



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2010**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

	Individual quarter		Cumulative quarter	
	Current year quarter  31.03.2010 <hr/> RM'000	Preceding year corresponding quarter 31.03.2009 <hr/> RM'000	Current year todate  31.03.2010 <hr/> RM'000	Preceding year corresponding period 31.03.2009 <hr/> RM'000
Revenue	99,573	93,865	99,573	93,865
Other (expense)/income	(276)	242	(276)	242
Operating expenses	(85,852)	(99,244)	(85,852)	(99,244)
Finance costs	(135)	(222)	(135)	(222)
Profit/(Loss) before taxation	<hr/> 13,310	<hr/> (5,359)	<hr/> 13,310	<hr/> (5,359)
Tax (expense)/income	(2,485)	145	(2,485)	145
Profit/(Loss) for the period	<hr/> <hr/> 10,825	<hr/> <hr/> (5,214)	<hr/> <hr/> 10,825	<hr/> <hr/> (5,214)
Attributable to:				
Owners of the parent	<hr/> <hr/> 10,825	<hr/> <hr/> (5,214)	<hr/> <hr/> 10,825	<hr/> <hr/> (5,214)
Earnings/(Loss) per share:				
a) Basic (sen)	10.30	(4.93)	10.30	(4.93)
b) Diluted (sen)	N/A	N/A	N/A	N/A

(The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009).



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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

	As at 31 Mar 2010 (Unaudited) RM'000	As at 31 Dec 2009 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	115,223	112,670
Prepaid interests in leased land	4,913	4,950
Investment properties	2,280	2,280
Goodwill on consolidation	87	87
	<u>122,503</u>	<u>119,987</u>
<b>Current Assets</b>		
Inventories	196,404	179,831
Trade and other receivables	117,377	111,624
Current tax assets	1,914	2,255
Short-term investment	-	2,000
Cash and cash equivalents	4,526	7,258
	<u>320,221</u>	<u>302,968</u>
<b>TOTAL ASSETS</b>	<u><u>442,724</u></u>	<u><u>422,955</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	109,903	109,903
Reserves attributable to capital	17,855	18,153
Retained earnings	256,377	245,547
	<u>384,135</u>	<u>373,603</u>
<b>Non-current Liabilities</b>		
Retirement benefits obligation	568	568
Deferred tax liabilities	12,440	11,796
	<u>13,008</u>	<u>12,364</u>
<b>Current Liabilities</b>		
Trade and other payables	15,068	13,037
Borrowings	29,339	23,580
Foreign currency forward contracts	86	-
Current tax liabilities	1,088	371
	<u>45,581</u>	<u>36,988</u>
<b>TOTAL LIABILITIES</b>	<u>58,589</u>	<u>49,352</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>442,724</u></u>	<u><u>422,955</u></u>
Net Tangible Assets Per Share (RM)	3.66	3.55
Net Assets Per Share (RM)	3.66	3.55

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009).



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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)**

	Period ended 31 Mar 2010	Period ended 31 Mar 2009
	RM'000	RM'000
Profit/(loss) before taxation	13,310	(5,359)
Adjustments for non-cash flow:-		
Non-cash items	(4,168)	11,788
Non-operating items	135	222
Interest income from operating activities	(132)	(275)
Operating Profit Before Changes In Working Capital	9,145	6,376
Changes In Working Capital :		
Net Change in Current Assets	(16,605)	47,803
Net Change in Current Liabilities	2,116	4,218
Income tax paid	(782)	(848)
Retirement benefits paid	-	(40)
Interest income	132	275
Net Cash (Used In)/Generated From Operating Activities	(5,994)	57,784
Investing Activities :		
Purchase of property, plant and equipment	(4,104)	(511)
Rental received	18	-
Interest received from fixed deposits	6	-
Proceeds from disposal of unquoted investment	2,006	-
Proceeds from disposal of property, plant and equipment	10	2
Net Cash Used In Investing Activities	(2,064)	(509)
Financing Activities :		
Proceeds from/(repayment of) bank borrowings	5,759	(53,984)
Finance cost paid	(135)	(222)
Repurchase of own shares	(298)	(223)
Net Cash Generated From/(Used In) Financing Activities	5,326	(54,429)
Net Change in Cash and Cash Equivalents	(2,732)	2,846
Cash and Cash Equivalents at beginning of year	7,258	4,977
Cash and Cash Equivalents at end of period	4,526	7,823

(The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009).



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

	Attributable to Owners of the Parent ----- >					
	Non-distributable			Distributable		
	Share Capital RM '000	Treasury Shares RM '000	Share Premium RM '000	General Reserve RM '000	Retained Earnings RM '000	Total Equity RM '000
<b>Balance as at 1 January 2010</b>	109,903	(7,148)	24,115	1,186	245,547	373,603
Effects of applying FRS 139					5	5
<b>Restated balance</b>	109,903	(7,148)	24,115	1,186	245,552	373,608
Total comprehensive income for the period	-	-	-	-	10,825	10,825
Buy-back of ordinary shares	-	(298)	-	-	-	(298)
<b>Balance as at 31 March 2010</b>	109,903	(7,446)	24,115	1,186	256,377	384,135
<b>Balance as at 1 January 2009</b>	109,903	(6,188)	24,115	1,186	230,797	359,813
Total comprehensive income for the period	-	-	-	-	(5,214)	(5,214)
Dividends	-	-	-	-	(4,763)	(4,763)
Buy-back of ordinary shares	-	(223)	-	-	-	(223)
<b>Balance as at 31 March 2009</b>	109,903	(6,411)	24,115	1,186	220,820	349,613

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009).



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**EXPLANATORY NOTES : (As PER FRS 134 – PARAGRAPH 16)**

**A1 Accounting Policies and Methods of Computation**

The interim financial report has been prepared in accordance with FRS 134, “Interim Financial Reporting” and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009 except for the followings:

*Adoption of New and Revised FRSs, IC Interpretations and Amendments*

In the current period ended 31 March 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

FRSs/IC Interpretations	Effective date
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 101 : Presentation of Financial Statements (revised)	1 January 2010
FRS 123 : Borrowing Costs (revised)	1 January 2010
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127 : First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2 : Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132 : Financial Instruments: Presentation	1 January 2010
Amendments to FRSs ‘Improvements to FRSs (2009)’	1 January 2010
Amendments to FRS 139 and FRS 7 : Financial Instruments: Recognition and Measurement and Financial Instruments: Disclosures	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 : FRS 2 – Group and Treasury Share Transactions	1 January 2010

The following FRSs were issued but not yet effective and have not been applied by the Group:

FRSs/IC Interpretations	Effective date
FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010

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



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**EXPLANATORY NOTES : (As PER FRS 134 – PARAGRAPH 16)**

*FRS 101 Presentation of Financial Statements*

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of an income statement, a balance sheet, a cash flow statement, a statement of changes in equity and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial report presented consist of a statement of comprehensive income, a statement of financial position, a statement of cash flows, a statement of changes in equity and notes to the financial statements.

*FRS 139 Financial Instruments: Recognition and Measurement*

Prior to the adoption of FRS 139, financial derivatives were recognized on their settlement dates. Outstanding derivatives at the balance sheet date were not recognized. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognized at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments. The recognition, derecognition and measurement are applied prospectively from 1 January 2010.

*FRS 7 Financial Instruments: Disclosures*

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132 Financial Instruments: Disclosures and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications. Additional disclosures regarding fair value measurements are required in the year end financial statements.

*IC Interpretation 10 Impairment and Interim Financial Reporting*

Prior to the adoption of IC Interpretation 10, impairment losses for equity investments recognized in an earlier interim period were reversed in a later interim period when tests revealed that the losses have reversed. With the adoption of IC Interpretation 10 and FRS 139 on 1 January 2010, the policy has been changed to conform to the impairment requirements of FRS 139. Impairment losses recognized for available-for-sale equity investments in an interim period are not reversed in a subsequent period. This change in basis has no effect to the profit or loss of the current period ended 31 March 2010.

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

**A2 Report of Auditors**

The preceding annual financial statements of the Group were reported on without any qualification.

**A3 Seasonality or Cyclicity of Operations**

The level of business activities usually varies with the festivals at the end and beginning of each year subject to the level of underlying demand and prices prevailing.

**A4 Unusual items**

There were no material items of an unusual nature and amount for the current quarter and financial year to date.



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**EXPLANATORY NOTES : (As PER FRS 134 – PARAGRAPH 16)**

**A5 Material Changes in Estimates of Amounts Reported**

There were no material changes in the estimates used in the current quarter compared to the estimates used in the previous financial year, which have a material effect in the current quarter or the financial year to date.

**A6 Changes in Debt and Equity Securities**

Details of share buy-back for the current financial year to date are as follows:

	<i>No. of shares purchased</i>	<i>Average purchase price (RM)</i>	<i>Total consideration paid (RM)</i>	<i>Treasury shares No. of shares retained</i>
<i>Balance as at 01-01-2010</i>	4,759,400	1.50	7,148,224	4,759,400
February	12,000	1.84	22,100	4,771,400
March	154,400	1.79	275,903	4,925,800
<i>Total as at 31-03-2010</i>	4,925,800	1.51	7,446,227	4,925,800

None of the treasury shares has been resold or redistributed as share dividends during the current financial year to date.

There were no issues of debt or equity securities for the current financial year to date.

**A7 Dividends Paid**

No dividend has been paid for the current financial year to date.

Please see B12 for proposed dividends.



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**EXPLANATORY NOTES : (As PER FRS 134 – PARAGRAPH 16)**

**A8 Segmental Reporting**

Segmental analysis for the current financial period ended 31 March 2010 is as follows:-  
By Business Segments :

	Trading RM'000	Manufacturing RM'000	Total RM'000
<b>Revenue</b>	60,200	39,373	99,573
	<u>60%</u>	<u>40%</u>	
<b>Results</b>			
Segment results	5,092	8,436	13,528
Unallocated corporate expenses			(83)
Finance cost			(135)
Profit before taxation			<u>13,310</u>

Segmental analysis for the previous financial period ended 31 March 2009 was as follows:-  
By Business Segments :

	Trading RM'000	Manufacturing RM'000	Total RM'000
<b>Revenue</b>	58,816	35,049	93,865
	<u>63%</u>	<u>37%</u>	
<b>Results</b>			
Segment results	4,669	(9,701)	(5,032)
Unallocated corporate expenses			(105)
Finance cost			(222)
Loss before taxation			<u>(5,359)</u>

**A9 Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment in the financial year to date and the value of property, plant and equipment has been brought forward, without amendment from the previous annual financial statements.

**A10 Material Events**

There were no material subsequent events that have not been reflected in the financial statements for the year at the date of issue of the quarterly report.

**A11 Changes in Composition of the Group**

There were no changes in composition of the Group for the current financial year to date.





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**EXPLANATORY NOTES : (As PER FRS 134 – PARAGRAPH 16)**

**A12 Changes in Contingent Liabilities or Contingent Assets**  
There were no contingent liabilities or contingent assets at the date of issue of the quarterly report.

**A13 Capital Commitments**  
Capital commitments as at 31 March 2010 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	5,579
Approved but not contracted for	960
	<u>6,539</u>

**A14 Write down of Inventories to Net Realizable Values**  
Total net inventories write back to either net realizable value or replacement cost for the first quarter ended 31 March 2010 was RM1,047,000.



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**EXPLANATORY NOTES : (AS PER LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B)**

**B1 Review of the Performance of the Company and its Principal Subsidiaries**

During the quarter under review, the Group recorded revenue of RM99.6 million, a slight increase of RM5.7 million or 6% (1Q 2009 : RM93.9 million). The increase in revenue was due to the higher quantity sold resulting from more demand for steel products because of the stocking of products by customers.

Profit before taxation for the period ended 31 March 2010 increased by RM18.7 million (>100%) to RM13.3 million as compared with 1Q 2009 loss of RM5.4 million mainly due to the write back of inventories amounting to RM1.0 million as compared to a write down of RM10.1 million in 1Q 2009.

**B2 Material changes in profit before taxation for the quarter reported on compared with the immediate preceding quarter**

While the Group's revenue for the current quarter of RM99.6 million was a slight decrease of RM3.8 million or 4% as compared to the preceding quarter (4Q 2009 : RM103.4 million), profit before taxation of RM13.3 million was a significant increase when compared to the preceding quarter by RM5.6 million or 73% (4Q 2009 : RM7.7 million). This was because of the write back of inventories by RM1.0 million as compared to a write down of RM4.7 million for 4Q 2009.

**B3 Prospects for the current financial year**

Increases in iron ore prices had driven upward the regional steel prices strongly in 1Q 2010. Demand remains lacklustre and unless there is real demand improvement, pricing is expected to remain at or near current levels amidst slow recovery of steel business conditions.

On the back of business development initiatives, the Group achieved better exports sales in 1Q 2010. Export performances in the remaining 2010 are subject to the impact of economic recovery in America taking into account Europe's economic recovery as well as China's initiatives to curb rising property business conditions, thus slower growth of construction activities. However, the Group continues its commitment to achieving higher productivity and operational efficiency consistent with Group's objective of market share consolidation and increased business competitiveness.

Barring any unforeseen circumstances, the Group foresees satisfactory performance results in 2010.

**B4 Variance of Actual Profit from Forecast Profit or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.



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**EXPLANATORY NOTES : (AS PER LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B)**

**B5 Taxation**

Tax charges/credits comprise:

	Current Quarter RM'000	Financial Year todate RM'000
Income tax		
- current year	1,842	1,842
Deferred tax		
- current year	643	643
Net provision for taxation	<u>2,485</u>	<u>2,485</u>

The effective tax rate for the current quarter under review was lower than the statutory tax rate mainly due to the utilization of reinvestment allowance.

**B6 Profits/(Losses) On Sale of Unquoted Investments and/or Properties**

The sale of unquoted investment in the current quarter resulted in an interest income of RM1,000 which was recognized in other income.

**B7 (a) Purchase or Disposals of Quoted Securities**

	Current Quarter RM'000	Financial Year todate RM'000
Total purchase consideration	-	-
Total sale proceeds	-	-
Total gain on disposal	-	-

**(b) Investments as at 31 March 2010**

	Current Quarter RM'000	Financial Year todate RM'000
At Cost	-	-
At Carrying Amount	-	-
At Fair Value	-	-



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**EXPLANATORY NOTES : (AS PER LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B)**

**B8 (a) Status of Corporate Proposals announced but not completed**

There were no corporate proposals at the date of issue of the quarterly report.

**(b) Status of utilization of proceeds raised from any corporate proposal**

Not applicable.

**B9 Group Borrowings and Debt Securities**

Details of Group's borrowings as at 31 March 2010 are as follows:-

**Short-term borrowings**

	RM'000	
Bankers' acceptances	29,339	Unsecured
	<u>29,339</u>	

The Group has no debt securities as at 31 March 2010.

**B10 Financial Instruments**

With the adoption of FRS 139, financial instruments are recognized on their respective contract dates. The related accounting policies are disclosed in Note 1 in the section on Notes to the Interim Report. There are no off-balance sheet financial instruments.

Details of the outstanding financial instruments of the Group as at 31 March 2010 are as follows:

Type of instruments	Contract/Notional amount RM'000	Fair value RM'000	Fair value loss RM'000
Foreign currency forward contracts			
- Less than 1 year	7,135	7,049	86

The foreign currency forward contracts are transacted with the Group's bankers. Credit risk for non-performance by the financial institutions in these instruments is minimal.

**B11 Changes in Material Litigation (including status of any pending material litigation)**

There was no material litigation against the Group as at the date of this report.



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**EXPLANATORY NOTES : (AS PER LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B)**

**B12 Dividends Proposed**

The Board of Directors has :-

- (a) proposed a final dividend of 6% less 25% taxation (2008 : 6% less 25% taxation) amounting to RM4.7 million in respect of financial year ended 31 December 2009. The proposed final dividend will be presented for shareholders' approval at the forthcoming Annual General Meeting. Subject to shareholders' approval, the proposed final dividend will be paid on 20 August 2010 to shareholders registered at the close of business on 23 July 2010; and
- (b) approved a distribution of treasury shares as share dividend at the ratio of 1 treasury share for every 25 ordinary shares of RM1 each held for the financial year ending 31 December 2010. The share dividend will be paid on 20 August 2010 to shareholders registered at the close of business on 23 July 2010.

**B13 Earnings per share (EPS)**

**(a) Basic earnings/(loss) per share**

		3 months ended	
		31-03-2010	31-03-2009
Net profit/(loss) for the period	(RM'000)	10,825	(5,214)
Weighted average number of ordinary shares in issue	('000)	105,084	105,768
Basic earnings/(loss) per share	(sen)	10.30	(4.93)

**(b) Diluted earnings per share**

Not applicable.