



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year corresponding quarter	Current year todate	Preceding year todate
		30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)
		RM'000	RM'000	RM'000	RM'000
Revenue		78,022	107,219	275,553	361,137
Cost of sales:					
Factory and production cost		(66,504)	(100,456)	(232,595)	(333,308)
Factory depreciation		(1,344)	(1,405)	(4,032)	(4,212)
Gross profit		10,174	5,358	38,926	23,617
Other gain	B12	1,142	1,669	1,737	1,264
Depreciation and amortisation		(418)	(362)	(1,200)	(1,046)
Administrative expenses		(2,581)	(2,176)	(7,916)	(7,140)
Selling and distribution expenses		(2,761)	(3,685)	(8,657)	(11,286)
Finance costs		-	(35)	(6)	(615)
Profit before taxation		5,556	769	22,884	4,794
Tax (expense) / income	B6	(1,128)	(3,326)	(5,652)	376
Profit / (loss) for the period		4,428	(2,557)	17,232	5,170
Other comprehensive income / (loss), net of tax		-	-	-	-
Total comprehensive income / (loss)		4,428	(2,557)	17,232	5,170
Profit / (loss) attributable to:					
Owners of the parent		4,428	(2,557)	17,232	5,170
Total comprehensive income / (loss) attributable to:					
Owners of the parent		4,428	(2,557)	17,232	5,170
Earnings per share attributable to equity holders of the Company (sen):					
a) Basic	B11(a)	4.06	(2.35)	15.82	4.75
b) Diluted	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 2015 and the accompanying explanatory notes attached to the interim financial statements).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	Note	30.09.2016 (Unaudited) RM'000	31.12.2015 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		147,069	135,646
Investment properties		1,779	1,779
Prepaid lease payments for land		2,721	2,823
		<u>151,569</u>	<u>140,248</u>
Current Assets			
Inventories		103,279	150,797
Other investments		5,365	10,037
Derivative assets		29	-
Trade and other receivables		86,862	120,704
Current tax assets		-	446
Cash and cash equivalents		120,508	34,014
		<u>316,043</u>	<u>315,998</u>
TOTAL ASSETS		<u>467,612</u>	<u>456,246</u>
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		109,903	109,903
Treasury shares		(1,462)	(1,459)
Reserves		335,903	323,029
TOTAL EQUITY		<u>444,344</u>	<u>431,473</u>
LIABILITIES			
Non-current Liabilities			
Deferred tax liabilities		12,726	12,980
Current Liabilities			
Trade and other payables		7,065	9,654
Derivative liabilities		36	61
Current tax liabilities		3,441	78
Borrowings	B8	-	2,000
		<u>10,542</u>	<u>11,793</u>
TOTAL LIABILITIES		<u>23,268</u>	<u>24,773</u>
TOTAL EQUITY AND LIABILITIES		<u>467,612</u>	<u>456,246</u>
Net Tangible Assets Per Share (RM)		4.08	3.96
Net Assets Per Share (RM)		4.08	3.96

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 30 SEPTEMBER 2016 (UNAUDITED)

	30.09.2016 (Unaudited) RM'000	30.09.2015 (Unaudited) RM'000
Cash Flows From Operating Activities		
Cash received from customers	346,671	412,264
Cash payments for inventory/to suppliers	(227,539)	(334,212)
Cash paid for operating expenses and to employees	(14,517)	(25,836)
Cash flows from operations	<u>104,615</u>	<u>52,216</u>
Interest received	502	364
Tax refunded	-	6,175
Tax paid	(2,097)	(3,243)
Net cash flows from operating activities	<u>103,020</u>	<u>55,512</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	175	1,240
Proceeds from disposal of other investments	25,000	-
Interest received	1,573	127
Purchase of property, plant and equipment	(17,050)	(4,799)
Purchase of other investments	(20,000)	-
Increase in deposits pledged to licensed banks	(85,728)	(3)
Net cash flows used in investing activities	<u>(96,030)</u>	<u>(3,435)</u>
Cash Flows From Financing Activities		
Repayments of short-term borrowings	(4,100)	(150,395)
Drawdowns of short-term borrowings	2,100	110,161
Interest paid	(6)	(615)
Dividends paid	(4,358)	(6,537)
Repurchase of own shares	(3)	(4)
Net cash flows used in financing activities	<u>(6,367)</u>	<u>(47,390)</u>
Net increase in cash and cash equivalents	623	4,687
Effect of exchange rate changes on cash and cash equivalents	143	(579)
Cash and cash equivalents at beginning of period	<u>33,829</u>	<u>10,247</u>
Cash and cash equivalents at end of period	<u>34,595</u>	<u>14,355</u>
Cash and cash equivalents comprise:		
Cash and bank balances	19,021	14,355
Deposits with licensed banks	15,574	-
Deposits pledged to licensed banks	85,913	181
As per balance sheet	<u>120,508</u>	<u>14,536</u>
Less : Deposits pledged to licensed banks	(85,913)	(181)
Cash and cash equivalents at end of period	<u>34,595</u>	<u>14,355</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 30 SEPTEMBER 2016 (UNAUDITED) (CONT'D)

	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)
	RM'000	RM'000
Note : Reconciliation of cash flows from operating activities :		
Profit before taxation	22,884	4,794
Adjustments for non-cash flow items :-		
Amortisation of prepaid lease payments for land	102	102
Bad debts written off	200	-
Bad debts recovered	(5)	(16)
Depreciation of property, plant and equipment	5,130	5,156
Fair value adjustments on derivative financial instruments	(54)	660
Fair value adjustments on other investments	(85)	-
Gain on disposal of other investments	(243)	-
Loss / (Gain) on disposal of property, plant and equipment	321	(160)
Impairment losses on trade and other receivables	1,026	24
Impairment losses on trade and other receivables no longer required	(194)	(242)
Interest expenses	6	615
Interest income on overdue accounts	(502)	(364)
Interest income	(1,573)	(127)
Inventories written (back) / down	(2,121)	1,222
Property, plant and equipment written off	1	2
Unrealised gain on foreign exchange transactions	(205)	(467)
Operating profit before changes in working capital	24,688	11,199
Changes in working capital		
Inventories	49,639	26,306
Trade and other receivables	32,873	14,435
Trade and other payables	(2,585)	276
Cash flows from operations	104,615	52,216
Interest received	502	364
Tax refunded	-	6,175
Tax paid	(2,097)	(3,243)
Net cash flows from operating activities	103,020	55,512

(The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to Owners of the Company				Distributable	Total Equity
	Share Capital	Treasury Shares	Share Premium	General Reserve		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 1 January 2016	109,903	(1,459)	17,765	1,186	304,078	431,473
Profit for the financial year	-	-	-	-	17,232	17,232
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	17,232	17,232
Transactions with owners						
Dividends	-	-	-	-	(4,358)	(4,358)
Purchase of treasury shares	-	(3)	-	-	-	(3)
Total transactions with owners	-	(3)	-	-	(4,358)	(4,361)
Balance as at 30 September 2016	109,903	(1,462)	17,765	1,186	316,952	444,344
Balance as at 1 January 2015	109,903	(1,455)	17,765	1,186	304,684	432,083
Profit for the financial year	-	-	-	-	5,170	5,170
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	5,170	5,170
Transactions with owners						
Dividends	-	-	-	-	(6,537)	(6,537)
Purchase of treasury shares	-	(4)	-	-	-	(4)
Total transactions with owners	-	(4)	-	-	(6,537)	(6,541)
Balance as at 30 September 2015	109,903	(1,459)	17,765	1,186	303,317	430,712

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

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 also 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 2015 of the Group and the accompanying notes attached to the interim financial report. The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2015, except for the adoption of the Amendments and Annual improvements to Standards effective as of 1 January 2016.

(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 financial period:

MFRSs, Amendments to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
MFRS 14 : Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101 : Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 : Agriculture : Bearer Plants	1 January 2016
Amendments to MFRS 127 : Equity Method in Separate Financial Statements	1 January 2016

The above pronouncements are either not relevant or do not have any financial impact to the Group.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A1 Basis of preparation (Cont'd)

(ii) *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 adopted by the Group:

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

Amendments to MFRS 10 and MFRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107	: Statement of Cash Flows : Disclosure Initiative	1 January 2017
Amendments to MFRS 112	: Incomes Taxes : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2	: Classification and Measurement of Share-Based Payment Transactions	1 January 2018
MFRS 15	: Revenue from Contracts with Customers : Clarification to MFRS 15	1 January 2018
MFRS 9	: Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1 January 2018
MFRS 16	: Leases	1 January 2019

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of amendments to MFRSs 10 and 128 will not have any financial impact to the Group as the Group does not have any interest in joint operations.

Amendments to MFRS 107 Statement of Cash Flows : Disclosure Initiative

The amendments to MFRS 107 requires entity to provide disclosures on changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The adoption of these amendments is not expected to have any financial impact on the Group as it only affects disclosure.

Amendments to MFRS 112 Income Taxes : Recognition of Deferred Tax Asset for Unrealised Losses

The amendments to MFRS 112 clarify the accounting treatment of deferred tax assets for unrealised losses on fixed-rate debt instruments measured at fair value. The Group is currently assessing the financial impact of the adoption of this standard in relation to the new requirements on this standard.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A1 Basis of preparation (Cont'd)

(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (Cont'd)

Amendments to MFRS 2 : Classification and Measurement of Share-Based Payment Transactions

The amendments provides guidance on how to account for the following situations:

- The effects of vesting and non-vesting conditions on the measurement of a cash-settled share-based payments;
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled.

As the Group does not practice share-based payment transactions, the adoption of these amendments are not expected to have any financial impact on the Group.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services. The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Group.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139, where a retrospective application is required, but comparative information is not compulsory. This standard made changes to the requirements for classification and measurement of financial assets and financial liabilities, impairment, and hedge accounting. It also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, it aligns hedge accounting more closely with risk management, establishes a more principle-based approach base to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

The adoption of this standard is expected to have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the financial impact of the adoption of this standard in relation to the new requirements for classification, measurements and impairment. The requirements for hedge accounting is not relevant to the Group and is not expected to have any impact.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A1 Basis of preparation (Cont'd)

(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (Cont'd)

MFRS 16 Leases

MFRS 16 Leases was issued in April 2016 and will supersede all current lease recognition under MFRS. Under this standard, a lease is a contract (or contains a lease in a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. MFRS 16 eliminates the classification of leases as either operating leases or financial leases for a lessee, and requires a lessee to treat all leases as a finance lease that recognises the right to use of the underlying lease asset and the future lease payments liabilities in the Group statement of financial position. For a lessor, MFRS 16 made changes to the disclosures of the existing requirements under MFRS 117 and continue to allow a lessor to classify all leases as either operating leases or finance leases.

A2 Auditor's report on preceding annual financial statements

The preceding year's audit report for the year ended 31 December 2015 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 due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the third quarter and nine months ended 30 September 2016.

A5 Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in the previous financial year which have a material effect in the third quarter and nine months ended 30 September 2016.

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

For the current quarter, the Company had repurchased a total of 2,000 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM1.5194 per share.

As at 30 September 2016, a total of 961,925 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 period 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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

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

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 September 2016 and 30 September 2015, which are within the Group's objectives for capital management, are as follows:

	<u>30.09.2016</u>	<u>30.09.2015</u>
	RM'000	RM'000
Borrowings	-	6,220
Trade and other payables	7,065	11,155
Less : Cash and bank balances	<u>(120,508)</u>	<u>(14,536)</u>
Net (cash) / debts	<u>(113,443)</u>	<u>2,839</u>
Equity attributable to the owners of the parent	444,344	430,712
Capital and net debts	444,344	433,551
Gearing ratio (%)	0%	1%

A7 Dividends paid

A final single tier dividend 4% per share amounting to RM4,357,683.00 in respect of financial year 31 December 2015 was paid on 19 August 2016.

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



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A8 Operating segment information (Cont'd)

Segment information for the quarter ended 30 September 2016 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	51,942	34,584	86,526
Inter-segment revenue	(1,072)	(7,432)	(8,504)
Revenue from external customers	<u>50,870</u>	<u>27,152</u>	<u>78,022</u>
Profit for the quarter			
Total profit	3,582	2,322	5,904
Unallocated expenses			<u>(348)</u>
Profit before tax			5,556
Tax expense			<u>(1,128)</u>
Profit after tax for the quarter			<u>4,428</u>

Segment information for the quarter ended 30 September 2015 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	68,876	51,435	120,311
Inter-segment revenue	(4,770)	(8,322)	(13,092)
Revenue from external customers	<u>64,106</u>	<u>43,113</u>	<u>107,219</u>
Profit for the quarter			
Total profit	899	122	1,021
Unallocated expenses			(217)
Finance costs			<u>(35)</u>
Profit before tax			769
Tax expense			<u>(3,326)</u>
Loss after tax for the quarter			<u>(2,557)</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A8 Operating segment information (Cont'd)

Segment information for the current financial period ended 30 September 2016 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	183,161	121,395	304,556
Inter-segment revenue	(5,209)	(23,794)	(29,003)
Revenue from external customers	<u>177,952</u>	<u>97,601</u>	<u>275,553</u>
Profit for the period			
Total profit	13,678	9,751	23,429
Unallocated expenses			(539)
Finance costs			<u>(6)</u>
Profit before tax			22,884
Tax expense			<u>(5,652)</u>
Profit after tax for the period			<u>17,232</u>

Segment information for the previous financial period ended 30 September 2015 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	231,554	163,982	395,536
Inter-segment revenue	(11,480)	(22,919)	(34,399)
Revenue from external customers	<u>220,074</u>	<u>141,063</u>	<u>361,137</u>
Profit or (Loss) for the period			
Total profit	6,077	(203)	5,874
Unallocated expenses			(465)
Finance costs			<u>(615)</u>
Profit before tax			4,794
Tax income			<u>376</u>
Profit after tax for the period			<u>5,170</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 30 September 2016 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Assets			
Total assets	135,821	204,110	339,931
Investment properties			1,779
Derivative assets			29
Other investments			5,365
Cash and cash equivalents			120,508
			<u>467,612</u>
Liabilities			
Total liabilities	4,799	2,266	7,065
Derivative liabilities			36
Current tax liabilities			3,441
Deferred tax liabilities			12,726
			<u>23,268</u>

Segment assets and liabilities as at 30 September 2015 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Assets			
Total assets	158,572	286,803	445,375
Investment properties			1,870
Current tax assets			1,249
Cash and cash equivalents			14,536
			<u>463,030</u>
Liabilities			
Total liabilities	7,738	9,637	17,375
Derivative liabilities			1,046
Deferred tax liabilities			13,897
			<u>32,318</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

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 the composition of the Group during the third quarter and nine months ended 30 September 2016.

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 recognised in the interim financial statements as at 30 September 2016 are as follows:

	RM'000
Capital expenditure :	
Approved and contracted for	784
Approved but not contracted for	<u>1,200</u>
	<u><u>1,984</u></u>

A13 Related party transactions

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

	Group	
	Current year quarter	Current year todate
	RM'000	RM'000
Rental expense	<u>(223)</u>	<u>(669)</u>
	<u><u>(223)</u></u>	<u><u>(669)</u></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 financial period ended 30 September 2016 was RM2,120,982.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A15 Financial instruments
(a) Financial instruments

Group	As at 30 September 2016		
	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayment	86,184	-	86,184
Derivative assets	-	29	29
Other investments	-	5,365	5,365
Cash and cash equivalents	120,508	-	120,508
	206,692	5,394	212,086
Financial liabilities			
Trade and other payables	7,065	-	7,065
Derivative liabilities	-	36	36
	7,065	36	7,101

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- ii. Quoted investments

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market exit prices at the close of the business on the end of the reporting period.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

A15 Financial instruments (contd.)

(a) Financial instruments (contd.)

iii. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

iv. Financial guarantee

The Group and the Company provide corporate guarantees to financial institutions for banking facilities and corporate guarantee given to a third party in respect of sales of good to a subsidiary and letter of credit. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities and repayment to the supplier is not probable.

(b) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set-out the financial instruments carried at fair value is disclosed, together with their fair values and carrying amounts showed in the statement of financial position.

	Level 1	Level 2	Level 3	Total	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value					
Financial assets at fair value through profit and loss					
- Forward currency contracts	-	-	29	29	29
- Other investments	5,365	-	-	5,365	5,365
Liabilities measured at fair value					
Financial liabilities at fair value through profit and loss					
- Forward currency contracts	-	-	36	36	36

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial period ended 30 September 2016.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

**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 RM78.0 million for the quarter ended 30.09.2016 (“3Q 2016”), which contracted by RM29.2 million (-27%) compared to revenue of RM107.2 million for the quarter ended 30.09.2015 (“3Q 2015”). The weaker performance was mainly attributed to lower contribution from both the manufacturing and trading segments.

However, the Group’s profit before taxation bucked the downward revenue trend and rose significantly to RM5.6 million for 3Q 2016 as compared to RM0.8 million achieved in 3Q 2015. This was mainly due to higher profit margins achieved as a result of improved average selling prices. Profit before taxation was further strengthened by interest income of RM0.8 million from short term deposits with banks.

The performance of the respective operating business segments of the Group for 3Q 2016 as compared to 3Q 2015 are analysed as follows:

Manufacturing

The manufacturing operations contributed revenue of RM27.1 million in 3Q 2016, which declined significantly by RM16.0 million (-37%) compared to RM43.1 million in 3Q 2015. The weaker performance was mainly attributed to slower market demand.

Trading

The trading operations contributed revenue of RM50.9 million in 3Q 2016, which eased by RM13.2 million (-21%) compared to RM64.1 million recorded in 3Q 2015. The weaker performance was due to tepid market conditions awaiting favourable government policies to be injected to stimulate the economic further.

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

For the 9 months ended 30.09.2016 (“YTD 3Q 2016”), the Group recorded revenue of RM275.6 million, which contracted by RM85.5 million (-24%) as compared to revenue of RM361.1 million recorded in the 9 months ended 30.09.2015 (“YTD 3Q 2015”). The drop in performance was mainly due to slower market demand affecting both the trading and manufacturing segments.

The Group's profit before taxation for YTD 3Q 2016, however, recorded significant improvement of RM18.1 million to RM22.9 million as compared to RM4.8 million recorded for YTD 3Q 2015. This was mainly due to improved profit margins on the back of lower material cost while average selling prices saw improvements and stability, especially from 2Q 2016 onwards, offsetting lower metric tonne sales volume. Profit before taxation was strengthened further by an inventory write back of RM2.1 million and interest income of RM1.6 million from short term deposits with banks.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

B1 Review of the performance of the company and its principal subsidiaries (Cont'd)
b) Current year-to date vs. Previous year-to date (Cont'd)

The performance of the respective operating business segments of the Group for YTD 3Q 2016 as compared to YTD 3Q 2015 are analysed as follows:

Manufacturing

The manufacturing operations recorded revenue of RM97.6 million for YTD 3Q 2016, which decreased by 31% as compared to RM141.1 million in YTD 3Q 2015. The decline in performance was mainly due to slower market demand.

Trading

The trading operations recorded revenue of RM178.0 million for YTD 3Q 2016, which declined by 19% as compared to RM220.0 million in YTD 3Q 2015. The weaker performance was mainly due to tepid market conditions awaiting favourable government policies to be injected to stimulate the economy further.

B2 Comparison with preceding quarter's results

The Group's revenue for 3Q 2016 shrank by 19% to RM78.0 million as compared to RM96.8 million achieved in 2Q 2016. The softer performance was mainly due to the weaker metric tonne sales, where dealers were still clearing off inventory purchased in 2Q 2016 during the spike in global selling prices while adopting a cautious stance on supply and demand trend.

Following the lower revenue trend, the Group's profit before taxation for 3Q 2016 dropped by RM7.7 million to RM5.6 million as compared to RM13.3 million for 2Q 2016. The weaker performance was due to lower profit margins achieved as a result of higher material cost due to the increase in coke and iron ore prices.

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

a) Prospects for 2016

The international market's recovery of steel prices have remained relatively stable, with expectations that prices are poised to move up strongly towards the fourth quarter and spilling over to early 2017. This is mainly attributed to the strong upsurge in the price of iron ore and coking coal, an essential component of steel making as well as China's on going efforts in cutting excess capacity to relieve the global steel glut. However, whether the upwards momentum in price will be sustainable is questionable as an over-capacity situation especially in China still persist amid the lack of global economic growth, uncertainties driven by geopolitical situations in various parts of the world, weakness in global investment and low oil prices.

On the domestic front, though the rebound in steel prices has helped to improve margins, demand for steel consumption would continue to hinge on the steady roll out of private construction projects and government infrastructure projects. Overall, the local steel market is expected to be challenging due to slower economic growth, intense competition and higher business costs.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

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

a) Prospects for 2016 (Cont'd)

To weather the challenging environment, the Group will continue to focus on strategies to improve cost efficiencies, strengthen productivity, employ efficient procurement strategies and enhance quality and delivery of our products with a focus on higher profitability.

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:

	<u>Current year quarter</u> RM'000	<u>Current year todate</u> RM'000
Income tax		
- current quarter / year	1,209	5,906
Deferred tax		
- current quarter / year	(81)	(254)
Tax expense	<u>1,128</u>	<u>5,652</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the period. The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to reversal of taxes over provided in prior year. The effective tax rate for the year to date was slightly higher than the statutory tax rate mainly due to the effect of expenses not-deductible for tax purposes.

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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

B8 Group borrowings and debt securities

Details of Group's borrowings as at 30 September 2016 are as follows:

Short-term borrowings

	RM'000	
Bankers' acceptances	-	Unsecured
	-	
	-	

Borrowings are denominated in the following currencies:

	RM'000	
- Ringgit Malaysia	-	Unsecured
	-	
	-	

The Group has no debt securities as at 30 September 2016.

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		9 months ended	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit attributable to the owners of the Company	(RM'000)	4,428	(2,557)	17,232	5,170
Weighted average number of ordinary shares in issue	('000)	108,940	108,942	108,942	108,944
Basic earnings per share	(sen)	4.06	(2.35)	15.82	4.75

(b) Diluted earnings per share

Not applicable.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

B12 Other Gain / (Losses)

	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Interest on :				
Customer overdue account	248	197	502	364
Short term deposits	826	61	1,573	127
Impairment losses on trade and other receivables	(285)	(1)	(1,026)	(24)
Impairment losses on trade and other receivables no longer required	277	189	194	242
Bad debts recovered	-	10	5	16
Fair value adjustments on derivative financial instruments	(37)	(160)	54	(660)
Fair value adjustment on other investments	49	-	85	-
(Loss) / Gain on disposal of property, plant and equipment	-	-	(321)	160
Gain on disposal of other investments	-	-	243	-
Trade compensation	-	41	30	42
Rental income	22	22	66	50
Realised gain on foreign exchange transactions	31	831	127	480
Unrealised gain on foreign exchange transactions	11	479	205	467
	<u>1,142</u>	<u>1,669</u>	<u>1,737</u>	<u>1,264</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

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 30.09.2016 RM'000	As at 30.09.2015 RM'000
- Realised	320,687	317,174
- Unrealised	15,204	7,852
	<u>335,891</u>	<u>325,026</u>
Less : Consolidation adjustments	(18,939)	(21,709)
Total group retained earnings	<u><u>316,952</u></u>	<u><u>303,317</u></u>

B14 Authorisation for issue

The interim financial statements were authorised on 29 November 2016 for issue by the Board of Directors.