



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual quarter		Cumulative quarter	
	Current year quarter 30.09.2011 RM'000	Preceding year corresponding quarter 30.09.2010 RM'000	Current year todate 30.09.2011 RM'000	Preceding year corresponding period 30.09.2010 RM'000
Revenue	105,769	108,486	335,232	306,172
Other expense	(943)	(108)	(619)	(1,107)
Operating expenses	(100,047)	(111,750)	(308,039)	(285,232)
Finance costs	(288)	(296)	(856)	(665)
Profit / (loss) before taxation	4,491	(3,668)	25,718	19,168
Tax expense	(484)	(1,559)	(5,069)	(6,065)
Profit / (loss) for the period	4,007	(5,227)	20,649	13,103
Profit / (loss) attributable to: Owners of the parent	4,007	(5,227)	20,649	13,103
Earnings / (loss) per share attributable to owners of the Company:				
a) Basic (sen)	3.68	(4.61)	18.93	12.37
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 2010 and the accompanying explanatory notes attached to the interim financial statements).



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	Current year quarter 30.09.2011 RM'000	Preceding year corresponding quarter 30.09.2010 RM'000	Current year todate 30.09.2011 RM'000	Preceding year corresponding period 30.09.2010 RM'000
Profit / (loss) for the period	4,007	(5,227)	20,649	13,103
Other comprehensive income, net of tax				
Fair value of short-term investment	-	-	-	1
Total comprehensive income / (loss) for the period	4,007	(5,227)	20,649	13,104
Total comprehensive income / (loss) attributable to:				
Owners of the parent	4,007	(5,227)	20,649	13,104

(The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	As at 30 Sept 2011 (Unaudited) RM'000	As at 31 Dec 2010 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	122,361	120,201
Land use rights	3,349	3,439
Investment properties	2,280	2,280
Goodwill on consolidation	87	87
	<u>128,077</u>	<u>126,007</u>
Current Assets		
Inventories	176,093	187,874
Trade and other receivables	138,261	114,617
Current tax assets	3,044	1,926
Other assets	222	280
Derivative	65	-
Cash and cash equivalents	9,692	5,172
	<u>327,377</u>	<u>309,869</u>
TOTAL ASSETS	<u>455,454</u>	<u>435,876</u>
Current Liabilities		
Trade and other payables	10,289	17,280
Borrowings	31,619	21,550
Current tax liabilities	682	77
Derivative liabilities	-	47
	<u>42,590</u>	<u>38,954</u>
Non-current Liabilities		
Deferred tax liabilities	13,017	12,564
	<u>13,017</u>	<u>12,564</u>
TOTAL LIABILITIES	<u>55,607</u>	<u>51,518</u>
Equity attributable to owners of the parent		
Share capital	109,903	109,903
Treasury shares	(1,374)	(1,121)
Reserves	18,951	18,951
Retained earnings	272,367	256,625
	<u>399,847</u>	<u>384,358</u>
TOTAL EQUITY AND LIABILITIES	<u>455,454</u>	<u>435,876</u>
Net Tangible Assets Per Share (RM)	3.67	3.52
Net Assets Per Share (RM)	3.67	3.52

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

	9 months ended 30 Sept 2011	9 months ended 30 Sept 2010
	RM'000	RM'000
Operating activities		
Profit before taxation	25,718	19,168
Adjustments for non-cash flow:-		
Allowance for doubtful debts	13	335
Allowance for doubtful debts no longer required	(567)	(93)
Amortisation of land use rights	65	91
Depreciation of property, plant and equipment	4,444	4,347
Finance costs	856	665
Fair value loss of financial instruments measured at fair value	(112)	22
Interest income	(238)	(137)
Investment revenue	(116)	(640)
Net write down of inventories	3,049	5,458
Provision for retirement gratuity - nets	-	(568)
Gain on disposal of land use rights and property plant and equipment	(68)	(218)
Gain on disposal of investment funds	-	(11)
Property, plant and equipment written off	6	8
Unrealised loss on foreign exchange	1,097	21
Total adjustments	<u>8,429</u>	<u>9,280</u>
Operating Profit Before Changes In Working Capital	34,147	28,448
<u>Changes In Working Capital :</u>		
Inventories	9,027	(15,130)
Trade and other receivables	(21,380)	(13,304)
Other assets	(287)	(888)
Trade and other payables	(9,798)	(1,531)
Total changes in working capital	<u>(22,438)</u>	<u>(30,853)</u>
Cash flows from operations	11,709	(2,405)
Income tax paid	(5,246)	(3,981)
Income tax refund	462	-
Interest income	238	137
Net Cash Flows (Used In) / Generated Operating Activities	<u>7,163</u>	<u>(6,249)</u>



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED) (CONT'D)

	9 months ended 30 Sept 2011	9 months ended 30 Sept 2010
	RM'000	RM'000
Investing Activities		
Proceeds from disposal of land use rights and property plant and equipment	274	496
Proceeds from disposal of unquoted investment	500	3,516
Interest income received	59	560
Rental received	57	81
Purchase of property, plant and equipment	(6,787)	(10,165)
Purchase of unquoted investment	(799)	(1,500)
Net Cash Flows Used In Investing Activities	<u>(6,696)</u>	<u>(7,012)</u>
Financing Activities		
Proceeds from short-term borrowings	10,069	13,686
Finance cost paid	(856)	(665)
Dividends paid	(4,907)	(4,723)
Repurchase of own shares	(253)	(323)
Net Cash Flows From Financing Activities	<u>4,053</u>	<u>7,975</u>
Net increase / (decrease) in cash and cash equivalents	4,520	(5,286)
Cash and Cash Equivalents at beginning of year	5,172	7,258
Cash and Cash Equivalents at end of period	<u>9,692</u>	<u>1,972</u>
 Cash and cash equivalents comprise:		
Cash and bank balances	9,692	1,972
Bank Overdraft	-	-
Cash and Cash Equivalents at end of period	<u>9,692</u>	<u>1,972</u>

(The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to Owners of the Parent				> ----- <	
	Share Capital	Treasury Shares	Non-distributable		Distributable	Total Equity
	RM '000	RM '000	Share Premium	General Reserve	Retained Earnings	RM '000
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 1 January 2011	109,903	(1,121)	17,765	1,186	256,625	384,358
Total comprehensive income for the period	-	-	-	-	20,649	20,649
Proposed dividend	-	-	-	-	(4,907)	(4,907)
Transactions with owners						
Purchase of treasury shares	-	(253)	-	-	-	(253)
Total transactions with owners	-	(253)	-	-	-	(253)
Balance as at 30 September 2011	109,903	(1,374)	17,765	1,186	272,367	399,847
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	-	-	-	-	13,104	13,104
Proposed dividend	-	-	-	-	(4,723)	(4,723)
Transactions with owners						
Purchase of treasury shares	-	(323)	-	-	-	(323)
Treasury shares reissued as share dividend	-	6,350	(6,350)	-	-	-
Total transactions with owners	-	6,027	(6,350)	-	-	(323)
Balance as at 30 September 2010	109,903	(1,121)	17,765	1,186	253,933	381,666

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim statements).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A) INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011

EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

The interim financial report has been prepared in accordance with FRS 134, “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). The figures for the current period ended 30 September 2011 have not been audited.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 of the Group and the accompanying notes attached to the interim financial statements. 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 2010 except for the following:

(i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 30 September 2011, 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
Amendments to FRS 132: <i>Classification of Rights Issues</i>	1 March 2010
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3 <i>Business Combinations (revised)</i>	1 July 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1: <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 1: <i>Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters</i>	1 January 2011
Amendments to FRS 7: <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 2: <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011



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Amendments to FRS contained in the document entitled “Improvements to FRSs (2010)”	1 January 2011
IC Interpretation 4: <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18 <i>Transfer of Assets from Customers</i>	1 January 2011
TRI – 3 <i>Guidance on Disclosure of Translation to IFRSs</i>	1 January 2011
TRI – 4 <i>Shariah Compliant sale Contracts</i>	1 January 2011

The adoption of the above FRSs, IC interpretation and Amendment do not have any material impact on the Financial Statements of the Group.

(ii) *The following FRSs were issued but not yet effective and have not been applied by the Group*

At the date of issuance of this quarterly report, the revised FRS, new IC Int. and amendment to IC Int. which were in issue but not yet effective are as listed below:

FRSs/IC Interpretations	Effective date
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 July 2011
FRS 124: Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
Amendment to IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The above revised FRS, new IC Interpretation and amendments to IC Interpretation will be adopted in the financial statements of the Group and the Company when they become effective and the adoption of these FRSs and Interpretation will have no significant impact on the financial statements of the Group and the Company in the period of initial application.

A2 Auditor’s report on preceding annual financial statements

The preceding year’s audit report for the year ended 31 December 2010 was unqualified.

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 prevailing prices.

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.



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A6 Capital Management, Issuances, Repurchases, and Repayments of Debts and Equity Instruments

During the current period ended 30 September 2011, the Company had repurchased a total of 159,700 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM1.5794 per share. The total consideration paid for the share buy-back was RM252,232.10 and was financed by internally generated funds. As at 30 September 2011, a total of 901,225 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

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

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and long-term liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of gearing ratio, which is net debt divided by total capital plus net debts. The Group includes within net debt, loan and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the equity holders of the Group less the fair value adjustment reserve. The Group's strategy is to maintain a low gearing ratio.

The gearing ratios as at 30 Sept 2011 and 30 Sept 2010, which are within the Group's objectives for capital management, are as follows:

	30 Sept 2011 (RM'000)	30 Sept 2010 (RM'000)
Borrowings	31,619	37,463
Trade and other payables	10,289	11,502
Less : Cash and bank balances	(9,692)	(2,169)
Net debts	32,216	46,796
Equity attributable to the owners of the parent	399,847	381,666
Capital and net debts	432,063	428,462
Gearing ratio (%)	7	11

A7 Dividends Paid

The final ordinary dividend of 6% per share less 25% tax amounting to RM4,907,230.83 in respect of financial year ended 31 December 2010 was paid on 18 August 2011.



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A8 Operating Segment Information

Segment information is presented in respect of the Group's operating segments.

The Group comprises the following main operating segments:

- (i) Manufacturing Processing of steel coils into steel products and fabrication of steel products
- (ii) Trading Dealing in hardware and construction materials

Segment information for the current financial period ended 30 Sept 2011 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue - external customers	202,080	133,152	335,232
Intersegment revenue	17,592	34,039	51,631
Reportable segment profit	12,226	14,905	27,131
Unallocated corporate expenses			(557)
Finance costs			(856)
Profit before taxation			25,718

Segment information for the previous financial period ended 30 Sept 2010 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue - external customers	176,421	129,751	306,172
Intersegment revenue	9,423	28,303	37,726
Reportable segment profit	12,671	7,992	20,663
Unallocated corporate expenses			(830)
Finance costs			(665)
Profit before taxation			19,168

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 Subsequent to the End of the Interim Period

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.



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A11 Effects of Changes in Composition of the Group

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

A12 Changes in Contingent Liabilities or Contingent Assets since the last annual statement of financial position date

There were no contingent liabilities or contingent assets at the date of issue of the quarterly report.

A13 Capital Commitments

Authorised capital commitments not recognized in the interim financial statements as at 30 Sept 2011 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	409
Approved but not contracted for	12,490
	<u>12,899</u>

A14 Write back of Inventories to Net Realizable Values

Total net inventories write down to either net realizable value or replacement cost for the year ended 30 Sept 2011 was RM3,049,382.56.



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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

The Group recorded revenue of RM105.8 million for the 3 months ended 30.09.2011 (“3Q 2011”), compared to revenue of RM108.5 million for the 3 months ended 30.09.2010 (“3Q 2010”), a decrease of RM2.7 million (2.5%). The decrease was mainly due to the steep reduction in selling price in 3Q 2010 thus pressured profit margin and increased inventory write down.

The Group recorded a turnover of RM335.2 million for the 9 months ended 30.09.2011 (“YTD 3Q 2011”), an increase of RM29.0 million when compared to turnover achieved of RM306.2 million for 9 months ended 30.09.2010 (“YTD 3Q 2010”). The increase was contributed through higher volume sold by both manufacturing and trading divisions reflecting the higher level of business activities in construction sectors.

Correspondingly, for the 9 months ended 30.09.2011 (“YTD 3Q 2011”), the Group’s profit before taxation was RM25.7 million representing an increase of RM6.5 million as compared with RM19.2 million recorded in the 9 months ended 30.09.2010 (“YTD 3Q 2010”).

B2 Comparison with preceding quarter’s results

While the Group’s revenue for 3Q 2011 of RM105.8 million, a decrease of RM14.7 million or 12% as compared to 3 months ended 30.06.2011 (“2Q 2011”) of RM120.5 million, profit before taxation of RM4.5 million was recorded for 3Q 2011, a decrease of RM4.7 million as compared with RM9.2 million in 2Q 2011. The decrease in profit before taxation is mainly due to a one-off trading sales for construction project during 2Q 2011.

B3 Prospects for the remaining period of the current financial year

Widespread concerns over the prolonged US and the EU debt crisis with its repercussions, constrain demand and inventory levels hence pressured steel price at its low levels. More measures will be introduced by Chinese authority to curb steel capacity add volatility to steel price.

We expect the domestic large scale infrastructural projects to boost domestic steel consumption.

However, barring any continued weakening business activities, we remain generally optimistic in achieving a commendable business performance for the remaining quarter.

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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B5 Taxation

Tax charges comprise:

	Current Quarter RM'000	Financial Year todate RM'000
Income tax		
- current year	464	4,260
- underprovision in prior year	496	496
Deferred tax		
- current year	(476)	313
Net provision for taxation	<u>484</u>	<u>5,069</u>

The effective tax rate for the year todate under review was lower than statutory tax rate due to the utilization of unabsorbed reinvestment allowances offset against non-deductible expenses.

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

The were no sale of unquoted investments during the current financial quarter and the financial year to date. The sale of properties (leasehold land) for the current quarter resulted in a gain on sale of RM12,709 which was recognized in other income.

B7 Purchase or Disposals of Quoted Securities

There were no purchases or disposals of quoted securities by the Group.

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.



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B9 Group Borrowings and Debt Securities

Details of Group's borrowings as at 30 Sept 2011 are as follows:-

Short-term borrowings

	RM'000	
Bankers' acceptances	14,882	Unsecured
Trade loan	16,737	Unsecured
	<u>31,619</u>	

Loan and borrowings denominated in foreign currencies are as follows:

	RM'000	
United States Dollar	16,737	Unsecured
	<u>16,737</u>	

The Group has no debt securities as at 30 Sept 2011.

B10 Financial Instruments

With the adoption of FRS 139, financial instruments are recognized on their respective contract dates.

Details of forward contracts which have not matured for the Group as at 30 Sept 2011 are as follows:

Type of instruments	Contract/Notional amount RM'000	Fair value RM'000	Fair value gain RM'000	Purpose
Foreign currency forward sale contract (SGD) - Less than 1 year	5,227	5,162	65	For hedging currency risk

The Group's trade suppliers denominated in foreign currencies are exposed to currency risks with respect to USD Dollar. The Group enters into forward purchase contracts as a hedge against fluctuation in its foreign currency payment transactions.

The Group's trade receivables denominated in foreign currencies are exposed to currency risk. The Group's strategy for minimizing this risk is to hedge each foreign trade receivable by a forward sale contract.

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.



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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.

B12 Dividends Proposed

Other than the dividends paid in the current quarter (as disclosed in Note A7), the Board of Directors has not recommend any dividend for the current financial period ended 30 September 2011.

B13 Earnings per share (EPS)

(a) Basic earnings per share

		3 months ended		9 months ended	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
Profit for the quarter attributable to owners of the parent	(RM'000)	4,007	(5,227)	20,649	13,103
Weighted average number of ordinary shares in issue	('000)	109,000	113,359	109,095	105,937
Basic earnings per share	(sen)	3.68	(4.61)	18.93	12.37

(b) Diluted earnings per share

Not applicable.



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B14 Realised and Unrealised Profit or (Losses) Disclosure

The breakdown of the retained profits of the Group as at the end of the reporting period, into realised and unrealised profit or (losses), is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010. Total retained profits/(accumulated losses) of the Company and its subsidiary companies:-

	As at 30-09-11 RM'000	As at 31-12-10 RM'000
- Realised	291,446	273,307
- Unrealised	1,290	3,220
	<u>292,736</u>	<u>276,527</u>
Less : Consolidation adjustments	(20,369)	(19,902)
Total group retained earnings	<u>272,367</u>	<u>256,625</u>

B15 Authorisation for Issue

The interim financial statements were authorised for issue on 18 November 2011 by the Board of Directors.