



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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
		31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)
		RM'000	RM'000	RM'000	RM'000
Revenue		114,602	97,322	114,602	97,322
Cost of sales:					
Factory and production cost		(94,153)	(75,364)	(94,153)	(75,364)
Factory depreciation		(1,340)	(1,336)	(1,340)	(1,336)
Gross profit		19,109	20,622	19,109	20,622
Other income	B12	976	820	976	820
Depreciation and amortisation		(413)	(412)	(413)	(412)
Administrative expenses		(2,959)	(2,958)	(2,959)	(2,958)
Selling and distribution expenses		(2,976)	(2,743)	(2,976)	(2,743)
Finance costs		(2)	(2)	(2)	(2)
Profit before taxation		13,735	15,327	13,735	15,327
Tax expense	B6	(3,324)	(3,775)	(3,324)	(3,775)
Profit after taxation		10,411	11,552	10,411	11,552
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		10,411	11,552	10,411	11,552
Profit attributable to:					
Owners of the parent		10,411	11,552	10,411	11,552
Total comprehensive income attributable to:					
Owners of the parent		10,411	11,552	10,411	11,552
Earnings per share attributable to equity holders of the Company (sen):					
a) Basic	B11(a)	9.56	10.60	9.56	10.60
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 2017 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 FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	Note	31.03.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		140,280	140,644
Investment properties		2,176	2,176
Prepaid lease payments for land		2,517	2,551
Right of use assets		4,090	-
		149,063	145,371
Current Assets			
Inventories		180,346	160,729
Trade and other receivables		134,592	150,674
Derivative assets		541	316
Other investments		2,027	2,009
Cash and bank balances		64,240	54,346
		381,746	368,074
TOTAL ASSETS		530,809	513,445
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		127,668	127,668
Treasury shares		(1,462)	(1,462)
Reserves		366,752	357,500
TOTAL EQUITY		492,958	483,706
LIABILITIES			
Non-current Liabilities			
Deferred tax liabilities		11,070	11,176
Long term lease liability		2,833	-
		13,903	11,176
Current Liabilities			
Trade and other payables		14,557	15,385
Derivative liabilities		38	-
Current tax liabilities		3,096	3,178
Borrowings	B8	5,000	-
Short term lease liability		1,257	-
		23,948	18,563
TOTAL LIABILITIES		37,851	29,739
TOTAL EQUITY AND LIABILITIES		530,809	513,445
Net Tangible Assets Per Share (RM)		4.53	4.44
Net Assets Per Share (RM)		4.53	4.44

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 31 MARCH 2018 (UNAUDITED)

	31.03.2018 (Unaudited) <u>RM'000</u>	31.03.2017 (Unaudited) <u>RM'000</u>
Cash Flows From Operating Activities		
Profit before taxation	13,735	15,327
Adjustments for non-cash flow items :-		
Amortisation of prepaid lease payments for land	34	34
Amortisation of lease	215	-
Bad debts written off	-	34
Depreciation of property, plant and equipment	1,719	1,714
Dividend income received from short term fund	(18)	-
Fair value adjustments on derivative financial instruments	(187)	(19)
Loss on disposal of property, plant and equipment	64	82
Impairment losses on trade and other receivables	-	813
Impairment losses on trade and other receivables no longer required	(320)	(43)
Interest expense	2	2
Interest income on overdue accounts	(166)	(57)
Interest income	(346)	(727)
Inventories written down / (written back)	104	(100)
Unrealised (gain) / loss on foreign exchange transactions	(254)	211
Operating profit before changes in working capital	<u>14,582</u>	<u>17,271</u>
Changes in working capital		
Inventories	(19,721)	(58,486)
Trade and other receivables	15,312	(11,469)
Trade and other payables	(829)	2,186
Cash flows from / (used in) operations	<u>9,344</u>	<u>(50,498)</u>
Interest received	166	57
Tax refunded	9	-
Tax paid	(3,521)	(2,727)
Net cash flows from / (used in) operating activities	<u>5,998</u>	<u>(53,168)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	161	59
Interest received	346	727
Purchase of property, plant and equipment	(1,581)	(308)
Net cash flows (used in) / from investing activities	<u>(1,074)</u>	<u>478</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 31 MARCH 2018 (UNAUDITED) (CONT'D)

	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)
	<u>RM'000</u>	<u>RM'000</u>
Cash Flows From Financing Activities		
Drawdowns of short-term borrowings	5,000	5,000
Interest paid	(2)	(2)
Short term lease liability paid	(215)	-
Net cash flows from financing activities	<u>4,783</u>	<u>4,998</u>
Net increase / (decrease) in cash and cash equivalents	9,707	(47,692)
Effect of exchange rate changes on cash and cash equivalents	187	(161)
Cash and cash equivalents at beginning of period	<u>54,149</u>	<u>92,789</u>
Cash and cash equivalents at end of period	<u><u>64,043</u></u>	<u><u>44,936</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	45,964	35,826
Deposits with licensed banks	18,079	9,110
Deposits pledged to licensed banks	197	191
As per balance sheet	<u>64,240</u>	<u>45,127</u>
Less : Deposits pledged to licensed banks	(197)	(191)
Cash and cash equivalents at end of period	<u><u>64,043</u></u>	<u><u>44,936</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 2017 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 FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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	General Reserve RM '000	Retained Earnings RM '000	
Balance as at 1 January 2018	127,668	(1,462)	-	1,186	356,314	483,706
Effects of MFRS 9 Financial Instruments adoption	-	-	-	-	(1,159)	(1,159)
Profit for the period	-	-	-	-	10,411	10,411
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	10,411	10,411
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2018	127,668	(1,462)	-	1,186	365,566	492,958
Balance as at 1 January 2017	109,903	(1,462)	17,765	1,186	324,433	451,825
Adjustment for effects of Companies Act 2016 (Note a)	17,765	-	(17,765)	-	-	-
Profit for the period	-	-	-	-	11,552	11,552
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	11,552	11,552
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2017	127,668	(1,462)	-	1,186	335,985	463,377

Note a

During the quarter and period ended 31 March 2017, the credit standing in the share premium account of RM17,765,000 were transferred to the share capital account on the commencement of the Companies Act 2016 ("New Act") on 31 January 2017. Pursuant to subsection 618(3) of the New Act, the Group, as disclosed in Note A9 has proposed that the bonus issue to be utilized against the credit amount transferred from the share premium account.

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim statements).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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 2017 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 2017, except for the adoption of the Amendments and Annual improvements to Standards effective as of 1 January 2018.

(i) MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial period:

MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2014 – 2016 Cycle : Amendments to MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards : Amendments to MFRS 128 – Investments in Associates and Joint Ventures	1 January 2018
MFRS 9 : Financial Instruments (IFRS 9 as issued by International Accounting Standards Board (“IASB”) in July 2014)	1 January 2018
MFRS 15 : Revenue from Contracts with Customers : Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 : Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to MFRS 4 : Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140 : Transfers of Investment Property	1 January 2018
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration	1 January 2018



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A1 Basis of preparation (Cont'd)

(i) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial period (Cont'd):*

The adoption of above MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations does not have any impact on the Group, except the following:

MFRS 9 Financial Instruments

The adoption of this standard resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets were amended to comply with the provisions in the standard. In accordance with the transition requirements under paragraph 7.2.15 of this standard, comparatives are not restated and the financial impact of the adoption of this standard is recognized in retained earnings as at 1 January 2018.

a. Changes in accounting policies

Financial assets

The Group classifies its financial assets into the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss; and
- Those to be measured at amortised cost.

The classification above depends on the Group's business model for managing the financial assets and the contractual terms of cash flows. The following summaries the key changes:

- The loans and receivables financial asset category was removed.
- A new asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interests and held in a business model whose objective is achieved by collecting contractual cash flows only.

Financial liabilities

There is no impact on the classification and measurement of the Group's financial liabilities.

Impairment of financial assets

MFRS 9 Financial Instruments requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The key changes in the Group's accounting policies for impairment of financial assets are as follows:

i) Trade and other receivables, net of prepayments

The Group applies the simplified approach prescribed by MFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables which are financial assets.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A1 Basis of preparation (Cont'd)

(i) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial period (Cont'd):*

b. Classification and measurement of financial instruments

The following table summarises the reclassification and measurement of the Group's financial assets as at 1 January 2018:

	Note	Measurement category		Carrying amount as at 1 January 2018		
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	Effect (MFRS 9) RM'000	New (MFRS 9) RM'000
Financial assets:						
Trade and other receivables, net of prepayments	a	Loans and receivables	Amortised cost	149,889	(1,159)	148,730
Derivative assets		FVTPL	FVTPL	316	-	316
Other investments		Amortised cost	Amortised cost	2,009	-	2,009
Cash and bank balances	a	Loans and receivables	Amortised cost	54,436	-	54,436

(ii) *Early adoption of MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial period:*

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

The Group has early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial period. In accordance with the transition requirements under the Appendix C, paragraph 5(b) of this Standard, comparatives are not restated.

As a result of the adoption of MFRS 16 *Leases*, the existing requirements for a lessee to distinguish between finance lease and operating lease under the MFRS 117 *Leases* are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statement of financial position. For a lessor, MFRS 16 *Leases* continue to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A1 Basis of preparation (Cont'd)

(ii) *Early adoption of MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial period (Cont'd):*

The following table presents the impact of changes to the consolidated Statements of Financial Position of the Group resulting from the early adoption of MFRS 16 *Leases* as at 1 January 2018:

	Note	As at 31 December 2017 RM'000	Effect of MFRS 16 RM'000	As at 01 January 2018 RM'000
Non-current assets				
Right-of-use assets	(a)	-	11,495	11,495
Current Liabilities				
Lease liabilities	(b)	-	3,247	3,247
Non-current liabilities				
Lease liabilities	(b)	-	8,248	8,248
Total lease liabilities		-	11,495	11,495

Note:

- (a) The right of use assets comprises multiple pieces of land and building leased and recognised during the period. Subsequent to initial recognition, the right of use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.
- (b) The lease liabilities arising from the land and building leased are recognised and discounted using the Group's incremental borrowing rate of 3.93%. Subsequent to initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(iii) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations issued but not yet effective*

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

MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
--	---

Annual Improvements to MFRSs 2015 – 2017 Cycle	: Amendments to MFRS 3 – Business Combinations : Amendments to MFRS 11 – Joint Arrangements : Amendments to MFRS 112 – Income Taxes : Amendments to MFRS 123 – Borrowing Costs	1 January 2019
IC Interpretation 23	: Uncertainty over Income Tax Treatments	1 January 2019



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A1 Basis of preparation (Cont'd)

(iii) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations issued but not yet effective*

MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 128 : Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9 : Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement	1 January 2019
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 10 And MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

a. Amendments to MFRS 3 – Business Combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, it shall remeasure its previously held interest in the joint operation at fair value.

b. Amendments to MFRS 11 – Joint Arrangements

The amendments clarify that when an entity obtains joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3, the previously held interest is not remeasured.

c. Amendments to MFRS 112 – Income Taxes

The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits i.e. in profit or loss, other comprehensive income or equity.

d. Amendments to MFRS 123 – Borrowing Costs

The amendments clarify that when a qualifying asset is ready for its intended use or sale, an entity shall treat any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings. This means that the amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The adoption of Annual Improvements to MFRS Standards 2015 - 2017 Cycle is not expected to have any financial impact on the financial statements of the Group.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A1 Basis of preparation (Cont'd)

(iii) MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations issued but not yet effective

IC Interpretation 23 – Uncertainty over Income Tax Treatments

The IC Interpretation provides clarification on the application of recognition and measurement requirements in MFRS 112 Income Taxes when there is uncertainty over income tax treatments. The IC interpretation clarifies that an entity shall:

- i) assume that a taxation will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount method or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Group.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

The amendments clarify that companies should apply IFRS 9 (including its impairment requirements) to account for long-term interests in an associate or a joint venture to which the equity method is not applied.

Amendments to MFRS 9

The amendments addresses the measurement of some prepayable financial assets with negative compensation at amortised cost. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL). Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation must be “reasonable compensation for early termination of the contract”. In addition, to qualify for amortised cost measurement, the asset must be held within a “held to collect” business model.

Amendments to MFRS 119

The amendments clarify that when a plan amendment, curtailment or settlement occurs, an entity shall recognise and measure any past service cost, or gain or loss on settlement and shall not consider the effect of the asset ceiling. The effect of the asset ceiling shall be determine after the plan amendment, curtailment or settlement and shall recognise any change in that effect.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at:

- i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable information; plus
- ii) an amount representing the unearned profit in the group of contracts.

The adoption of MFRS 17 will not have any material financial impact on the financial statements of the Group as the Group is not in the business of providing insurance services.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A1 Basis of preparation (Cont'd)

(iii) MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations issued but not yet effective

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.

A2 Auditor's report on preceding annual financial statements

The preceding year's audit report for the year ended 31 December 2017 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 first (1st) quarter and three (3) months ended 31 March 2018.

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 first (1st) quarter and three (3) months ended 31 March 2018.

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 March 2018, 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 127 of the Companies Act, 2016.

There were no issues of debt or equity securities for the current 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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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

The gearing ratios as at 31 March 2018 and 31 March 2017, which are within the Group's objectives for capital management, are as follows:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	RM'000	RM'000
Borrowings	5,000	5,000
Trade and other payables	14,557	14,174
Less : Cash and bank balances	<u>(64,240)</u>	<u>(45,127)</u>
Net equity	<u>(44,683)</u>	<u>(25,953)</u>
Equity attributable to the owners of the parent	492,958	463,377
Capital and net equity	448,275	437,424
Gearing ratio (%)	0%	0%

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 2018 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	83,049	53,902	136,951
Inter-segment revenue	<u>(3,915)</u>	<u>(18,434)</u>	<u>(22,349)</u>
Revenue from external customers	<u>79,134</u>	<u>35,468</u>	<u>114,602</u>
Profit for the quarter			
Total profit	5,927	7,909	13,836
Unallocated expenses			(99)
Finance costs			<u>(2)</u>
Profit before tax			13,735
Tax expense			<u>(3,324)</u>
Profit after tax for the quarter			<u>10,411</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A8 Operating segment information (Cont'd)

Segment information for the quarter ended 31 March 2017 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	56,406	47,725	104,131
Inter-segment revenue	(1,570)	(5,239)	(6,809)
Revenue from external customers	<u>54,836</u>	<u>42,486</u>	<u>97,322</u>
Profit for the quarter			
Total profit	6,222	9,248	15,470
Unallocated expenses			(141)
Finance costs			(2)
Profit before tax			<u>15,327</u>
Tax expense			(3,775)
Profit after tax for the quarter			<u><u>11,552</u></u>

Segment assets and liabilities as at 31 March 2018 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Assets			
Segment assets	194,417	267,408	461,825
<u>Unallocated assets:</u>			
Investment properties			2,176
Derivative assets			541
Other investments			2,027
Cash and bank balances			<u>64,240</u>
Total assets			<u><u>530,809</u></u>
Liabilities			
Segment liabilities	16,809	9,934	26,743
<u>Unallocated liabilities:</u>			
Derivative liabilities			38
Deferred tax liabilities			<u>11,070</u>
Total liabilities			<u><u>37,851</u></u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 31 March 2017 is as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
Assets			
Segment assets	158,825	292,831	451,656
<u>Unallocated assets:</u>			
Investment properties			1,779
Cash and bank balances			45,127
Total assets			<u>498,562</u>
Liabilities			
Segment liabilities	10,640	12,265	22,905
<u>Unallocated liabilities:</u>			
Derivative liabilities			42
Deferred tax liabilities			12,238
Total liabilities			<u>35,185</u>

A9 Material events subsequent to the end of the interim period

On 26 April 2018, the Company announced a proposed Bonus Issue of up to 21,980,600 new ordinary shares to be capitalised as fully paid-up on the basis of one (1) bonus share for every five (5) existing shares of the Company held on the entitlement date that will be determined later. The completion of this proposal is subject to the approval of the shareholders at the forthcoming EGM.

A10 Effects of changes in composition of the group

There were no changes in the composition of the Group during the first (1st) quarter and three (3) months ended 31 March 2018.

A11 Contingent assets and contingent liabilities

Apart from the corporate guarantees given to financial institution for banking facilities and corporate guarantee given to a third party in respect to sales of good to a subsidiary, there were no other 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 31 March 2018 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	510
Approved but not contracted for	95,390
	<u>95,900</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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	(223)	(223)
	<u>(223)</u>	<u>(223)</u>

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

A14 Write down of inventories to net realizable values

Total net inventories written down to either net realizable value or replacement cost for the financial period ended 31 March 2018 was RM104,296.

A15 Financial instruments

(a) Financial instruments

Group	As at 31 March 2018		
	Amortised cost	Fair value through profit or loss	Total
	RM'000	RM'000	RM'000
Financial assets			
Derivative assets	-	541	541
Trade and other receivables, net of prepayments	133,161	-	133,161
Other investments	2,027	-	2,027
Cash and bank balances	64,240	-	64,240
	<u>199,428</u>	<u>541</u>	<u>199,969</u>
Financial liabilities			
Trade and other payables	14,557	-	14,557
Borrowings	5,000	-	5,000
	<u>19,557</u>	<u>-</u>	<u>19,557</u>



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A15 Financial instruments (Cont'd)

(a) Financial instruments (Cont'd)

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 approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables and trade and other payables are reasonable approximation of fair value due to their short-term nature.

- ii. 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.

- iii. Quoted investments

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

(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).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price of the residual maturity of the contract using a risk-free interest rate (based on Government bonds).

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).



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

A15 Financial instruments (Cont'd)

(b) Fair value hierarchy (Cont'd)

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	-	-	541	541	541
Liabilities measured at fair value					
Financial liabilities at fair value through profit and loss					
- Forward currency contracts	-	-	38	38	38

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial period ended 31 March 2018.

(c) Derivative assets / (liabilities)

	As at 31 March 2018		
	Contract / Notional amount	Assets	Liabilities
	RM'000	RM'000	RM'000
Forward currency contracts (USD)	2,549	-	38
Forward currency contracts(SGD)	16,807	541	-

- i. The Group use forward currency contracts to manage some of the transaction exposure. These contracts are not designate as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- ii. Forward currency contracts are used to hedge the Group's purchases denominated in USD and sales denominated in SGD for which firm commitments existed at the reporting date, extending to September 2018.
- iii. During the quarter and period ended 31 March 2018, the Group recognised a gain of RM187,000 arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rates.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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 RM114.6 million for the quarter ended 31.03.2018 (“1Q 2018”), which rose by RM17.3 million (18%) compared to revenue of RM97.3 million for the quarter ended 31.03.2017 (“1Q 2017”). The stronger performance was attributed to higher contribution from the trading segment.

However, the Group’s profit before taxation contracted to RM13.7 million for 1Q 2018 as compared to RM15.3 million achieved in 1Q 2017. This was mainly due to elevated average COGS from higher material costs, offsetting both the increase in demand and average selling prices.

The performance of the respective operating business segments of the Group for 1Q 2018 as compared to 1Q 2017 are analysed as follows:

Manufacturing

The manufacturing operations contributed revenue of RM35.5 million in 1Q 2018, which decreased by RM7.0 million (-16%) compared to RM42.5 million in 1Q 2017. The weaker performance was mainly due to lower market demand.

Trading

The trading operations contributed revenue of RM79.1 million in 1Q 2018, which improved by RM24.3 million (44%) compared to RM54.8 million recorded in 1Q 2017. The stronger performance was due to improved average selling prices and higher metric tonne sales.

B2 Comparison with preceding quarter’s results

The Group’s revenue for 1Q 2018 declined by 10% to RM114.6 million as compared to RM127.0 million achieved in 4Q 2017. The softer performance was due to slower market demand on the back of Chinese New Year festivities in February 2018, off-setting higher average selling prices.

In tandem with the revenue trend, the Group’s profit before taxation for 1Q 2018 reduced by RM2.9 million to RM13.7 million as compared to RM16.6 million for 4Q 2017.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

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

a) Prospects for 2018

International prices for steel products have started to soften with the enforcement of steel tariffs in the United States (“US”). Many regions and countries are enacting protectionist measures in response to the unilateral action by the US, for example the European Union (“EU”) has on the 26th March initiated safeguard action on 26 steel products category to pre-empt any diversion of material to their region due to the US measures. South Korea, on the other hand have reached a compromise with the US for a waiver of the announced duties in return for agreeing to reduce their exports to the US to 70% of the last 3 years average export volume. This indicates that the Koreans will either need to find alternative markets for the 30% surplus volume previously exported to the US or scale down on production. For the Indian mills, offers are coming back into the regional market due to the EU action. This has eased the tight supply situation which was apparent in prior months. The aforementioned trade actions will not have any direct impact on the Group’s operations as it does not export any finished products to the said regions, although some knock-on effects may be felt in the ensuing months.

Domestically, the external developments mentioned above are not expected to have any significant impact on the local steel industry. The steel industry outlook in Malaysia remains optimistic as it is well supported by strong construction activities sector as well as Governmental infrastructure projects to be rolled out.

The group will continue to focus on strategies to improve cost efficiencies, strengthen productivity, employ prudent procurement strategies and delivery efficiency of our products to remain as one of the market leader’s in the steel industry

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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

B6 Taxation

Tax charges comprise:

	Current year quarter RM'000	Current year todate RM'000
Income tax		
- current quarter / year to date	3,429	3,429
Deferred tax		
- current quarter / year to date	(105)	(105)
Tax expense	3,324	3,324

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. The effective tax rate for the current quarter and 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.

B8 Group borrowings and debt securities

Details of Group's borrowings as at 31 March 2018 are as follows:

Short-term borrowings

	RM'000	
Bankers' acceptances	5,000	Unsecured
	5,000	
	5,000	

Borrowings are denominated in the following currencies:

	RM'000	
- Ringgit Malaysia	5,000	Unsecured
	5,000	
	5,000	

The Group has no debt securities as at 31 March 2018.

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.



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
FINANCIAL QUARTER ENDED 31 MARCH 2018

B11 Earnings per share (EPS)

(a) Basic earnings per share

		3 months ended	
		31.03.2018	31.03.2017
Profit attributable to the owners of the Company	(RM'000)	10,411	11,552
Weighted average number of ordinary shares in issue	('000)	108,941	108,941
Basic earnings per share	(sen)	9.56	10.60

(b) Diluted earnings per share

There are no potential dilutive ordinary shares during the quarter and financial period year to date. Accordingly, the diluted earnings per ordinary share is not presented.

B12 Other income

		3 months ended	
		31.03.2018	31.03.2017
		RM'000	RM'000
Interest on :			
Customer overdue account		166	57
Short term deposits		346	727
Impairment losses on trade and other receivables		-	(813)
Impairment losses on trade and other receivables no longer required		320	43
Bad debt written off		-	(34)
Dividend income from short term fund		18	-
Fair value adjustments on derivative financial instruments		187	19
Loss on disposal of property, plant and equipment		(64)	(82)
Trade compensation		1	-
Rental income		40	22
Realised (loss) / gain on foreign exchange transactions		(291)	1,092
Unrealised gain / (loss) on foreign exchange transactions		254	(211)
Others		(1)	-
		<u>976</u>	<u>820</u>

B13 Authorisation for issue

The interim financial statements were authorised on 25 May 2018 for issue by the Board of Directors.