



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME**  
**(UNAUDITED)**

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year corresponding quarter	Current year todate	Preceding year todate
		31.03.2019 (Unaudited)	31.03.2018 (Unaudited)	31.03.2019 (Unaudited)	31.03.2018 (Audited)
		RM'000	RM'000	RM'000	RM'000
Revenue		121,423	114,602	121,423	114,602
Cost of sales:					
Factory and production cost		(114,127)	(94,153)	(114,127)	(94,153)
Factory depreciation		(1,330)	(1,340)	(1,330)	(1,340)
Gross profit		5,966	19,109	5,966	19,109
Other income	B12	116	976	116	976
Depreciation and amortisation		(441)	(413)	(441)	(413)
Administrative expenses		(2,579)	(2,959)	(2,579)	(2,959)
Selling and distribution expenses		(3,244)	(2,976)	(3,244)	(2,976)
Finance costs		(157)	(2)	(157)	(2)
(Loss)/Profit before taxation		(339)	13,735	(339)	13,735
Tax expense	B6	(151)	(3,324)	(151)	(3,324)
(Loss)/Profit after taxation		(490)	10,411	(490)	10,411
Other comprehensive (loss)/income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(490)	10,411	(490)	10,411
(Loss)/Profit attributable to:					
Owners of the parent		(490)	10,411	(490)	10,411
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(490)	10,411	(490)	10,411
(Loss)/Earnings per share attributable to equity holders of the Company (sen):					
a) Basic	B11(a)	(0.37)	9.56	(0.37)	9.56
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 2018 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 2019**

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

	Note	31.03.2019 (Unaudited) RM'000	31.12.2018 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		161,494	137,029
Investment properties		1,870	1,870
Right-of-use-assets		4,429	4,691
Deferred tax assets		14	1
		167,807	143,591
<b>Current Assets</b>			
Inventories		225,335	249,404
Trade and other receivables		123,427	120,820
Derivative assets		113	-
Current tax assets		3,871	870
Cash and bank balances		30,250	36,069
		382,996	407,163
<b>TOTAL ASSETS</b>		550,803	550,754
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the parent</b>			
Share capital		131,691	131,691
Treasury shares		(1,462)	(1,462)
Reserves		377,578	378,068
<b>TOTAL EQUITY</b>		507,807	508,297
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Lease liabilities		1,147	1,366
Deferred tax liabilities		10,769	10,714
		11,916	12,080
<b>Current Liabilities</b>			
Trade and other payables		9,650	13,018
Borrowings	B8	20,500	16,000
Lease liabilities		901	910
Derivative liabilities		-	113
Current tax liabilities		29	336
		31,080	30,377
<b>TOTAL LIABILITIES</b>		42,996	42,457
<b>TOTAL EQUITY AND LIABILITIES</b>		550,803	550,754
		RM	RM
<b>Net Assets per Share Attributable to Owners of the Company A17</b>		3.88	3.89

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD**  
**ENDED 31 MARCH 2019 (UNAUDITED)**

	31.03.2019 (Unaudited) <u>RM'000</u>	31.03.2018 (Unaudited) <u>RM'000</u>
<b>Cash Flows From Operating Activities</b>		
(Loss)/Profit before taxation	(339)	13,735
Adjustments for non-cash flow items :-		
Amortisation of right-of-use assets	34	34
Depreciation of property, plant and equipment	1,737	1,719
Dividend income received from short term fund	-	(18)
Fair value adjustments on derivative financial instruments	(226)	(187)
Loss on disposal of property, plant and equipment	101	64
Impairment losses on trade and other receivables	119	-
Interest expense	157	2
Interest income on overdue accounts	(91)	(166)
Interest income	(112)	(346)
Inventories written down	491	104
Property, plant and equipment written off	15	-
Reversal of impairment losses on property, plant and equipment	(8)	-
Reversal of impairment losses on trade receivables	(20)	(320)
Unrealised loss/(gain) on foreign exchange transactions	115	(254)
Operating profit before changes in working capital	<u>1,973</u>	<u>14,367</u>
Changes in working capital		
Inventories	23,578	(19,721)
Trade and other receivables	(2,803)	15,312
Trade and other payables	(3,368)	(829)
Cash flows generated from operations	<u>19,380</u>	<u>9,129</u>
Interest received	91	166
Tax refunded	13	9
Tax paid	(3,430)	(3,521)
Net cash flows from operating activities	<u>16,054</u>	<u>5,783</u>
<b>Cash Flows From Investing Activities</b>		
Increase in deposits pledged to the banks	(3)	-
Interest received	112	346
Purchase of property, plant and equipment	(26,363)	(1,581)
Proceeds from disposal of property, plant and equipment	53	161
Net cash flows used in investing activities	<u>(26,201)</u>	<u>(1,074)</u>



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD**  
**ENDED 31 MARCH 2019 (UNAUDITED) (CONT'D)**

	31.03.2019 (Unaudited) <u>RM'000</u>	31.03.2018 (Unaudited) <u>RM'000</u>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(157)	(2)
Short term borrowings		
- Repayments	(21,400)	-
- Drawdowns	25,900	5,000
Net cash flows from financing activities	<u>4,343</u>	<u>4,998</u>
Net (decrease)/increase in cash and cash equivalents	(5,804)	9,707
Effect of exchange rate changes on cash and cash equivalents	(18)	187
Cash and cash equivalents at beginning of period	<u>35,866</u>	<u>54,149</u>
Cash and cash equivalents at end of period	<u><u>30,044</u></u>	<u><u>64,043</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	26,544	45,964
Deposits with licensed banks	3,500	18,079
Deposits pledged to licensed banks	206	197
As per balance sheet	<u>30,250</u>	<u>64,240</u>
Less : Deposits pledged to licensed banks	(206)	(197)
Cash and cash equivalents at end of period	<u><u>30,044</u></u>	<u><u>64,043</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 2018 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 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	< ----- Non-distributable ----- >			Distributable	Total
	Share Capital RM '000	Treasury Shares RM '000	General Reserve RM '000	Retained Earnings RM '000	
<b>Balance as at 1 January 2019</b>	131,691	(1,462)	1,186	376,882	508,297
Loss for the period	-	-	-	(490)	(490)
Other comprehensive (loss)/income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(490)	(490)
<b>Transactions with owners</b>					
Dividends paid	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	131,691	(1,462)	1,186	376,392	507,807
<b>Balance as at 1 January 2018</b>	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
<b>Transactions with owners</b>					
Purchase of treasury shares	-	-	-	-	-
Dividends paid	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	127,668	(1,462)	1,186	365,566	492,958

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019**

**EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia. Other than for financial instruments and investment properties, the interim financial statements have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance to MFRS 9 *Financial Instruments*, while investment properties are stated at fair value as per MFRS 140 : Investment Properties.

The interim financial statements has also 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 2018 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 2018, except for the adoption of the MFRSs, Amendments and Annual improvements to Standards effective as of 1 January 2019.

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

<b>MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 9 : Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 : Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle : Amendments to MFRS 3 – Previously Held Interest in a Joint Operation : Amendments to MFRS 11 – Previously Held Interest in a Joint Operation : Amendments to MFRS 112 – Income Tax Consequences of Payments on Financial Instruments Classified as Equity : Amendments to MFRS 123 – Borrowing Costs Eligible for Capitalisation	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations does not have any material 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 2019**

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

(ii) *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:

<b>MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 101 : Presentation of Financial Statements – Definition of Material	1 January 2020
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
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

***Amendments to MFRS 3 Business Combinations – Definition of Business***

As the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets, the amendments issued are aimed at resolving the difficulties that arise when an entity is determining whether it has acquired a business or a group of assets.

***Amendments to MFRS 101 Presentation of Financial Statements – Definition of Material***

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material***

The amendments clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the Standards themselves.

***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.

***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 2018 was not qualified.



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**A3 Seasonality or cyclical nature 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 (1<sup>st</sup>) quarter and three (3) months ended 31 March 2019.

**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 (1<sup>st</sup>) quarter and three (3) months ended 31 March 2019.

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

For the current quarter, the Company did not repurchase any ordinary shares from the open market.

As at 31 March 2019, 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.

The gearing ratios as at 31 March 2019 and 31 March 2018, which are within the Group's objectives for capital management, are as follows:

	31.03.2019	31.03.2018
	RM'000	RM'000
Borrowings	20,500	5,000
Trade and other payables	9,650	14,557
Less : Cash and bank balances	(30,250)	(64,240)
Net equity	<u>(100)</u>	<u>(44,683)</u>
Equity attributable to the owners of the parent	507,807	492,958
Capital and equity	507,707	448,275
Gearing ratio (%)	0%	0%

**A7 Dividends paid**

There were no dividends paid in the current financial quarter.





**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**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 first (1<sup>st</sup>) quarter ended 31 March 2019 is as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<b>Revenue</b>			
Total revenue	85,421	63,243	148,664
Inter-segment revenue	(3,030)	(24,211)	(27,241)
Revenue from external customers	<u>82,391</u>	<u>39,032</u>	<u>121,423</u>
<b>Loss for the quarter</b>			
Total profit/(loss)	878	(962)	(84)
Unallocated expenses			(98)
Finance costs			(157)
Loss before tax			<u>(339)</u>
Tax expense			(151)
Loss after tax for the quarter			<u><u>(490)</u></u>

Segment information for the first (1<sup>st</sup>) quarter ended 31 March 2018 is as follows:-

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



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

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

Segment assets and liabilities as at 31 March 2019 is as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
<b>Assets</b>			
Segment assets	220,767	297,789	518,556
<u>Unallocated assets:</u>			
Investment properties			1,870
Deferred tax assets			14
Derivative assets			113
Cash and bank balances			30,250
Total assets			<u><u>550,803</u></u>
<b>Liabilities</b>			
Segment liabilities	7,233	24,994	32,227
<u>Unallocated liabilities:</u>			
Deferred tax liabilities			10,769
Total liabilities			<u><u>42,996</u></u>

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

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
<b>Assets</b>			
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			64,240
Total assets			<u><u>530,809</u></u>
<b>Liabilities</b>			
Segment liabilities	16,809	9,934	26,743
<u>Unallocated liabilities:</u>			
Derivative liabilities			38
Deferred tax liabilities			11,070
Total liabilities			<u><u>37,851</u></u>

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

There was no material events subsequent to the end of the reporting date that require disclosure or adjustments 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 2019**

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

There were no changes in the composition of the Group during the first (1<sup>st</sup>) quarter and financial period ended 31 March 2019.

**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 2019 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	31,584
Approved but not contracted for	84,664
	<u>116,248</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:

	<b>Group</b>	
	Current year quarter	Current year todate
	RM'000	RM'000
Rental expense	<u>(246)</u>	<u>(246)</u>
	<u>(246)</u>	<u>(246)</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 realisable values**

Total net inventories written down to either net realisable value or replacement cost for the financial period ended 31 March 2019 was RM491,504.



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**A15 Financial instruments**

<b>Group</b>	<b>As at 31 March 2019</b>		
	<b>Amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>			
Trade and other receivables, net of prepayments	122,434	-	122,434
Cash and bank balances	30,250	-	30,250
Derivative assets	-	113	113
	<u>152,684</u>	<u>113</u>	<u>152,797</u>
	<b>Amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial liabilities</b>			
Trade and other payables	9,650	-	9,650
Borrowings	20,500	-	20,500
	<u>30,150</u>	<u>-</u>	<u>30,150</u>

**(a) 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 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.



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**A16 Financial instruments (Cont'd)**

**(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).

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).

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
<b>Assets measured at fair value</b>					
Derivative assets					
- Forward contracts	-	113	-	113	113
Investment properties	-	-	1,870	1,870	1,870
<hr style="border-top: 3px double #000;"/>					
<b>Liabilities measured at fair value</b>					
Derivative liabilities					
- Forward contracts	-	-	-	-	-
<hr style="border-top: 3px double #000;"/>					

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial period ended 31 March 2019.

**(c) Derivative assets / (liabilities)**

	As at 31 March 2019		
	Contract /		
	Notional amount	Assets	Liabilities
Group	RM'000	RM'000	RM'000
Forward currency contracts (USD)	2,037	5,450	-
Forward currency contracts (SGD)	19,123	107,090	-
<hr style="border-top: 3px double #000;"/>			



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**A16 Financial instruments (Cont'd)**

**(c) Derivative assets / (liabilities) (Cont'd)**

- 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 December 2019.
- iii. For the financial quarter and period ended 31 March 2019, the Group recognised a gain of RM226,000 arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

**A17 Net assets per share attributable to owners of the Company**

Net assets per share ("NAPS") as at 31 March 2019 stood at RM3.88, which remained relatively stable as compared to NAPS of RM3.89 as at 31 December 2018, despite making losses for 1Q 2019 resulting from a stronger net asset position.



## **CHOO BEE METAL INDUSTRIES BERHAD (10587-A) INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2019**

**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 RM121.4 million for the quarter ended 31.03.2019 (“1Q 2019”), which grew by RM6.8 million (6%) compared to revenue of RM114.6 million for the quarter ended 31.03.2018 (“1Q 2018”). The stronger performance was contributed by both the manufacturing and trading segments.

Despite the upward revenue trend, the Group recorded a loss before taxation of RM0.3 million for 1Q 2019 as compared to a profit before taxation of RM13.7 million achieved in 1Q 2018, due to weaker average selling prices and higher raw materials cost eroding profit margins.

The performance of the respective operating business segments of the Group for 1Q 2019 as compared to 1Q 2018 are analysed as follows:

#### Manufacturing

The manufacturing operations contributed revenue of RM39.0 million in 1Q 2019, which increased by RM3.5 million (10%) compared to RM35.5 million in 1Q 2018. The stronger performance was mainly due to aggressive pricing and marketing resulting in higher metric tonne sales.

#### Trading

The trading operations contributed revenue of RM82.4 million in 1Q 2019, which grew by RM3.3 million (4%) compared to RM79.1 million recorded in 1Q 2018. The stronger performance was due to higher metric tonne sales from competitive pricing.

### **B2 Comparison with preceding quarter’s results**

The Group’s revenue for 1Q 2019 increased by 3% to RM121.4 million as compared to RM118.1 million achieved in 4Q 2018. The stronger performance was due to higher metric tonne sales.

However, the Group recorded a loss before taxation of RM0.3 million for 1Q 2019 as compared to a profit before taxation of RM3.4 million for 4Q 2018. This was mainly attributed to declining average selling prices coupled with higher raw materials cost eroding profit margins.

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

#### **a) Prospects for 2019**

International steel prices have risen since February 2019 due to cost-push factors, spurred mainly by higher iron ore prices on the back of supply tightness. As result, major steel mills raised selling prices proactively to pass on the cost burden from iron ore prices to steel prices. Despite price hikes, margins remained depressed in 1Q 2019 and are expected to remain flat in 2Q 2019 because of strong production growth and tax cuts in China. Of late, the rally in steel prices have started to plateau and remain largely unchanged with a possible easing pending further economic developments.



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

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

**a) Prospects for 2019 (Cont'd)**

Domestically, notwithstanding firmer raw material prices, selling prices have come under intense pressure amidst the lacklustre conditions and weak market sentiment eroding margins. However, the local economy is expected to bounce back in the late second half of the year with the commencement of various infrastructure projects such as the LRT 3, MRT 2, the revival of the renegotiated East Coast Rail Link (“ECRL”) and Bandar Malaysia Project. Along with the Penang LRT and the Pan Island Link 1 coupled a more stable policy environment, these projects are expected to provide impetus to economic growth and boost steel demand.

The Group expects a challenging operating environment for the first half of 2019. However, with the newly renegotiated infrastructure projects commencing, it should spur steel demand and improve selling prices. To weather the headwinds faced, the Group will continue to focus on strategies to ensure product quality, employ cost effective procurement and inventory management strategies, enhance delivery efficiency of our products and deepen overseas market penetration.

**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 <u>RM'000</u>	Current year to date <u>RM'000</u>
Income tax		
- current quarter / year to date	109	109
Deferred tax		
- current quarter / year to date	<u>42</u>	<u>42</u>
Tax expense	<u><u>151</u></u>	<u><u>151</u></u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The effective tax rate for the current quarter and year to date was higher than the statutory tax rate mainly due to 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 FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**B8 Group borrowings and debt securities**

Details of Group's borrowings as at 31 March 2019 are as follows:

**Short-term borrowings**

	RM'000	
Bankers' acceptances	7,000	Unsecured
Trust receipts	13,500	Unsecured
	<u>20,500</u>	

Borrowings are denominated in the following currencies:

	RM'000	
- Ringgit Malaysia	20,500	Unsecured
	<u>20,500</u>	

The Group has no debt securities as at 31 March 2019.

**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 were no dividends proposed in the current quarter.

**B11 (Loss)/Earnings per share**

**(a) Basic (loss)/earnings per share**

		3 months ended	
		31.03.2019	31.03.2018
(Loss)/Profit attributable to the owners of the Company	(RM'000)	(490)	10,411
Weighted average number of ordinary shares in issue	('000)	130,729	108,941
Basic (loss)/earnings per share	(sen)	(0.37)	9.56

**(b) Diluted (loss)/earnings per share**

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



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**  
**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST**  
**FINANCIAL QUARTER ENDED 31 MARCH 2019**

**B12 Other income**

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Interest on :		
Customer overdue account	91	166
Short term deposits	112	346
Impairment losses on trade and other receivables	(119)	-
Dividend income received from short term fund	-	18
Fair value adjustments on derivative financial instruments	226	187
Loss on disposal of property, plant and equipment	(101)	(64)
Trade compensation	4	1
Rental income	189	40
Reversal of impairment losses on trade receivables	20	320
Realised loss on foreign exchange transactions	(192)	(291)
Unrealised (loss) / gain on foreign exchange transactions	(115)	254
Others	1	(1)
	<u>116</u>	<u>976</u>

**B13 Authorisation for issue**

The interim financial statements were authorised on 24 May 2019 for issue by the Board of Directors.