



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter 31.03.2013 RM'000	Preceding year corresponding quarter 31.03.2012 RM'000	Current year todate 31.03.2013 RM'000	Preceding year todate 31.03.2012 RM'000
Revenue		109,819	109,929	109,819	109,929
Cost of sales:					
Factory and production cost		(93,934)	(98,193)	(93,934)	(98,193)
Factory depreciation		(1,302)	(1,304)	(1,302)	(1,304)
Gross profit		14,583	10,432	14,583	10,432
Other (expense)/gain	B12	775	(29)	775	(29)
Depreciation and amortisation		(282)	(272)	(282)	(272)
Administrative expenses		(2,606)	(2,614)	(2,606)	(2,614)
Selling & distribution expenses		(2,930)	(2,461)	(2,930)	(2,461)
Finance costs		(54)	(29)	(54)	(29)
Profit before taxation		9,486	5,027	9,486	5,027
Tax expense	B6	(1,544)	(1,483)	(1,544)	(1,483)
Profit for the period		7,942	3,544	7,942	3,544
Other comprehensive income		-	-	-	-
Total comprehensive income		7,942	3,544	7,942	3,544
Profit attributable to:					
Owners of the parent		7,942	3,544	7,942	3,544
Total comprehensive income attributable to:					
Owners of the parent		7,942	3,544	7,942	3,544
Earnings per share attributable to owners of the Company:					
a) Basic (sen)	B11(a)	7.29	3.25	7.29	3.25
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 2012 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	Note	As at 31.03.2013 (Unaudited) RM'000	As at 31.12.2012 (Audited) RM'000	As at 01.01.2012 (Restated) RM'000
ASSETS				
Non-current Assets				
Property, plant and equipment		121,092	119,318	122,495
Investment properties		2,947	2,947	2,570
Prepaid lease payments for land		3,168	3,203	3,332
Goodwill on consolidation		-	-	87
		<u>127,207</u>	<u>125,468</u>	<u>128,484</u>
Current Assets				
Inventories		188,671	143,358	179,582
Other investments		4,144	4,112	-
Derivative assets		114	58	9
Trade and other receivables		128,839	124,722	126,688
Current tax assets		1,892	2,630	1,425
Cash and cash equivalents		6,856	35,354	10,163
		<u>330,516</u>	<u>310,234</u>	<u>317,867</u>
TOTAL ASSETS		<u>457,723</u>	<u>435,702</u>	<u>446,351</u>
EQUITY AND LIABILITIES				
Equity attributable to the owners of the parent				
Share capital		109,903	109,903	109,903
Treasury shares		(1,450)	(1,447)	(1,374)
Reserves		307,655	299,713	294,976
TOTAL EQUITY		<u>416,108</u>	<u>408,169</u>	<u>403,505</u>
LIABILITIES				
Non-current Liabilities				
Deferred tax liabilities		13,377	13,207	12,682
		<u>13,377</u>	<u>13,207</u>	<u>12,682</u>
Current Liabilities				
Trade and other payables		8,717	13,314	9,604
Derivative liabilities		-	6	-
Borrowings	B8	19,517	1,000	20,331
Current tax liabilities		4	6	229
		<u>28,238</u>	<u>14,326</u>	<u>30,164</u>
TOTAL LIABILITIES		<u>41,615</u>	<u>27,533</u>	<u>42,846</u>
TOTAL EQUITY AND LIABILITIES		<u>457,723</u>	<u>435,702</u>	<u>446,351</u>
Net Tangible Assets Per Share (RM)		3.84	3.75	3.70
Net Assets Per Share (RM)		3.84	3.75	3.70

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER
ENDED 31 MARCH 2013 (UNAUDITED)

	31.03.2013	31.03.2012
	RM'000	(Restated) RM'000
Cash Flows From Operating Activities		
Cash received from customers	123,577	118,225
Cash payments for inventory/to suppliers	(158,979)	(82,589)
Cash paid for operating expenses and to employees	(7,725)	(7,268)
Cash flows (used in)/generated from operations	(43,127)	28,368
Tax paid	(639)	(1,931)
Tax refunded	1	-
Interest received	75	123
Net cash flows (used in)/from operating activities	(43,690)	26,560
Cash Flows From Investing Activities		
Proceeds from disposal of prepaid lease payments for lands and property, plant and equipment	212	22
Interest received	115	54
Purchase of property, plant and equipment	(3,599)	(675)
Purchase of prepaid lease payments for land	-	(6)
Net cash flows used in investing activities	(3,272)	(605)
Cash Flows From Financing Activities		
Drawdowns of short term borrowings	31,453	2,455
Repayments of short term borrowings	(12,936)	(20,199)
Interest paid	(54)	(29)
Repurchase of own shares	(3)	(41)
Net cash flows from/(used in) financing activities	18,460	(17,814)
Net (decrease)/increase in cash and cash equivalents	(28,502)	8,141
Effects of exchange rate changes on cash and cash equivalents	4	(16)
Cash and cash equivalents at beginning of period	35,186	10,163
Cash and cash equivalents at end of period	6,688	18,288
Cash and cash equivalent comprise:		
Cash and bank balances	6,856	18,288
Fixed deposits pledged to the bank	(168)	-
Cash and cash equivalents at end of period	6,688	18,288



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER
ENDED 31 MARCH 2013 (UNAUDITED) (CONT'D)

	31.03.2013	31.03.2012 (Restated)
	RM'000	RM'000
Note: Reconciliation of operating profit to cash flows from operations:		
Profit before taxation	9,486	5,027
Adjustments for:-		
Impairment losses on trade and other receivables	37	-
Impairment losses on trade receivables no longer required	(115)	(95)
Amortisation of prepaid lease payments for land	33	33
Bad debts recovered	(173)	-
Depreciation of property, plant and equipment	1,551	1,543
Interest expenses	54	29
Fair value adjustments on derivative financial instruments	(114)	11
Fair value adjustments on other investments	(32)	-
Loss/(Gain) on disposal of prepaid lease payments for land and property, plant and equipment	61	(9)
Interest income on overdue accounts	(75)	(123)
Inventories written back	(1,012)	(1,400)
Interest income	(115)	(54)
Property, plant and equipment written off	2	-
Unrealised loss / (gain) on foreign exchange transaction	49	(229)
Total adjustments	151	(294)
Operating profit before changes in working capital	9,637	4,733
<u>Changes in working capital:</u>		
Inventories	(44,301)	25,969
Trade and other receivables	(3,759)	(3,156)
Trade and other payables	(4,704)	822
Total changes in working capital	(52,764)	23,635
Cash flows (used in)/generated from operations	(43,127)	28,368
Tax paid	(639)	(1,931)
Tax refunded	1	-
Interest received	75	123
Net cash flows (used in)/from operating activities	(43,690)	26,560

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT 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	
Opening Balance At 1 Jan 2013	109,903	(1,447)	17,765	-	1,186	280,762	408,169
Total comprehensive income for the period	-	-	-	-	-	7,942	7,942
Transactions with owners							
Purchase of treasury shares	-	(3)	-	-	-	-	(3)
Total transactions with owners	-	(3)	-	-	-	-	(3)
Closing Balance at 31 Mar 2013	109,903	(1,450)	17,765	-	1,186	288,704	416,108
Opening Balance At 1 Jan 2012 (restated)	109,903	(1,374)	17,765	293	1,186	275,733	403,506
Effects of adopting MFRS	-	-	-	-	-	-	-
Restated balance	109,903	(1,374)	17,765	293	1,186	275,733	403,506
Total comprehensive income for the period	-	-	-	-	-	3,544	3,544
Transactions with owners							
Purchase of treasury shares	-	(41)	-	-	-	-	(41)
Total transactions with owners	-	(41)	-	-	-	-	(41)
Closing Balance at 31 Mar 2012 (restated)	109,903	(1,415)	17,765	293	1,186	279,277	407,009

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 and investment properties, 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, while investment properties are stated at fair value as per MFRS 140 : Investment Property.

The interim financial statements 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).

This interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 of the Group and the accompanying notes attached to the interim financial report.

(i) *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
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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



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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):*

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
Amendments to MFRS 101	: Annual improvements 2009 – 2011 cycle	1 January 2013
Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle		1 January 2013

IC Interpretation 20 is not applicable to the Group as it is not relevant to the Group's operations. Government Loans (Amendments to MFRS 1) has no financial impact to the Group as the Group does not hold any government grants or receive any government assistance.

The adoption of all the other MFRSs, amendments to MFRSs and Annual improvements to IC interpretations and MFRSs did not have any financial impact on the Group, except the following:

a. Amendments to MFRS 101 : Annual improvements 2009 – 2011 cycle

The above amendments require disclosure when reclassifications are made to the comparative figures as a result of changes in classification of items in its financial statements. Certain items in the Condensed Consolidated Statements of Financial Position have been reclassified to conform with the presentation of the audited accounts presentation for the year ended 31 December 2012.

The adoption of this amendment affects presentation only and has no financial impact on the financial statements.

<u>Condensed Consolidated Statements of Financial position</u>	As previously reported RM'000	Reclassifi cations RM'000	As Restated RM'000
<u>As at 1 January 2012</u>			
<i>Current assets</i>			
Trade and other receivables	114,214	12,474	126,688
Other assets	12,474	(12,474)	-



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a. Amendments to MFRS 101 : Annual improvements 2009 – 2011 cycle (Cont'd)

<u>Condensed Consolidated Statements of Financial position</u>	As previously reported RM'000	Reclassifi cations RM'000	As Restated RM'000
<i>Equity attributable to the owners of the parent</i>			
Reserves	18,951	276,025	294,976
Retained earnings	276,025	(276,025)	-

(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:

MFRSs, Amendments to MFRSs and IC Interpretations

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

Amendments to MFRS 10	: Consolidated Financial Statements : Investment Entities	1 January 2014
Amendments to MFRS 12	: Disclosure of Interests in Other Entities : Investment Entities	1 January 2014
Amendments to MFRS 127	: Consolidated and Separate Financial Statements : Investment Entities	1 January 2014
Amendments to MFRS 132	: Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	: Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9	: Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
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

The above amendments to MFRSs and revised MFRS will be adopted in the financial statements when they become effective. The adoption of amendments to MFRS 10, 12 and 127 are not expected to have any significant financial impact to the Group as the Company is not an investment entity as defined in MFRS 10. As for the adoption of amendments to MFRS 132 and MFRS 9, it is not expected to have any financial impact to the Group as current accounting practices are aligned with the respective MFRSs.



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- A2 Auditor's report on preceding annual financial statements**
The preceding year's audit report for the year ended 31 December 2012 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 first (1st) quarter ended 31 March 2013.
- 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 had repurchased a total of 2,700 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM1.3556 per share. As at 31 March 2013, a total of 954,925 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 31 March 2013 and 31 March 2012, which are within the Group's objectives for capital management, are as follows:



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

	31 March 2013 (RM'000)	31 March 2012 (RM'000)
Borrowings	19,517	2,455
Trade and other payables	8,717	10,528
Less : Cash and bank balances	(6,856)	(18,288)
Net debts	21,378	(5,305)
Equity attributable to the owners of the parent	416,108	407,009
Capital and net debts	437,486	401,704
Gearing ratio (%)	4.9%	(1.3%)

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 quarter ended 31 March 2013 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue			
Total revenue	78,575	48,373	126,948
Inter-segment revenue	(8,157)	(8,972)	(17,129)
Revenue from external customers	70,418	39,401	109,819
Profit for the quarter			
Total profit or loss	3,344	6,292	9,636
Unallocated expenses			(96)
Finance costs			(54)
Profit before tax			9,486
Tax expense			(1,544)
Profit for the quarter			7,942



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A8 Operating segment information (Cont'd)

Segment information for the previous quarter ended 31 March 2012 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue			
Total revenue	65,192	56,038	121,230
Inter-segment revenue	(5,281)	(6,020)	(11,301)
Revenue from external customers	<u>59,911</u>	<u>50,018</u>	<u>109,929</u>
Profit for the quarter			
Total profit or loss	3,410	1,741	5,151
Unallocated expenses			(95)
Finance costs			<u>(29)</u>
Profit before tax			5,027
Tax expense			<u>(1,483)</u>
Profit for the quarter			<u><u>3,544</u></u>

Segment assets and liabilities as at 31 March 2013 is as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Assets			
Total assets	186,945	254,825	441,770
Investment properties			2,947
Other investments			4,144
Drivative assets			114
Current tax assets			1,892
Cash and cash equivalents			<u>6,856</u>
			<u><u>457,723</u></u>



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A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 31 March 2013 is as follows (Cont'd):-

	Trading RM'000	Manufacturing RM'000	Total RM'000
Liabilities			
Total liabilities	15,806	12,430	28,236
Derivative liabilities			-
Current tax liabilities			3
Deferred tax liabilities			13,376
			<u>41,615</u>

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

	Trading RM'000	Manufacturing RM'000	Total RM'000
Assets			
Total assets	155,012	255,084	410,096
Investment properties			2,570
Goodwill			87
Other investments			-
Drivative assets			-
Current tax assets			1,990
Cash and cash equivalents			18,288
			<u>433,031</u>
Liabilities			
Total liabilities	9,596	3,387	12,983
Derivative liabilities			11
Current tax liabilities			11
Deferred tax liabilities			13,017
			<u>26,022</u>

A9 Material events subsequent to the end of the interim period

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

A10 Effects of changes in composition of the group

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



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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 March 2013 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	16,400
Approved but not contracted for	13,500
	<u>29,900</u>

A13 Related party transactions

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

	Group	
	Current year quarter RM'000	Current year to date RM'000
Sales of steel products	458	458
Rental	214	214
	<u>672</u>	<u>672</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 back to either net realizable value or replacement cost for the quarter ended 31 March 2013 was RM1,012,307.



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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 RM109.8 million for the quarter ended 31.03.2013 (“1Q 2013”), compared to revenue of RM109.9 million for the quarter ended 31.03.2012 (“1Q 2012”), a marginal decrease of RM0.1 million (0.1%). Though the trading segment recorded revenue growth of 18%, this increase was offset by the softer market demand for the manufacturing segment and lower selling prices as compared to 1Q 2012.

Despite the marginal decrease in revenue, the Group's profit before taxation for 1Q 2013 improved significantly by RM4.5 million to RM9.5 million as compared to 1Q 2012 of RM5.0 million. This was mainly contributed by the manufacturing segment due to lower raw material cost and production cost improving profit margins.

The performance of the respective operating business segments of the Group for 1Q 2013 as compared to 1Q 2012 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 RM39.4 million in 1Q 2013, a decrease of RM10.6 million (21%) compared to RM50.0 million in 1Q 2012. The decrease was mainly due to the softer market demand pending general elections and lower selling prices compared to 1Q 2012.

Trading

Trading operations comprise dealings in hardware and construction materials. The trading operations recorded a revenue of RM70.4 million in 1Q 2013, an increase of RM10.5 million (18%) compared to RM59.9 million in 1Q 2012. The increase was mainly due to higher sales volume of construction materials for infrastructure projects in the northern region.

B2 Comparison with preceding quarter's results

The Group's revenue for 1Q 2013 of RM109.8 million increased by RM6.3 million or 6.1% as compared to 4Q 2012 of RM103.5 million, on the back of higher metric tonne sales volume. In tandem with the increase in revenue, profit before taxation of RM9.5 million was recorded for 1Q 2013, with an increase of RM9.2 million as compared with RM0.3 million in 4Q 2012 (audited). The favourable profit before taxation position was further contributed by higher selling prices and lower production costs.

The increase in revenue was contributed by both the manufacturing and trading segments. For the manufacturing segment, the revenue increase was mainly due to the improvement in average selling prices increasing demand for steel products. The trading segment revenue increase was contributed by higher demand of construction materials for infrastructure projects.



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

a) Prospects for 2013

The recent improvement in global steel prices is due to the stabilization of the key risks to the global economy – the Eurozone crisis, a hard landing for the Chinese economy, and the US fiscal cliff issue. Yet, the global steel outlook remains challenging as the Eurozone crisis is far from being solved, while the oversupply situation in China due to governmental measures to rebalance the economy has had further impact on steel demand and prices. Additionally, the rise in international flat products prices have not been sustainable with prices dipping sharply in the later part of 1Q 2013 amidst anaemic demand in the market.

As market sentiment remains cautious, projects under the government's Economic Transformation Programme (ETP) will continue to be the major driver affecting the local steel market performance in terms of steel prices and margins. Further improvements will also depend on the speedy roll out of new measures to be implemented under the revised National Steel policy, addressing issues on the influx of cheaper importations into the country and cost competitiveness of steel manufacturers affecting margins.

Amidst the challenges, the Group will continue with its business strategy of improving on competitiveness and performance 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 to date RM'000
Income tax		
- current quarter / year	1,369	1,369
- underprovision in prior quarter / year	(8)	(8)
Deferred tax		
- current quarter / year	183	183
Tax expenses	<u>1,544</u>	<u>1,544</u>



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B6 Taxation (Cont'd)

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

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 March 2013 are as follows:-

Short-term borrowings

	RM'000	
Trade loan	-	Unsecured
Bankers' acceptance	19,517	Unsecured
	<u>19,517</u>	

Borrowings are denominated in the following currencies:

	RM'000	
- United States Dollar	-	Unsecured
- Ringgit Malaysia	19,517	Unsecured
	<u>19,517</u>	

The Group has no debt securities as at 31 March 2013.

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

The Board of Directors has proposed a final dividend of 5% less 25% taxation (2011: 6% less 25% taxation) amounting to RM4.1 million in respect of the financial year ended 31 December 2012. 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 22 August 2013 to shareholders registered at the close of business on 23 July 2013.



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

		3 months ended	
		31.03.2013	31.03.2012
Profit attributable to the owners of the Company	(RM'000)	7,942	3,544
Weighted average number of ordinary shares in issue	('000)	108,949	108,979
Basic earnings per share	(sen)	7.29	3.25

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

Not applicable.

B12 Other (Expense)/Gain

		3 months ended	
		31.03.2013	31.03.2012
		RM'000	RM'000
Interest on :			
Customer overdue account		75	123
Short term deposits		115	54
Impairment losses on trade and other receivables		(37)	-
Impairment losses on trade receivables no longer required		115	95
Bad debts recovered		173	-
Fair value adjustment on derivative financial instruments		114	(11)
Fair value adjustment on other investments		32	-
(Loss)/Gain on disposal of property, plant and equipment		(61)	9
Trade compensation		7	2
Rental income		92	20
Realised gain/(loss) on foreign exchange transactions		197	(553)
Unrealised (loss)/gain on foreign exchange transactions		(49)	229
Others		2	3
		<u>775</u>	<u>(29)</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 31.03.2013 RM'000	As at 31.12.2012 RM'000
- Realised	290,755	283,080
- Unrealised	16,385	16,400
	<u>307,140</u>	<u>299,480</u>
Less : Consolidation adjustments	(18,436)	(18,718)
Total group retained earnings	<u><u>288,704</u></u>	<u><u>280,762</u></u>

B14 Authorisation for issue

The interim financial statements were authorised for announcement to Bursa Malaysia on 29 May 2013 by the Board of Directors.