAMZAH	7,024,917	4.20
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @ WAN AZMI BIN WAN HAMZAH	6,671,216	3.99
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @ WAN AZMI BIN WAN HAMZAH (E-KPG/JRL)	4,000,000	2.39
11	AU WENG KEONG	1,958,493	1.17
12	EMINENT OASIS SDN. BHD.	1,866,666	1.12
13	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	1,804,364	1.08
14	KHONG CHOOK CHONG	1,644,000	0.98
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	1,091,933	0.65
16	ANG ENG THAI	761,133	0.46
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOAY EAN CHIM (IMO/TAS)	605,700	0.36
18	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG YONG LAI	570,000	0.34
19	CHOO WENG WAH	560,000	0.34
20	KHONG OW CHONG	500,066	0.30
21	LEE KOING @ LEE KIM SIN	481,500	0.29
22	NG CHIN CHONG	479,000	0.29
23	LEE KOK HIN	412,000	0.25
24	KONG SIAN CHIN	404,700	0.24
25	KHONG TSEE CHONG @ KHONG HOO CHONG	400,000	0.24
26	HENG YONG LAI	380,000	0.23
27	LOO WAN YONG	348,300	0.21
28	KOH HAN FOO	297,100	0.18
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG YONG LAI (E-IMO)	290,000	0.17
30	LEE CHEE LEONG	273,400	0.16
		132,185,293	79.08

Statement of Warrantholdings

As At 4 May 2012

Number of outstanding Warrants	:	41,789,066
Exercise period	:	7 January 2011 to 6 January 2016
Exercise price	:	RM0.50
Warrant entitlement	:	Each warrant entitles the holder during the exercise period to subscribe for one new ordinary share of RM0.50 each at the exercise price

ANALYSIS OF WARRANTHOLDERS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less Than 100	2	0.26	99	0.00
100 - 1,000	235	30.72	211,500	0.51
1,001 - 10,000	369	48.24	1,353,082	3.24
10,001 - 100,000	132	17.25	4,508,240	10.79
100,001 - Less Than 5% Of Issue Warrant	20	2.61	8,403,899	20.11
5% And Above Of Issued Warrant	7	0.92	27,312,246	65.35
Total	765	100.00	41,789,066	100.00

DIRECTORS' WARRANTHOLDINGS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Lim Khoon Heng	4,693,000	11.23	7,409,584 (^)	17.73
Dato' Lim Loong Heng	4,693,000	11.23	7,409,584 (^)	17.73
Nicholas Lim Kean Hoong	-	-	-	-
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	3,678,124	8.80	-	-
Dali Kumar @ Dali Bin Sardar	-	-	-	-
Tai Keat Chai	-	-	-	-
Leow Bock Lim	-	-	-	-

Note:

^ Deemed interest by virtue of their interests in Lim Kim Chuan & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of their mother's Hew Kwee Won shareholding in Chuan Huat Resources Berhad.

Statement of Warrantholdings

As At 4 May 2012

LIST OF 30 LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS HELD	%
1	CHEONG YOKE HA	4,693,000	11.23
2	LIM KHOON HENG	4,693,000	11.23
3	LIM LOONG HENG	4,693,000	11.23
4	WAN ZAKI BIN WAN MUDA	3,678,124	8.80
5	HEW KWEE WON	3,631,839	8.69
6	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	3,255,479	7.79
7	NIK AWANG @ WAN AZMI BIN WAN HAMZAH	2,667,804	6.38
8	W MOHAMED @ NIK AZAM BIN WAN HAMZAH	1,746,200	4.18
9	CHONG MOAN LAM @ CHEONG MOON LAM	1,372,500	3.28
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	863,200	2.07
11	ECML NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	718,400	1.72
12	AU WENG KEONG	484,700	1.16
13	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	475,600	1.14
14	EMINENT OASIS SDN. BHD.	466,666	1.12
15	KHONG CHOOK CHONG	410,000	0.98
16	ECML NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TIAM MING (008)	320,000	0.77
17	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	311,733	0.75
18	CHIAH SIEW LEAN	150,000	0.36
19	LIM ENG HOCK	150,000	0.36
20	NG SAI MAN	150,000	0.36
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN CHIN HOOI (MP0137)	132,000	0.32
22	KHONG OW CHONG	120,000	0.29
23	YEONG AH SUNG	119,100	0.29
24	KUAN MIN HUEY	105,500	0.25
25	TEH AH KAU @ TEH HUAN CHEW	104,500	0.25
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANGELINE CATHERINE GREENALL (REM 865-MARGIN)	102,700	0.25
27	TAN TING CHAI	101,100	0.24
28	DOONG AMOOI @ DOONG CHONG LIAN	100,000	0.24
29	ECML NOMINEES (TEMPATAN) SDN BHD CHEAH KWEE LIN (PCS)	100,000	0.24
30	LAU ENG @ LEOW EWE KAI	100,000	0.24
		36,016,145	86.19

List Of Top 10 Properties

As At 31.12.2011

No.	Location	Year of Acquisition	Description of Property/ Usage	Tenure / Approx. age of building	Land area/ Build up area (in sq. metre)	Net Book Value (RM)
1	Lot 513, Batu 7 1/4, Jalan Puchong, Selangor	1994	Industrial land with factory, warehouse & office	Freehold / 3	13,533 / 6,175	14,473,924
2	Lot 7401, PT 1888, Nilai Industrial Area, Phase II, 71800 Nilai	1997	Industrial land with factory cum office and canteen	Leasehold for 99 years expiring in 2091 / 17	28,420 / 12,600	10,558,645
3	Lot 10464, 5th Mile, Jalan Nenas, Off Jalan Bukit Kemuning, Kg Jawa, 41000 Klang	1998	Land with warehouse & store	Freehold / 8	40,646 / 13,397	9,409,399
4	Lot 120,121,122,123,124 & 175, Jalan Pudu, Kuala Lumpur, Wilayah Persekutuan	2005	6 lots of commercial land	Freehold / NA	1,422	4,788,465
5	Lot 1651, Nilai Industrial Area, Phase II, 71800 Nilai	1997	Industrial land with factory cum office	Leasehold for 99 years expiring in 2090 / 17	15,570 / 7,041	4,734,303
6	C43, Block C, Lot 1566, Nilai Industrial Area, 71800 Nilai	1998	Industrial land with factory cum office	Leasehold for 99 years expiring in 2089 / 22	16,820 / 2,358	3,163,215
7	19, Lorong Tiara 1B, Bandar Baru Klang, 41150 Klang	1999	4 storey shop office	Leasehold for 99 years expiring in 2093 / 18	307 / 1,228	2,200,000
8	Unit No.C-36-5E, Level 36, Type Duplex, Kiara 9, Mont Kiara	2008	1 unit duplex condominium	Freehold / 1	250	2,133,670
9	Lot 135, Jalan 1/89B, Kuala Lumpur, Wilayah Persekutuan	1997	Industrial land with warehouse & office	Leasehold for 42 years expiring in 2017 / 7	3,334 / 2,052	2,043,034
10	No.1, Jalan PJS 1/2A, Section 1, Bandar Pinggiran Subang, 40150 Shah Alam	2001	3 storey shop office	Leasehold for 99 years expiring in 2095 / 15	315 / 945	2,017,064

Recurrent Related Party Transactions Of A Revenue Or Trading Nature

At the Annual General Meeting held on 28 June 2011, the Company had obtained shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Group.

In accordance with paragraph 10.09(2)(b) of the Listing Requirements of Bursa Securities, the details of the recurrent related party transactions conducted during the financial year ended 31 December 2011 pursuant to the shareholders' mandate are disclosed as follows:

Recurrent Transactions involving trading in hardware, building materials and ironmongery products

	CHRB GROUP	NATURE OF TRANSACTIONS	AGGREGATE VALUE (RM'000)	INTERESTED RELATED PARTIES
1	CHIM	Sales of steel bars and building materials to AZSB	34,366	Dato' Sri Haji Wan Zaki Bin Haji Wan Muda is a director and has 100% direct and indirect interests in AZSB
		Sales of steel bars and building materials to AISB	-	Dato' Lim Khoon Heng and Dato' Lim Loong Heng has 7.03% indirect interest in AISB.
		Sales of steel bars and building materials to a. Keyline b. CHRB BM c. CHM	3,052 972 981	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest of these subsidiary companies. Dato' Lim Khoon Heng is also director of CHRB BM, Keyline and CHM. Nicholas Lim Kean Hoong is director of CHRB and was also the director of Keyline up till 2 April 2012.
2	CHH	Sales of steel bars and building materials a. CHM b. CHRB BM	1,192 551	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest of these subsidiary companies. Dato' Lim Khoon Heng is also director of CHRB BM and CHM.
		Sales of steel bars and building materials to AISB	-	Dato' Lim Khoon Heng and Dato' Lim Loong Heng has 7.03% indirect interest in AISB.
		Purchase of steel pipes from AISB	794	Dato' Lim Khoon Heng and Dato' Lim Loong Heng has 7.03% indirect interest in AISB.
3	CHRS	Sales of steel bars and building materials to CHM	1,291	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in CHM. Dato' Lim Khoon Heng is also director of CHM.

Recurrent Related Party Transactions Of A Revenue Or Trading Nature

	CHRB GROUP	NATURE OF TRANSACTIONS	AGGREGATE VALUE (RM'000)	INTERESTED RELATED PARTIES
4	Keyline	Sales of ironmongery products to a. CHRB Utara b. CHIM c. CHRB Selatan d. CHRB BM e. CHRB Timuran f. CHRB BB	75 1,429 116 566 166 -	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiary companies. Dato' Lim Khoon Heng is also director of Keyline and CHRB BM and Nicholas Lim Kean Hoong is director of CHRB and was also the director of Keyline up till 2 April 2012.
5	CHRB BM	Sales of steel bars and building materials to a. Esysence b. BMI	449 -	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiary companies
6	CHM	Sales of steel bars and building materials to a. CHRB BM b. CHRB Selatan c. CHH d. CHIM e. CHRB Timuran f. CHRB BB Purchase of building materials from a. Esysence b. BMI	397 - 48 10 2 181 - 170	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiary companies. Dato' Lim Khoon Heng is also director of CHM.

Abbreviations:

AISB	-	Amalgamated Industrial Steel Berhad
AZSB	-	Ahmad Zaki Sdn Bhd
BMI	-	Bars & Mesh Industries Sdn Bhd
CHH	-	Chuan Huat Hardware (Sdn) Berhad
CHIM	-	Chuan Huat Industrial Marketing Sdn Bhd
CHM	-	Chuan Huat Metal Sdn Bhd
CHRB BB	-	CHRB Bahan Binaan Sdn Bhd
CHRB BM	-	CHRB Building Materials Sdn Bhd
CHRB Selatan	-	CHRB Selatan Sdn Bhd
CHRB Timuran	-	CHRB Timuran Sdn Bhd
CHRB Utara	-	CHRB Utara Sdn Bhd
CHRS	-	CH Reinforcing Steel (M) Sdn Bhd
Esysence	-	Pemasaran Esysence Sdn Bhd
Keyline	-	Keyline Consulting Sdn Bhd

The shareholdings of the respective interested related parties as shown above are based on the information disclosed in the Circular to Shareholders dated 2 June 2011 in relation to the proposed shareholders' mandate for recurrent related party transactions.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of Chuan Huat Resources Berhad will be held at Bukit Jalil Golf & Country Resort, Langkawi Room, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 28 June 2012 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|--|--|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2. | To approve the payment of a First and Final Dividend of 3.5 sen gross per ordinary share less income tax at 25% for the financial year ended 31 December 2011. | Ordinary Resolution 2 |
| 3. | To approve the payment of Directors' Fees for the financial year ended 31 December 2011. | Ordinary Resolution 3 |
| 4. | To re-elect the following Directors who retire by rotation under the Article 63 of the Articles of Association :-
a) Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
b) Dato' Lim Loong Heng | Ordinary Resolution 4
Ordinary Resolution 5 |
| 5. | To re-appoint Messrs. Ong Boon Bah & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

- | | | |
|-----|--|------------------------------|
| 6. | To consider and if thought fit, to pass the following Resolutions : | |
| 6.1 | AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 ("THE ACT")

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, pursuant to Section 132D of the Act, the Directors be and are hereby authorised to issue and allot shares in the Company from time to time, upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." | Ordinary Resolution 7 |
| 6.2 | PROPOSED SHAREHOLDERS' MANDATE FOR RENEWAL OF EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company's subsidiaries to enter into recurrent transactions with the Related Parties of a revenue or trading nature as set out in Paragraph 3.2.2 of the Circular to shareholders dated 6 June 2012, which are necessary for its day-to-day operations and are in the ordinary course of business and are on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders of the Company for: | Ordinary Resolution 8 |

Notice Of Annual General Meeting

AS SPECIAL BUSINESS (cont'd)

6.2 PROPOSED SHAREHOLDERS' MANDATE FOR RENEWAL OF EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (cont'd)

- Recurrent related party transactions entered into by either of BMI, CHH, CHM, CHIM, CHRB BB, Esysence, CHRB Selatan, CHRB Utara, CHRB Timuran, CHRS, CHRB BM and Keyline with one another; and
- Recurrent related party transactions entered into by CHH with AISB.

AND THAT the approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which the ordinary resolution is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

6.3 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 9

"THAT subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company's subsidiary to enter into recurrent transactions with the Related Parties of a revenue or trading nature as set out in Paragraph 3.2.2 of the Circular to Shareholders dated 6 June 2012, which are necessary for its day-to-day operations and are in the ordinary course of business and are on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders of the Company for:

- Recurrent related party transactions entered into by CHIM with AZSB

AND THAT the approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which the ordinary resolution is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

Notice Of Annual General Meeting

AS SPECIAL BUSINESS (cont'd)

7. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (PROPOSED AMENDMENTS)

Special Resolution 1

"THAT the Proposed Amendments to the Articles of Association of the Company as set out in the Circular to Shareholders dated 6 June 2012 be and are hereby approved and adopted.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities."

8. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Eighteenth Annual General Meeting to be held on 28 June 2012, a First and Final Dividend of 3.5 sen gross per ordinary share less income tax at 25% in respect of the financial year ended 31 December 2011, will be paid on 23 August, 2012.

The entitlement date shall be fixed on 31 July 2012 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m on 31 July 2012 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

PAN KOW BAH (LS 0008906)

Secretary

Kuala Lumpur
6 June 2012

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or an officer duly authorised.
2. Where a member of the Company is an authorised nominee as defined under the Central Depository Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member appoints more than one (1) proxy (subject to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. To be valid, this proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Lim Kim Chuan, Lot 50A, Jalan 1/89B, 3½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
5. Only a depositor whose name appears on the Record of Depositors as at 18 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Notice Of Annual General Meeting

Explanatory Notes To Special Business:

i) Ordinary Resolution 7

The proposed Ordinary Resolution under item 6.1 of the Agenda, if passed, will give a renewed mandate to the Directors of the Company pursuant to Section 132D of the Companies Act, 1965 ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, the Directors have not utilised the mandate granted to the Directors at the last Annual General Meeting held on 28 June 2011 and the said mandate will lapse at the conclusion of the Eighteenth Annual General Meeting.

The Renewed Mandate will enable the Directors to take swift action in case of a need for corporate exercise or in the event business opportunities arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

ii) Ordinary Resolutions 8 and 9

The proposed Ordinary Resolutions under items 6.2 and 6.3 of the Agenda, if passed, will allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day to day operations which shall expire at the next Annual General Meeting.

The class of related parties, the nature of the transactions, the rationale and the methods of determining the transaction prices with the related parties, are detailed out in the Circular to Shareholders dated 6 June 2012.

(iii) Special Resolution 1 - Proposed Amendments to the Articles of Association of the Company

This proposed Special Resolution, if passed, will allow the Company to incorporate the amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad to ensure compliance and the increase in the maximum number of Directors so to provide the flexibility to bring in new member to the Board with new expertise and experience that would contribute favorably to the Group. Details of the Proposed Amendments are set out in the Circular to Shareholders dated 6 June 2012.



Chuan Huat Resources Berhad
(Company No. 290729-W)
(Incorporated in Malaysia under the Companies Act, 1965)

	No of ordinary shares
	CDS account no.

PROXY FORM

I/We _____

NRIC No./Passport No./Company No. _____

CDS Account No./Name of beneficial owner* _____

Of _____

being a member(s) of **Chuan Huat Resources Berhad**, hereby appoint _____

NRIC No./Passport No./Company No. _____

Of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Langkawi Room, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 28 June 2012 at 10.00 a.m. and at every adjournment thereof.

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	To adopt the Directors' and Auditor's Reports and Audited Financial Statements		
Ordinary Resolution 2	To approve First and Final Dividend of 3.5 sen gross per ordinary share		
Ordinary Resolution 3	To approve payment of Directors' fees		
Ordinary Resolution 4	To re-elect Director Dato' Sri Haji Wan Zaki Bin Haji Muda		
Ordinary Resolution 5	To re-elect Director Dato' Lim Loong Heng		
Ordinary Resolution 6	To re-appoint Messrs Ong Boon Bah & Co. as auditors		
Ordinary Resolution 7	Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 8	Proposed Shareholders' Mandate for <ul style="list-style-type: none"> Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by either of BMI, CHH, CHM, CHIM, CHRB BB, Esysence, CHRB Selatan, CHRB Utara, CHRB Timuran, CHR5, CHRB BM and Keyline with one another; and Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHH with AISB 		
Ordinary Resolution 9	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHIM with AZSB		
Special Resolution 1	Proposed Amendments to the Articles of Association of the Company		

* To be completed by authorised nominees.

Please indicate with a "✓" in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit. However, if more than one proxy is appointed, please specify in the table below the number of shares represented by each proxy, failing which the appointment shall be invalid.

Signature(s) / Common Seal of Shareholder(s) _____

Dated this ____ day of _____, 2012.

Proportion of shares held	
Name of proxy 1:	
Name of proxy 2:	
Total number of shares held	

Notes:-

- A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or an officer duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Central Depository Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member appoints more than one (1) proxy (subject to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- To be valid, this proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Lim Kim Chuan, Lot 50A, Jalan 1/89B, 3½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- Only a depositor whose name appears on the Record of Depositors as at 18 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(FRONT)

Please send me a copy of the CHUAN HUAT RESOURCES BERHAD Annual Report 2011.
Sila hantar satu salinan Laporan Tahunan 2011 CHUAN HUAT RESOURCES BERHAD kepada saya.

ANNUAL REPORT 2011

Name / Nama : _____

Address / Alamat : _____

NRIC No. / No. K.P. : _____
Company No. / No. Syarikat : _____

Signature of Shareholder / Tandatangan Pemegang Saham

ANNUAL REPORT 2011

The Annual Report 2011 is in a CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the verbal or written request.

The request must be directed to:

Chuan Huat Resources Berhad
Wisma Lim Kim Chuan
Lot 50A, Jalan 1/89B
3½ Miles, Off Jalan Sungai Besi
57100 Kuala Lumpur.

Contact person : Mr Simon Lee or Ms Carmen Chan
Telephone No. : +603-7983 3333
Facsimile No. : +603-7980 3333
E-mail : enquiries@chuanhuat.com.my

(BACK)

Affix
stamp
here

CHUAN HUAT RESOURCES BERHAD (290729-W)
WISMA LIM KIM CHUAN
LOT 50A, JALAN 1/89B,
3½ MILES, OFF JALAN SUNGAI BESI,
57100 KUALA LUMPUR,
MALAYSIA



: **WISMA LIM KIM CHUAN**
Lot 50A, Jalan 1/89B
3½ Miles, Off Jalan Sungai Besi
57100 Kuala Lumpur
MALAYSIA



: **+603-7983 3333**



: **+603-7980 3333**



: **enquiries@chuanhuat.com.my**



: **www.chuanhuat.com.my**