



CHOO BEE METAL INDUSTRIES BERHAD

Registration No. 197101000234 (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 31.03.2023 (Unaudited) RM'000	Preceding year corresponding quarter ended 31.03.2022 (Unaudited) RM'000	Current year-to-date 31.03.2023 (Unaudited) RM'000	Preceding year-to-date 31.03.2022 (Unaudited) RM'000
Revenue		104,773	162,043	104,773	162,043
Cost of sales:					
Factory and production cost		(92,815)	(131,201)	(92,815)	(131,201)
Factory depreciation		(1,430)	(1,340)	(1,430)	(1,340)
Gross profit		10,528	29,502	10,528	29,502
Other income	B12	1,808	1,387	1,808	1,387
Depreciation and amortisation		(867)	(710)	(867)	(710)
Administrative expenses		(4,211)	(3,426)	(4,211)	(3,426)
Selling and distribution expenses		(3,270)	(3,398)	(3,270)	(3,398)
Finance costs		(14)	(32)	(14)	(32)
Profit before tax		3,974	23,323	3,974	23,323
Tax expense	B6	(359)	(5,195)	(359)	(5,195)
Profit after tax		3,615	18,128	3,615	18,128
Other comprehensive income, net of tax:		-	-	-	-
Total comprehensive income		3,615	18,128	3,615	18,128
Profit attributable to:					
Owners of the parent		3,615	18,128	3,615	18,128
Total comprehensive income attributable to:					
Owners of the parent		3,615	18,128	3,615	18,128
Earnings per share attributable to the equity holders of the Company (sen):					
a) Basic	B11(a)	1.84	13.87	1.84	13.87
b) Diluted	B11(b)	N/A	N/A	N/A	N/A

(The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As at 31.03.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		188,746	185,642
Investment properties		9,892	9,892
Right-of-use assets		19,776	20,224
		<u>218,414</u>	<u>215,758</u>
Current Assets			
Inventories		202,725	209,260
Trade and other receivables		156,589	153,745
Other investment		5,100	-
Current tax assets		13,447	11,706
Cash and bank balances		54,638	69,665
		<u>432,499</u>	<u>444,376</u>
		<u>650,913</u>	<u>660,134</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		131,691	131,691
Treasury shares		(1,462)	(1,462)
Reserves		497,845	494,230
		<u>628,074</u>	<u>624,459</u>
LIABILITIES			
Non-current Liabilities			
Lease liabilities		1,046	1,437
Deferred tax liabilities		6,891	6,965
		<u>7,937</u>	<u>8,402</u>
Current Liabilities			
Trade and other payables		13,056	14,462
Borrowings	B8	-	10,000
Lease liabilities		1,541	1,527
Derivative liabilities		-	1,061
Current tax liabilities		305	223
		<u>14,902</u>	<u>27,273</u>
		<u>22,839</u>	<u>35,675</u>
		<u>650,913</u>	<u>660,134</u>
		RM	RM
Net Assets per Share Attributable to Owners of the Company	A16	<u>3.20</u>	<u>3.18</u>

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	31.03.2023 (Unaudited) RM'000	31.03.2022 (Unaudited) RM'000
Cash Flows From Operating Activities		
Profit before tax	3,974	23,323
Adjustments for:		
Bad debts recovered	-	(84)
Depreciation of property, plant and equipment	1,849	1,722
Depreciation of right-of-use assets	448	328
Fair value adjustments on derivative financial instruments	(1,061)	(65)
Loss on disposal of property, plant and equipment	2	-
Interest expense	14	32
Interest on lease liabilities	24	22
Interest income on overdue accounts	-	(26)
Interest income	(377)	(87)
Inventories written back	(9,575)	(136)
Net unrealised gain on foreign exchange transactions	(11)	(240)
Reversal of impairment losses on trade receivables	(225)	(746)
Waiver of interest income on overdue account	9	-
Operating (loss)/profit before changes in working capital	(4,929)	24,043
Changes in working capital		
Inventories	16,110	49,170
Trade and other receivables	(2,782)	(28,908)
Trade and other payables	(1,288)	3,895
Cash flows from operations	7,111	48,200
Interest (waived)/received	(9)	26
Tax paid	(2,092)	(12,016)
Net cash flows from operating activities	5,010	36,210
Cash Flows From Investing Activities		
Interest received	377	87
Purchase of property, plant and equipment	(5,019)	(10,305)
Proceeds from disposal of property, plant and equipment	64	-
Purchase of other investment	(5,100)	-
Net cash flows used in investing activities	(9,678)	(10,218)



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023 (UNAUDITED) (CONT'D)

	31.03.2023 (Unaudited) RM'000	31.03.2022 (Unaudited) RM'000
Cash Flows From Financing Activities		
Interest paid	(14)	(32)
Short term borrowings		
- Repayments	(10,000)	(28,250)
- Drawdowns	-	25,750
Repayment of lease interests	(24)	(22)
Repayment of lease liabilities	(377)	(235)
Net cash flows used in financing activities	<u>(10,415)</u>	<u>(2,789)</u>
Net (decrease)/increase in cash and cash equivalents	(15,083)	23,203
Effect of exchange rate changes on cash and cash equivalents	56	52
Cash and cash equivalents at beginning of the period	69,442	29,661
Cash and cash equivalents at end of the period	<u>54,415</u>	<u>52,916</u>
Cash and cash equivalents comprise:		
Cash and bank balances	20,222	27,809
Repo	8,844	4,100
Deposits with licensed banks	25,349	21,007
Deposits pledged to licensed banks	223	219
As per Statement of Financial Position	<u>54,638</u>	<u>53,135</u>
Less : Deposits pledged to licensed banks	<u>(223)</u>	<u>(219)</u>
Cash and cash equivalents at end of the period	<u>54,415</u>	<u>52,916</u>

(The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	< -----	Non-distributable			----- >	Distributable	
	Share Capital	Treasury Shares	General Reserve	Revaluation Reserve	Retained Earnings	Total Equity	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Balance as at 1 January 2023	131,691	(1,462)	1,186	6,707	486,337	624,459	
Profit for the period	-	-	-	-	3,615	3,615	
Other comprehensive income, net of tax	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	3,615	3,615	
Transactions with owners							
Dividends paid (Note A7)	-	-	-	-	-	-	
Total transactions with owners	-	-	-	-	-	-	
Balance as at 31 March 2023	131,691	(1,462)	1,186	6,707	489,952	628,074	
Balance as at 1 January 2022	131,691	(1,462)	1,186	-	488,007	619,422	
Profit for the period	-	-	-	-	18,128	18,128	
Other comprehensive income, net of tax	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	18,128	18,128	
Transactions with owners							
Dividends paid	-	-	-	-	-	-	
Total transactions with owners	-	-	-	-	-	-	
Balance as at 31 March 2022	131,691	(1,462)	1,186	-	506,135	637,550	

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim statements).



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

A1 Basis of preparation

The interim condensed consolidated 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 condensed consolidated 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 condensed consolidated financial statements have 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 condensed consolidated financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 of the Group and the accompanying notes attached to this report. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2022, except for the adoption of the MFRSs, Amendments and Annual Improvements to Standards effective as of 1 January 2023.

(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
MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17 : Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101 : Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 : Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above Amendments to MFRSs does not have any material impact on the financial statements of the Group.



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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 condensed consolidated 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
Amendments to MFRS 16 : Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 : Presentation of Financial Statements – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 Auditor's report on preceding annual financial statements

The preceding year's audit report for the year ended 31 December 2022 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 year-to-date ended 31 March 2023.

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 year-to-date ended 31 March 2023.



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

For the current quarter and year-to-date ended 31 March 2023, the Company did not repurchase any ordinary shares from the open market.

As at 31 March 2023, a total of 1,442,887 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 ended 31 March 2023.

The Group's objectives of managing capital is to ensure that entities of the Group would be able to continue as going concerns in order to maximise returns to shareholders and to maintain the optimal capital structure, the Group may, in response to changes in economic conditions, adjust the dividend payment 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. The Group's strategy is to maintain a low gearing ratio.

The gearing ratios as at 31 March 2023 and 31 March 2022, which are within the Group's objectives for capital management, are as follows:

	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
Borrowings	-	3,500
Trade and other payables	13,056	17,424
Less : Cash and bank balances	(54,638)	(53,135)
Net cash	<u>(41,582)</u>	<u>(32,211)</u>
Total capital	628,074	637,550
Net cash	<u>(41,582)</u>	<u>(32,211)</u>
	<u>586,492</u>	<u>605,339</u>
Gearing ratio (%)	N/A	N/A

A7 Dividends paid

There were no dividends paid in the current quarter and year-to-date ended 31 March 2023.



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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 performance for the first (1st) quarter ended 31 March 2023 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	72,202	59,979	132,181
Inter-segment revenue	(3,345)	(24,063)	(27,408)
Revenue from external customers	68,857	35,916	104,773
(Loss)/Profit for the quarter			
Total expenses	(69,119)	(31,666)	(100,785)
Finance costs	(1)	(13)	(14)
(Loss)/Profit before tax	(263)	4,237	3,974
Tax income/(expense)	24	(383)	(359)
(Loss)/Profit after tax for the quarter	(239)	3,854	3,615

Segment performance for the first (1st) quarter ended 31 March 2022 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	105,740	91,937	197,677
Inter-segment revenue	(4,632)	(31,002)	(35,634)
Revenue from external customers	101,108	60,935	162,043
Profit for the quarter			
Total expenses	(89,734)	(48,954)	(138,688)
Finance costs	-	(32)	(32)
Profit before tax	11,374	11,949	23,323
Tax expense	(2,533)	(2,662)	(5,195)
Profit after tax for the quarter	8,841	9,287	18,128



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A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 31 March 2023 are as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
Assets			
Segment assets	220,736	375,539	596,275
<u>Unallocated assets:</u>			
Cash and bank balances			54,638
Total assets			<u>650,913</u>
Liabilities			
Segment liabilities	6,950	8,998	15,948
<u>Unallocated liabilities:</u>			
Deferred tax liabilities			6,891
Total liabilities			<u>22,839</u>

Segment assets and liabilities as at 31 March 2022 are as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
Assets			
Segment assets	236,579	380,153	616,732
<u>Unallocated assets:</u>			
Deferred tax assets			27
Derivative assets			17
Cash and bank balances			53,135
Total assets			<u>669,911</u>
Liabilities			
Segment liabilities	10,970	14,080	25,050
<u>Unallocated liabilities:</u>			
Deferred tax liabilities			7,311
Total liabilities			<u>32,361</u>

A9 Material events subsequent to the end of the reporting period

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

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 year-to-date ended 31 March 2023.



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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. The fair value of such financial corporate guarantees are negligible as the likelihood of the Group defaulting on the financial facilities and repayment to third party suppliers are not possible.

A12 Capital commitments

Authorised capital commitments not recognised in the interim financial statements as at 31 March 2023 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	17,295
Approved but not contracted for	<u>2,562</u>
	<u><u>19,857</u></u>

A13 Related party transactions

Related party transactions for the quarter and year-to-date ended 31 March 2023 under review in which certain directors have direct/indirect interest are as follows:

	Current year quarter <u>RM'000</u>	Current year-to-date <u>RM'000</u>
Sales of steel products	<u>195</u>	<u>195</u>
Purchase of hardware products	1	1
Rental expense	400	400
Piling works services and mobile crane rental	<u>165</u>	<u>165</u>
	<u><u>566</u></u>	<u><u>566</u></u>

These transactions have been entered into in the normal course of business and are at arm's 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 realisable values

Total net inventories written back to either net realisable value or replacement cost for the year-to-date ended 31 March 2023 was RM9,574,924.



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A15 Financial instruments

Group	As at 31 March 2023		
		Fair value through profit	
	Amortised cost	or loss	Total
	RM'000	RM'000	RM'000
Financial assets			
Trade and other receivables, net of prepayments	119,790	-	119,790
Cash and bank balances	54,638	-	54,638
	<u>174,428</u>	<u>-</u>	<u>174,428</u>
Financial liabilities			
Trade and other payables	13,056	-	13,056
	<u>13,056</u>	<u>-</u>	<u>13,056</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 the fair value
The carrying amounts of financial assets and liabilities, such as trade and other receivables, cash and bank balances, trade and other payables and borrowings, are reasonable approximation of fair value due to their short-term nature.

The fair values of the fixed rate lease liabilities are estimated by discounting expected future cash flows at market incremental/lending rate for similar types of lending, borrowings or leasing arrangements at the end of each reporting period.

- 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 on the end of the reporting period.



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A15 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 are estimated by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss.

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.

Group	Level 1	Level 2	Level 3	Total	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value					
Investment properties	-	-	9,892	9,892	9,892
Derivative assets					
- Forward contracts	-	-	-	-	-
Liabilities measured at fair value					
Derivative liabilities					
- Forward contracts	-	-	-	-	-

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the year-to-date ended 31 March 2023.

(c) Derivative assets / liabilities

Group	As at 31 March 2023		
	Contract / Notional amount	Assets	Liabilities
	RM'000	RM'000	RM'000
Forward currency contracts (USD)	-	-	-
Forward currency contracts (SGD)	-	-	-



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A15 Financial instruments (Cont'd)

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

- i. The Group enter into forward currency contracts to manage exposures to currency risk of its trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group.

- ii. For the year-to-date ended 31 March 2023, the Group recognised a gain of RM1,061,000 arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

A16 Net assets per share attributable to owners of the Company

Net assets per share (“NAPS”) as at 31 March 2023 stood at RM3.20, a marginal increase of 0.63% compared to RM3.18 as at 31 December 2022 mainly due to profit earned for the year-to-date ended 31 March 2023.



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

B1 Operating segments review

a) Current quarter vs. Previous year corresponding quarter

The Group recorded revenue of RM104.8 million for the quarter ended 31.03.2023 (“1Q 2023”), which contracted by RM57.2 million (-35%) as compared with revenue of RM162.0 million recorded in the previous year quarter ended 31.03.2022 (“1Q 2022”). The softer revenue trend was attributed to weaker contribution from both the manufacturing and trading segments.

As a result, the Group recorded a lower profit before tax of RM4.0 million for 1Q 2023 as compared with RM23.3 million recorded in 1Q 2022. This was mainly due to declining average selling prices and weaker market demand, offset by the write back of inventories amounting to RM9.6 million.

The performance of the respective operating business segments of the Group for 1Q 2023 as compared with 1Q 2022 are analysed as follows:

Manufacturing

The manufacturing operations' revenue declined by 41% to RM35.9 million in 1Q 2023, from RM60.9 million recorded in 1Q 2022. This was attributed to the slowdown in market demand coupled with weaker average selling prices.

Trading

The trading operations' revenue eased by 32% to RM68.9 million in 1Q 2023 as compared with RM101.1 million recorded in 1Q 2022. The weaker performance was mainly due to lower sales volume and weaker average selling prices.

B2 Comparison with preceding quarter's results

The Group's revenue for 1Q 2023 improved to RM104.8 million as compared with RM98.2 million achieved in 4Q 2022 due to the pickup in sales volume and higher average selling prices.

In tandem with the stronger revenue trend and write back of inventories amounting to RM9.6 million, the Group recorded a profit before tax of RM4.0 million for 1Q 2023 as compared with a loss before tax of RM9.3 million for 4Q 2022.



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

a) Prospects for 2023

After strengthening in 1Q'23, international steel prices have been softening amidst the weaker global economic climate, rising interest rates and the attempt by steel mills to hike prices too quickly.

On the domestic front, though average selling prices gained momentum in 1Q'23, it has now weakened in tandem with international prices. Market demand remains challenging, impacted further by the fasting month and Hari Raya festivities where construction activities were subdued. Steel demand is expected to be driven by the steady roll out of the recently approved Mass Rapid Transit 3 (“MRT3”) project, on-going major infrastructure projects continuation as well as the pick-up in private consumption and construction activities.

The Group remains vigilant of the challenging environment and volatility in steel prices, where we will continue to focus on prudent procurement strategies and inventory management, improving operational efficiency as well as optimising costs to mitigate any adverse impact to our financial performance.

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 Tax expense

Tax charges comprise:

	Current year quarter	Current year-to-date
	RM'000	RM'000
Income tax		
- current quarter/year-to-date	434	434
Deferred tax		
- current quarter/year-to-date	(75)	(75)
Tax expense	<u>359</u>	<u>359</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated taxable profits for the current period. The effective tax rate of the Group for the current quarter and year-to-date ended 31 March 2023 was lower than the statutory tax rate, mainly due to the utilisation of brought forward business losses.

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 utilisation of proceeds raised from any corporate proposal

Not applicable.



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B8 Group borrowings and debt securities

The Group has no borrowings and debt securities as at 31 March 2023.

B9 Changes in material litigation (including status of any pending material litigation)

There were no material litigation against the Group as at the date of this report.

B10 Dividends payable

The Board of Director has recommended a final single tier dividend of 2.5 sen per ordinary share (2021: final single tier dividend of 5 sen per ordinary share and special single tier dividend of 2.5 sen per ordinary share) amounting to RM4,902,000 in respect of the financial year ended 31 December 2022 for shareholders' approval at the Annual General Meeting to be on 21 June 2023.

B11 Earnings per share

(a) Basic earnings per ordinary share

		Year-to-date ended	
		<u>31.03.2023</u>	<u>31.03.2022</u>
Profit attributable to the equity holders of the parent	(RM'000)	3,615	18,128
Weighted average number of ordinary shares in issue	('000)	196,093	130,729
Basic earnings per ordinary share	(sen)	1.84	13.87

(b) Diluted earnings per ordinary share

There are no potential dilutive ordinary shares during the quarter and year-to-date ended 31 March 2023. Accordingly, the diluted earnings per ordinary share is not presented.



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B12 Other income

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Bad debts recovered	-	84
Fair value adjustments on derivative financial instruments	1,061	65
Interest on:		
Customer overdue account	-	26
Short term deposits	377	87
Rental income	134	137
Reversal of impairment losses on trade receivables	225	746
Net unrealised gain on foreign exchange transactions	11	240
Others	-	2
	<u>1,808</u>	<u>1,387</u>
Other Losses:		
Loss on disposal of property, plant and equipment	(2)	-
Waiver of interest income on :		
Customer overdue account	(9)	-
Realised loss on foreign exchange transactions	(1,297)	(167)

B13 Authorisation for issue

The interim financial statements were authorised on 26 May 2023 for issue by the Board of Directors.