



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH**  
**FINANCIAL QUARTER ENDED 31 DECEMBER 2012**

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year corresponding quarter	Current year todate	Preceding year todate
		31.12.2012 (Unaudited) RM'000	31.12.2011 (Restated) RM'000	31.12.2012 (Unaudited) RM'000	31.12.2011 (Audited) RM'000
Revenue		103,490	113,478	449,656	448,710
Cost of sales		(95,825)	(101,987)	(409,572)	(390,319)
Gross profit		7,665	11,491	40,084	58,391
Other (expense)/gain	B12	(874)	987	(552)	369
Depreciation and amortisation		(1,581)	(1,515)	(6,315)	(6,023)
Administrative expenses		(1,938)	(2,279)	(9,451)	(9,832)
Selling & distribution expenses		(3,076)	(3,758)	(11,186)	(11,404)
Finance costs		(5)	(166)	(189)	(1,022)
Profit before taxation		191	4,760	12,391	30,479
Tax expense	B6	511	(1,394)	(2,866)	(6,464)
Profit for the period		702	3,366	9,525	24,015
Other comprehensive income:					
Revaluation of land		308	-	308	308
Deferred tax relating to revaluation of land		(15)	-	(15)	(15)
Total comprehensive income		293	-	293	293
Profit attributable to:					
Owners of the Company		702	3,366	9,525	24,015
Total comprehensive income attributable to:					
Owners of the Company		995	3,366	9,818	24,308
Earnings per share attributable to owners of the Company:					
a) Basic (sen)	B11(a)	0.64	3.09	8.74	22.02
b) Diluted (sen)	B11(b)	N/A	N/A	N/A	N/A

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements).



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

	As at 31.12.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000	As at 01.01.2011 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	119,319	122,495	120,201
Land use rights	3,203	3,332	3,439
Investment properties	2,947	2,570	2,280
Investment held to maturity	4,112	-	-
Goodwill on consolidation	-	87	87
	<u>129,581</u>	<u>128,484</u>	<u>126,007</u>
<b>Current Assets</b>			
Inventories	143,242	179,582	187,874
Trade and other receivables	124,445	126,391	114,617
Current tax assets	2,630	1,426	1,926
Derivative	58	9	-
Other assets	377	398	280
Cash and cash equivalents	35,354	10,163	5,172
	<u>306,106</u>	<u>317,969</u>	<u>309,869</u>
<b>TOTAL ASSETS</b>	<u>435,687</u>	<u>446,453</u>	<u>435,876</u>
<b>Current Liabilities</b>			
Trade and other payables	13,415	9,705	17,280
Borrowings	1,000	20,331	21,550
Current tax liabilities	5	229	77
Derivative	6	-	47
	<u>14,426</u>	<u>30,265</u>	<u>38,954</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities	13,207	12,682	12,564
	<u>13,207</u>	<u>12,682</u>	<u>12,564</u>
<b>TOTAL LIABILITIES</b>	<u>27,633</u>	<u>42,947</u>	<u>51,518</u>
<b>Equity attributable to owners of the company</b>			
Share capital	109,903	109,903	109,903
Treasury shares	(1,447)	(1,374)	(1,121)
Reserves	19,244	19,244	18,951
Retained earnings	280,354	275,733	256,625
	<u>408,054</u>	<u>403,506</u>	<u>384,358</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>435,687</u>	<u>446,453</u>	<u>435,876</u>
Net Tangible Assets Per Share (RM)	3.75	3.70	3.52
Net Assets Per Share (RM)	3.75	3.70	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 2011 and the accompanying explanatory notes attached to the interim financial statements).



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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31**  
**DECEMBER 2012 (UNAUDITED)**

	31.12.2012	31.12.2011
	RM'000	(Audited) RM'000
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	504,069	501,454
Cash payments for inventory/to suppliers	(413,747)	(448,125)
Cash paid for operating expenses and to employees	(30,750)	(29,400)
Cash generated from/(used in) operations	59,572	23,929
Income tax paid	(3,769)	(5,710)
Interest received	325	362
<b>Net Cash Flows From Operating Activities</b>	<b>56,128</b>	<b>18,581</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of land use rights and property plant and equipment	652	321
Repo interest income	344	83
Purchase of property, plant and equipment	(3,325)	(6,607)
Purchase of land use rights	(6)	(17)
Purchase of unquoted shares	(4,110)	(500)
Proceed from disposal of unquoted investment	-	500
<b>Net Cash Flows From Investing Activities</b>	<b>(6,445)</b>	<b>(6,220)</b>
<b>Cash Flows from Financing Activities</b>		
Net repayment of short-term borrowings	(19,331)	(1,219)
Finance cost paid	(184)	(991)
Dividends paid	(4,904)	(4,907)
Repurchase of own shares	(73)	(253)
<b>Net Cash Flows From Financing Activities</b>	<b>(24,492)</b>	<b>(7,370)</b>
Net (decrease)/increase in cash and cash equivalents	25,191	4,991
Cash and Cash Equivalents at beginning of year	10,163	5,172
Cash and Cash Equivalents at end of year	<u>35,354</u>	<u>10,163</u>
Cash and cash equivalents comprise:		
Cash and bank balances	35,354	10,163
Cash and Cash Equivalents at end of year	<u>35,354</u>	<u>10,163</u>



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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31**  
**DECEMBER 2012 (UNAUDITED) (CONT'D)**

**Note: Reconciliation of operating profit to cash flows from operations:**

Profit before taxation	12,391	30,479
Adjustments for non-cash flow:-		
Allowance for doubtful debts	897	30
Allowance for doubtful debts no longer required	(203)	(660)
Amortisation of land use rights	135	98
Bad debts recovered	(78)	-
Depreciation of property, plant and equipment	6,180	5,925
Finance costs	189	1,022
Fair value gain on financial instruments	(53)	(9)
Fair value adjustment on investment properties	(377)	(290)
Fair value adjustment on unquoted investment	76	-
Gain on disposal of land use rights and property plant and equipment	(352)	(45)
Gross dividend income	(78)	-
Impairment loss for property, plant and equipment	19	-
Impairment loss for goodwill	87	-
Impairment loss for trade and other receivables	284	-
Interest income from overdue accounts	(356)	(397)
Net write down/(back) of inventories	2,462	(2,197)
Repo interest income	(344)	(83)
Property, plant and equipment written off	3	14
Unrealised (gain)/ loss on foreign exchange	(61)	260
Total adjustments	<u>8,430</u>	<u>3,668</u>
Operating Profit Before Changes In Working Capital	20,821	34,147
<u>Changes In Working Capital :</u>		
Inventories	33,878	10,489
Trade and other receivables	1,142	(12,981)
Other assets	21	(117)
Trade and other payables	3,710	(7,609)
Total changes in working capital	<u>38,751</u>	<u>(10,218)</u>
Cash flows from operations	59,572	23,929
Income tax paid	(3,769)	(5,710)
Interest received	325	362
<b>Net Cash Flows From Operating Activities</b>	<u><u>56,128</u></u>	<u><u>18,581</u></u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 Company						Total Equity RM '000
	Non-distributable					Distributable	
	Share Capital RM '000	Treasury Shares RM '000	Share Premium RM '000	Revaluation Reserve RM '000	General Reserve RM '000	Retained Earnings RM '000	
<b>Opening Balance At 1 Jan 2012 (restated)</b>	109,903	(1,374)	17,765	293	1,186	275,733	403,506
Total comprehensive income for the period	-	-	-	-	-	9,525	9,525
Dividends paid	-	-	-	-	-	(4,904)	(4,904)
<b>Transactions with owners</b>							
Purchase of treasury shares	-	(73)	-	-	-	-	(73)
<b>Total transactions with owners</b>	-	(73)	-	-	-	-	(73)
<b>Closing Balance at 31 Dec 2012</b>	109,903	(1,447)	17,765	293	1,186	280,354	408,054
<b>Opening Balance At 1 Jan 2011</b>	109,903	(1,121)	17,765	-	1,186	256,625	384,358
Effects of adopting MFRS	-	-	-	-	-	-	-
<b>Restated balance</b>	109,903	(1,121)	17,765	-	1,186	256,625	384,358
Total comprehensive income for the period	-	-	-	293	-	24,015	24,308
Dividends paid	-	-	-	-	-	(4,907)	(4,907)
<b>Transactions with owners</b>							
Purchase of treasury shares	-	(253)	-	-	-	-	(253)
<b>Total transactions with owners</b>	-	(253)	-	-	-	-	(253)
<b>Closing Balance at 31 Dec 2011 (restated)</b>	109,903	(1,374)	17,765	293	1,186	275,733	403,506

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim statements).



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**EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 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 MFRS 139 Financial Instruments: Recognition and Measurement.

The interim financial report has been prepared in accordance with MFRS 134 : “Interim Financial Reporting” and paragraph 9.22 of the Main Market 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 2011 of the Group and the accompanying notes attached to the interim financial statements. The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting standards (FRS). As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

*(i) Application of MFRS 1*

These interim financial statements are the Group’s first MFRS compliant financial statements prepared under the MFRS framework and hence, MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied in adoption of the MFRSs. The date of transition to the MFRS framework is 1 January 2011. The Group reviewed its accounting policies made on the transition date and considered the transitional opportunities under MFRS 1. The MFRS did not result in any financial impact to the Group as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

*(ii) MFRS, IC Interpretation and Amendments to MFRSs adopted by the Group during the current quarter:*

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

**MFRSs, Amendments to MFRSs and IC Interpretations** **Effective for annual periods beginning on or after**

IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 March 2012
MFRS 1 (Amendments) : Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 March 2012
MFRS 7 (Amendments) : Disclosures - Transfers of Financial Assets	1 March 2012
MFRS 112 (Amendments) : Deferred tax: Recovery of Underlying Assets	1 March 2012



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**A1 Basis of preparation (Cont'd)**

(ii) *MFRS, IC Interpretation and Amendments to MFRSs adopted by the Group during the current quarter (Cont'd):*

The adoption of the Amendments to MFRSs above did not have any financial impact on the Group as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

(iii) *MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective*

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 : Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 : Consolidated Financial Statements	1 January 2013
MFRS 11 : Joint Arrangements	1 January 2013
MFRS 12 : Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 : Fair Value Measurement	1 January 2013
MFRS 119 : Employee Benefits (as amended by IASB in June 2011)	1 January 2013
MFRS 127 : Separate Financial Statements (as amended by IASB in May 2011)	1 January 2013
MFRS 127 : Consolidated and Separate Financial Statements (revised by IASB in December 2003)	1 January 2013
MFRS 128 : Investments in Associates and Joint Ventures (as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1 : First Time Adoption of MFRS – Government Loans	1 January 2013
Amendments to MFRS 7 : Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10 : Consolidated Financial Statements : Transition Guidance	1 January 2013
Amendments to MFRS 11 : Joint Arrangements : Transition Guidance	1 January 2013
Amendments to MFRS 12 : Disclosure of Interests in Other Entities : Transition Guidance	1 January 2013
Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle	1 January 2013



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**A1 Basis of preparation (Cont'd)**

*(iii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective*

**MFRSs, Amendments to MFRSs and IC Interpretations**

**Effective for annual  
periods beginning on or after**

Amendments to MFRS 132 : Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 9 : Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

**A2 Auditor's report on preceding annual financial statements**

The preceding year's audit report for the year ended 31 December 2011 was not qualified.

**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 unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the fourth (4<sup>th</sup>) quarter and financial year ended 31 December 2012.

**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.

**A6 Capital management, issuances, repurchases, and repayments of debts and equity instruments**

For the current quarter, the Company did not repurchase any ordinary shares from the open market. As at 31 December 2012, a total of 952,225 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





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**A6 Capital management, issuances, repurchases, and repayments of debts and equity instruments (Cont'd)**

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 31 December 2012 and 31 December 2011, which are within the Group's objectives for capital management, are as follows:

	31 December 2012 (RM'000)	31 December 2011 (RM'000)
Borrowings	1,000	20,331
Trade and other payables	13,415	9,705
Less : Cash and bank balances	(35,354)	(10,163)
Net debts	(20,939)	19,873
Equity attributable to the owners of the parent	408,054	403,506
Capital and net debts	387,115	423,379
Gearing ratio (%)	(5%)	5%

**A7 Dividends paid**

There were no dividends paid in the current financial quarter.

**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 year ended 31 December 2012 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue - external customers	269,343	180,313	449,656
Intersegment revenue	22,455	30,620	53,075
Reportable segment profit	6,428	6,571	12,999
Unallocated corporate expenses			(419)
Finance costs			(189)
Profit before taxation			12,391



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**A8 Operating segment information (Cont'd)**

Segment information for the previous financial year ended 31 December 2011 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue - external customers	263,497	185,213	448,710
Intersegment revenue	23,961	40,645	64,606
Reportable segment profit	15,097	17,111	32,208
Unallocated corporate expenses			(707)
Finance costs			(1,022)
Profit before taxation			30,479

Segment assets and liabilities as at 31 December 2012 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Segment assets	147,970	242,616	390,586
Unallocated corporate assets			45,101
Total assets			435,687
Segment liabilities	10,922	3,493	14,415
Unallocated corporate liabilities			13,218
Total liabilities			27,633

Segment assets and liabilities as at 31 December 2011 (audited) is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Segment assets	163,408	268,790	432,198
Unallocated corporate assets			14,255
Total assets			446,453
Segment liabilities	12,785	17,251	30,036
Unallocated corporate liabilities			12,911
Total liabilities			42,947

**A9 Material events subsequent to the end of the interim period**

The were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the interim financial statements.



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**A10 Effects of changes in composition of the group**

There were no changes in composition of the Group for the current financial quarter.

**A11 Contingent assets and contingent liabilities**

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

**A12 Capital commitments**

Authorised capital commitments not recognized in the interim financial statements as at 31 December 2012 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	13,500
Approved but not contracted for	15,500
	<u>29,000</u>

**A13 Related party transactions**

Related party transactions for the quarter under review in which certain directors have direct/indirect interest are as follows:

	<b>Group</b>	
	Current year quarter RM'000	Current year to date RM'000
Sales of steel products	165	847
Rental	214	833
	<u>379</u>	<u>1,680</u>

These transactions have been entered into in the normal course of business and at arms length basis and on terms no more favourable to the related party than those generally available to the public.

**A14 Write back of inventories to net realizable values**

Total net inventories written down to either net realizable value or replacement cost for the financial year ended 31 December 2012 was RM2,462,151 compared to a write-back of RM2,196,786 for the financial year ended 31 December 2011.



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

**B1 Review of the performance of the company and its principal subsidiaries**

**a) Current quarter vs. Previous year corresponding quarter**

The Group recorded revenue of RM103.5 million for the quarter ended 31.12.2012 (“4Q 2012”), compared to revenue of RM113.5 million for the quarter ended 31.12.2011 (“4Q 2011”), a decrease of RM10.0 million (8.8%) despite higher sales volume (mainly from sales of beams for a mini power plant project in the northern region). The increase in metric tonne sales was overcome by depressed selling prices due to cheaper imports from China and weakening international steel prices.

In tandem with the reduction in turnover, the Group's profit before taxation for 4Q 2012 also decreased significantly by RM4.6 million to RM0.2 million as compared to 4Q 2011 of RM4.8 million. This was mainly attributed by the higher production cost resulted by higher raw materials cost and operating overheads which eroded profit margins further.

The performance of the respective operating business segments of the Group for 4Q 2012 as compared to 4Q 2011 is analysed as follows:

Manufacturing

Manufacturing operations comprise processing of steel coils into steel products and fabrication of steel products. The manufacturing operations recorded a revenue of RM35.4 million in 4Q 2012, a decrease of RM16.7 million (32%) compared to RM52.1 million in 4Q 2011. The decrease was attributed by softer market demand due to the impending general elections and poor selling prices impacted by weakening international steel prices.

Trading

Trading operations comprise dealings in hardware and construction materials. The trading operations recorded a revenue of RM68.1 million in 4Q 2012, an increase of RM6.7 million (11%) compared to RM61.4 million in 4Q 2011. The increase was mainly due to higher sales volume of construction materials for a mini power plant in the northern region.

**b) Current year-to date vs. Previous year-to date**

For the year ended 31.12.2012 (“YTD 4Q 2012”), the Group recorded revenue of RM449.7 million representing an increase of RM1.0 million as compared to revenue of RM448.7 million recorded in the year ended 31.12.2011 (“YTD 4Q 2011”). The increase was mainly contributed by the trading segment from sales of construction materials for a housing development project (central region) and mini power plant project (northern region), which was dampened by softer market demand from the manufacturing segment.

The Group's profit before taxation for YTD 4Q 2012 meanwhile decreased by RM18.1 million to RM12.4 million as compared to YTD 4Q 2011 of RM30.5 million despite the higher metric tonne sales. This was mainly due to the poor selling prices which buckled the higher metric tonne sales



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**b) Current year-to date vs. Previous year-to date (Cont'd)**

and mirrored the current weak market sentiments where steel prices are languishing at lower levels. Higher production cost incurred for the manufacturing division as a result of higher cost of raw materials and operating overheads further eroded profit margins.

The performance of the respective operating business segments of the Group for YTD 4Q 2012 as compared to YTD 4Q 2011 is analysed as follows:

Manufacturing

Manufacturing operations comprise processing of steel coils into steel products and fabrication of steel products. The manufacturing operations recorded a revenue of RM180.3 million in YTD 4Q 2012, a decrease of 2.6% compared to RM185.2 million in YTD 4Q 2011. The decrease was mainly due to the softer market demand and lower selling prices.

Trading

Trading operations comprise dealings in hardware and construction materials. The trading operations recorded a revenue of RM269.4 million in YTD 4Q 2012, an increase of 2.2% compared to RM263.5 in YTD 4Q 2011. The YTD increase was mainly due to the sales of construction materials for a housing development project (central region), double track project and mini power plant project (both in the northern region) as compared to previous year to date 2011.

**B2 Comparison with preceding quarter's results**

The Group's revenue for 4Q 2012 of RM103.5 million decreased by RM5.6 million or 5.1% as compared to 3Q 2012 of RM109.1 million. Profit before taxation of RM0.2 million was recorded for 4Q 2012, with a decrease of RM3.9 million as compared with RM4.1 million in 3Q 2012, which is in tandem with the decrease in revenue. The decrease in revenue was a result of unfavourable selling prices from weakening international steel prices and softer market demand from the manufacturing segment. The decrease in profit before taxation was attributed by the write down of inventory and higher operating cost.

**B3 Current year prospects and progress on previously announced revenue or profit forecast**

**a) Prospects for 2013**

Recent economic indicators suggest some stabilisation in global growth going forward. Nevertheless, risks remain arising from continued policy uncertainties in several key economies. For the Malaysian economy, while the weakness in global economic conditions has affected growth for 2012, domestic demand continued to provide support to growth. Domestic demand is expected to continue to be the anchor of growth, supported by the expansion in private consumption and investment. Public spending and investment activity are also expected to lend support to growth.

The steel sector in Malaysia is expected to improve amidst a challenging global steel environment and uncertainties associated with the impending general election. This improvement would be dependent on the revised National Steel policy (to be rolled out in stages) to address the issues on



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**B3 Current year prospects and progress on previously announced revenue or profit forecast (Cont'd)**

**a) Prospects for 2013 (Cont'd)**

the influx of cheaper importations into the country and cost competitiveness of steel manufacturers affecting margins. Additionally, the speedy roll out of the government's Economic Transformation Programme (ETP) will have a major impact on the consumption of steel products while improving steel prices and margins.

Amidst the uncertainties, the Group will continue with its business strategy of improving on competitiveness through higher productivity and operational efficiency.

**b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced by the Group.

**B4 Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced by the Group.

**B5 Variance of actual profit from forecast profit or profit guarantee**

There were no profit forecast or profit guarantee issued by the Group.

**B6 Taxation**

Tax charges comprise:

	Current year quarter RM'000	Current year todate RM'000
Income tax		
- current quarter / year	206	2,341
- underprovision in prior quarter / year	-	-
Deferred tax		
- current quarter / year	(717)	525
Tax expenses	<u>(511)</u>	<u>2,866</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period. The Group's effective tax rates for the current quarter resulted in a tax asset position while the year to date under review was lower than the statutory tax rate mainly due to the reversal of deferred taxes arising from temporary differences.



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**B7 (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.

**B8 Group borrowings and debt securities**  
 Details of Group's borrowings as at 31 December 2012 are as follows:-

**Short-term borrowings**

	RM'000	
Trade loan	-	Unsecured
Bankers' acceptance	1,000	Unsecured
	1,000	

Borrowings are denominated in the following currencies:

	RM'000	
- United States Dollar	-	Unsecured
- Ringgit Malaysia	1,000	Unsecured
	1,000	

The Group has no debt securities as at 31 December 2012.

**B9 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.

**B10 Dividends proposed**  
 There was no dividend proposed in the current quarter.

**B11 Earnings per share (EPS)**  
**(a) Basic earnings per share**

		3 months ended		12 months ended	
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit attributable to the owners of the Company	(RM'000)	702	3,366	9,525	24,015
Weighted average number of ordinary shares in issue	('000)	108,951	109,002	108,967	109,071
Basic earnings per share	(sen)	0.64	3.09	8.74	22.02



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**B11 Earnings per share (EPS) (Cont'd)**  
**(b) Diluted earnings per share**

Not applicable.

**B12 Other (Expense)/Gain**

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Interest on :				
Customer overdue account	(16)	158	356	397
Repo	199	24	344	83
Allowance for doubtful debts	(704)	(30)	(897)	(30)
Allowance for doubtful debts no longer required	26	60	203	660
Bad debts recovered	78	-	78	-
Dividend income	78	-	78	-
Fair value gain/(loss) for forward contracts	114	(57)	53	9
Fair value adjustment on unquoted investments	(76)	-	(76)	-
Fair value adjustment on investment properties	377	290	377	290
(Loss)/Gain on disposal of property, plant and equipment	-	(24)	352	45
Trade compensation	5	27	18	40
Income from rental of property	20	24	79	81
Impairment loss for goodwill	(87)	-	(87)	-
Impairment loss for property, plant and equipment	(19)	-	(19)	-
Impairment loss for trade receivables	(284)	-	(284)	-
Realised loss on foreign exchange	(606)	(325)	(1,192)	(948)
Unrealised gain/(loss) on foreign exchange	21	837	61	(260)
Others	-	3	4	2
	<u>(874)</u>	<u>987</u>	<u>(552)</u>	<u>369</u>





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**B13 Realised and unrealised profit or losses disclosure**

The breakdown of the retained profits of the Group as at the end of the reporting date, into realised and unrealised profit or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 are as follows:-

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
- Realised	281,147	279,084
- Unrealised	18,217	16,790
	<u>299,364</u>	<u>295,874</u>
Less : Consolidation adjustments	(19,010)	(20,141)
Total group retained earnings	<u><u>280,354</u></u>	<u><u>275,733</u></u>

**B14 Authorisation for issue**

The interim financial statements were authorised on 22 February 2013 for issue by the Board of Directors.