



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2010 RM'000	Preceding year corresponding quarter 30.06.2009 RM'000	Current year todate 30.06.2010 RM'000	Preceding year corresponding period 30.06.2009 RM'000
Revenue	98,113	105,046	197,686	198,911
Other (expense)/income	(722)	390	(998)	632
Operating expenses	(87,630)	(98,082)	(173,482)	(197,326)
Finance costs	(234)	(172)	(369)	(394)
Profit before taxation	9,527	7,182	22,837	1,823
Tax expense	(2,021)	(699)	(4,506)	(554)
Profit for the period	7,506	6,483	18,331	1,269
Attributable to:				
Owners of the parent	7,506	6,483	18,331	1,269
Earnings per share:				
a) Basic (sen)	7.15	6.16	17.45	1.20
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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	Current year quarter 30.06.2010 RM'000	Preceding year corresponding quarter 30.06.2009 RM'000	Current year todate 30.06.2010 RM'000	Preceding year corresponding period 30.06.2009 RM'000
Profit for the period	7,506	6,483	18,331	1,269
Other comprehensive income, net of tax				
Fair value of short-term investment	1	-	1	-
Total comprehensive income for the period	7,507	6,483	18,332	1,269
Total comprehensive income attributable to:				
Owners of the parent	7,507	6,483	18,332	1,269

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



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	As at 30 June 2010 (Unaudited) RM'000	As at 31 Dec 2009 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	113,860	112,670
Prepaid interests in leased land	5,424	4,950
Investment properties	2,280	2,280
Goodwill on consolidation	87	87
	<u>121,651</u>	<u>119,987</u>
Current Assets		
Inventories	216,122	179,831
Trade and other receivables	120,940	111,624
Current tax assets	986	2,255
Short-term investment	1,501	2,000
Cash and cash equivalents	6,358	7,258
	<u>345,907</u>	<u>302,968</u>
TOTAL ASSETS	<u><u>467,558</u></u>	<u><u>422,955</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	109,903	109,903
Reserves attributable to capital	17,831	18,153
Retained earnings	259,160	245,547
	<u>386,894</u>	<u>373,603</u>
Non-current Liabilities		
Retirement benefits obligation	568	568
Deferred tax liabilities	12,973	11,796
	<u>13,541</u>	<u>12,364</u>
Current Liabilities		
Trade and other payables	11,906	13,037
Borrowings	49,286	23,580
Proposed dividend	4,724	-
Foreign currency forward contracts	6	-
Current tax liabilities	1,201	371
	<u>67,123</u>	<u>36,988</u>
TOTAL LIABILITIES	<u>80,664</u>	<u>49,352</u>
TOTAL EQUITY AND LIABILITIES	<u><u>467,558</u></u>	<u><u>422,955</u></u>
Net Tangible Assets Per Share (RM)	3.69	3.55
Net Assets Per Share (RM)	3.69	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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INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

	Period ended 30 June 2010	Period ended 30 June 2009
	RM'000	RM'000
Profit before taxation	22,837	1,823
Adjustments for non-cash flow:-		
Non-cash items	5,517	10,204
Non-operating items	369	394
Interest income from operating activities	(137)	(390)
Operating Profit Before Changes In Working Capital	28,586	12,031
Changes In Working Capital :		
Net Change in Current Assets	(48,245)	59,830
Net Change in Current Liabilities	(1,176)	4,001
Income tax paid	(1,229)	(1,509)
Retirement benefits paid	-	(48)
Interest income	137	390
Net Cash (Used In)/Generated From Operating Activities	(21,927)	74,695
Investing Activities :		
Purchase of property, plant and equipment	(4,827)	(1,915)
Purchase of unquoted investment	(1,500)	-
Rental received	56	16
Interest received	17	22
Proceeds from disposal of unquoted investment	2,006	-
Proceeds from disposal of property, plant and equipment	260	19
Net Cash Used In Investing Activities	(3,988)	(1,858)
Financing Activities :		
Proceeds from/(repayment of) bank borrowings	25,675	(66,972)
Finance cost paid	(369)	(394)
Repurchase of own shares	(322)	(546)
Net Cash Generated From/(Used In) Financing Activities	24,984	(67,912)
Net Change in Cash and Cash Equivalents	(931)	4,925
Cash and Cash Equivalents at beginning of year	7,258	4,977
Cash and Cash Equivalents at end of period	6,327	9,902

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



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to Owners of the Parent ----- >					
	Share Capital		Non-distributable		Distributable	
	Share RM '000	Treasury Shares RM '000	Share Premium RM '000	General Reserve RM '000	Retained Earnings RM '000	Total Equity RM '000
Balance as at 1 January 2010	109,903	(7,148)	24,115	1,186	245,547	373,603
Effects of applying FRS 139					5	5
Restated balance	109,903	(7,148)	24,115	1,186	245,552	373,608
Total comprehensive income for the period	-	-	-	-	18,332	18,332
Proposed dividend	-	-	-	-	(4,724)	(4,724)
Buy-back of ordinary shares	-	(322)	-	-	-	(322)
Balance as at 30 June 2010	109,903	(7,470)	24,115	1,186	259,160	386,894
Balance as at 1 January 2009	109,903	(6,188)	24,115	1,186	230,797	359,813
Total comprehensive income for the period	-	-	-	-	1,269	1,269
Dividends	-	-	-	-	(4,763)	(4,763)
Buy-back of ordinary shares	-	(546)	-	-	-	(546)
Balance as at 30 June 2009	109,903	(6,734)	24,115	1,186	227,303	355,773

(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).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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 30 June 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 117 : Leases	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



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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

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:

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 30 June 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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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

A4 Unusual items

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

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
April	13,100	1.80	23,621	4,938,900
<i>Total as at 30-06-2010</i>	4,938,900	1.51	7,469,848	4,938,900

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 during the financial year to date.

Please see B12 for proposed dividends.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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

A8 Segmental Reporting

Segmental analysis for the current financial period ended 30 June 2010 is as follows:-

By Operating Segments :

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue	117,137	80,549	197,686
	59%	41%	
Results			
Segment results	10,257	13,145	23,402
Unallocated corporate expenses			(195)
Finance cost			(369)
Profit before taxation			22,838

Segmental analysis for the previous financial period ended 30 June 2009 was as follows:-

By Operating Segments :

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue	123,281	75,630	198,911
	62%	38%	
Results			
Segment results	8,616	(6,153)	2,463
Unallocated corporate expenses			(246)
Finance cost			(394)
Loss before taxation			1,823

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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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

A11 Changes in Composition of the Group

The Company announced on 26 May 2010 that its wholly-owned subsidiary, Choo Bee Hardwares Sdn Berhad (“CBH”) has acquired the entire issued and paid-up share capital of Choo Bee Hardware (Sel) Sdn Bhd (“CBS”) comprising 4 ordinary shares of RM1 each for a total cash consideration of RM4, resulting in CBS becoming a wholly-owned subsidiary of CBH.

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 30 June 2010 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	8,305
Approved but not contracted for	-
	<u>8,305</u>

A14 Write down of Inventories to Net Realizable Values

Total net inventories write down to either net realizable value or replacement cost for the period ended 30 June 2010 was RM2,347,000.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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

The Group achieved a turnover of RM197.7 million for the year to date, a slight decrease of 1% when compared to the turnover achieved for last year of RM198.9 million. During the quarter under review, the Group recorded revenue of RM98.1 million, a decrease of RM6.9 million or 7% (2Q 2009 : RM105.0 million). The decrease in revenue was largely due to the reduced quantity in metric tonne sold despite rising average selling prices.

The significant improvement in profit before taxation for year to date of RM22.8 million (2009 : RM1.8 million) was mainly due to the lower write down of inventories and better profit margin. Profit before taxation for the quarter ended 30 June 2010 at RM9.5 million showed an increase of RM2.3 million or 33% (2Q 2009 : RM7.2 million).

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 RM98.1 million was a slight decrease of RM1.5 million or 2% as compared to the preceding quarter (1Q 2010 : RM99.6 million), profit before taxation of RM9.5 million was a decrease when compared to the preceding quarter by RM3.8 million or 29% (1Q 2010 : RM13.3 million). This was mainly because of lower margin.

B3 Prospects for the current financial year

The second quarter of 2010 witnessed the expected increase in prices of iron ore without the underlying demand due to slow recovery of steel business conditions. Business activity is dependent on the domestic economy cycle impacted by Government's successful implementation of projects.

Export performances in the remaining 2010 continued to be satisfactory but subject to increased freight charges due to reduced export vessels' trips. Nonetheless, the Group remain committed to attain high productivity and optimum operational efficiency to consolidate market share and increase business competitiveness.

Barring any unforeseen circumstances, the Group expects moderate performance results for the remaining of 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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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

B5 Taxation

Tax charges comprise:

	Current Quarter RM'000	Financial Year todate RM'000
Income tax		
- current year	1,485	3,327
Deferred tax		
- current year	536	1,179
Net provision for taxation	<u>2,021</u>	<u>4,506</u>

The effective tax rate for the current quarter and the year todate 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 for the year todate resulted in a gain on sale 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 30 June 2010

	Current Quarter RM'000	Financial Year todate RM'000
At Cost	1,500	1,500
At Carrying Amount	1,501	1,501
At Fair Value	1,501	1,501



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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 30 June 2010 are as follows:-

Short-term borrowings

	RM'000	
Bankers' acceptances	49,255	Unsecured
Bank overdraft	31	Unsecured
	<u>49,286</u>	

The Group has no debt securities as at 30 June 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 forward contracts which have not matured for the Group as at 30 June 2010 are as follows:

Type of instruments	Contract/Notional amount	Fair value	Fair value loss
	RM'000	RM'000	RM'000
Foreign currency forward contracts (USD)			
- Less than 1 year	1,048	1,042	6

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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
FINANCIAL QUARTER ENDED 30 JUNE 2010

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 has been approved by the shareholders at the Annual General Meeting on 25 June 2010 and 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 per share

		3 months ended		6 months ended	
		30.06.2010	30.06.2009	30.06.2010	30.06.2009
Net profit for the period	(RM'000)	7,506	6,483	18,331	1,269
Weighted average number of ordinary shares in issue	('000)	104,938	105,210	105,024	105,636
Basic earnings per share	(sen)	7.15	6.16	17.45	1.20

(b) Diluted earnings per share

Not applicable.