



CHOO BEE METAL INDUSTRIES BERHAD

Registration No. 197101000234 (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

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

	Note	Quarter Ended		Cumulative quarter	
		Current year quarter ended 30.09.2024 (Unaudited) RM'000	Preceding year corresponding quarter ended 30.09.2023 (Unaudited) RM'000	Current year-to-date ended 30.09.2024 (Unaudited) RM'000	Preceding year-to-date ended 30.09.2023 (Unaudited) RM'000
Revenue		99,281	105,767	290,446	298,556
Cost of sales:					
Factory and production cost		(101,317)	(100,736)	(278,169)	(272,555)
Factory depreciation		(1,812)	(1,444)	(4,924)	(4,311)
Gross (loss)/profit		(3,848)	3,587	7,353	21,690
Other income	B12	334	657	1,207	2,844
Depreciation and amortisation		(968)	(892)	(2,893)	(2,657)
Administrative expenses		(4,488)	(3,406)	(9,185)	(9,288)
Selling and distribution expenses		(3,229)	(3,331)	(9,329)	(9,908)
Finance costs		(171)	(54)	(401)	(146)
Net gain/(loss) on impairment of financial assets		4	(24)	149	220
(Loss)/Profit before taxation		(12,366)	(3,463)	(13,099)	2,755
Taxation	B6	2,682	704	2,744	(350)
(Loss)/Profit after taxation		(9,684)	(2,759)	(10,355)	2,405
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(9,684)	(2,759)	(10,355)	2,405
(Loss)/Profit attributable to:					
Owners of the parent		(9,684)	(2,759)	(10,355)	2,405
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(9,684)	(2,759)	(10,355)	2,405
(Loss)/Earnings per share attributable to the equity holders of the Company (sen):					
a) Basic	B11(a)	(4.94)	(1.41)	(5.28)	1.23
b) Diluted	B11(b)	N/A	N/A	N/A	N/A

(The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 30.09.2024 (Unaudited) RM'000	As at 31.12.2023 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		254,735	251,228
Investment properties		9,750	9,750
Right-of-use assets		20,365	21,758
		<u>284,850</u>	<u>282,736</u>
Current Assets			
Inventories		223,165	216,329
Trade and other receivables		105,927	108,126
Current tax assets		14,045	13,480
Cash and bank balances		13,550	30,660
		<u>356,687</u>	<u>368,595</u>
TOTAL ASSETS		<u><u>641,537</u></u>	<u><u>651,331</u></u>
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		131,691	131,691
Treasury shares		(1,462)	(1,462)
Reserves		479,124	490,459
TOTAL EQUITY		<u>609,353</u>	<u>620,688</u>
LIABILITIES			
Non-current Liabilities			
Lease liabilities		1,942	3,056
Deferred tax liabilities		2,508	5,974
		<u>4,450</u>	<u>9,030</u>
Current Liabilities			
Trade and other payables		9,491	11,747
Borrowings	B8	16,600	8,000
Lease liabilities		1,534	1,708
Derivative liabilities		-	12
Current tax liabilities		109	146
		<u>27,734</u>	<u>21,613</u>
TOTAL LIABILITIES		<u>32,184</u>	<u>30,643</u>
TOTAL EQUITY AND LIABILITIES		<u><u>641,537</u></u>	<u><u>651,331</u></u>
		RM	RM
Net Assets per Share Attributable to Owners of the Company	A16	<u>3.11</u>	<u>3.17</u>

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 30 SEPTEMBER 2024 (UNAUDITED)

	Year-to-date ended	
	30.09.2024 (Unaudited)	30.09.2023 (Unaudited)
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(13,099)	2,755
Adjustments for:		
Bad debts recovered	(5)	-
Depreciation of property, plant and equipment	6,345	5,620
Depreciation of right-of-use assets	1,472	1,348
Fair value adjustments on derivative financial instruments	(12)	(1,054)
Loss on disposals of property, plant and equipment	56	321
Gain on disposal of other investment	-	(50)
Interest expense	401	146
Interest on lease liabilities	48	62
Interest income on overdue accounts	(262)	(67)
Interest income	(331)	(750)
Net inventories written down/(back)	2,845	(7,550)
Net unrealised loss/(gain) on foreign exchange transactions	1,403	(527)
Property, plant and equipment written off	-	2
Reversal of impairment losses on trade receivables	(149)	(220)
Operating (loss)/profit before changes in working capital	(1,288)	36
Changes in working capital		
Inventories	(9,681)	(1,852)
Trade and other receivables	1,851	47,489
Trade and other payables	(2,826)	(4,526)
Cash flows (used in)/from operations	(11,944)	41,147
Interest received	262	67
Tax refunded	-	262
Tax paid	(1,324)	(4,870)
Net cash flows (used in)/from operating activities	(13,006)	36,606
Cash Flows From Investing Activities		
Increase in deposits pledged to licensed banks	(4)	(3)
Interest received	331	750
Purchase of property, plant and equipment	(10,260)	(69,943)
Purchase of right-of-use asset	(79)	-
Purchase of other investment	-	(5,100)
Proceeds from disposals of property, plant and equipment	352	609
Proceeds from disposals of other investment	-	5,150
Net cash flows used in investing activities	(9,660)	(68,537)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED) (CONT'D)

	Year-to-date ended	
	30.09.2024 (Unaudited) RM'000	30.09.2023 (Unaudited) RM'000
Cash Flows From Financing Activities		
Dividends paid	(980)	(4,902)
Interest paid	(401)	(146)
Short term borrowings		
- Repayments	(74,900)	(56,900)
- Drawdowns	83,500	54,400
Repayment of lease interests	(48)	(62)
Repayment of lease liabilities	(1,288)	(1,146)
Net cash flows from/(used in) financing activities	<u>5,883</u>	<u>(8,756)</u>
Net decrease in cash and cash equivalents	(16,783)	(40,687)
Effect of exchange rate changes on cash and cash equivalents	(331)	286
Cash and cash equivalents at beginning of the period	<u>30,431</u>	<u>69,442</u>
Cash and cash equivalents at end of the period	<u><u>13,317</u></u>	<u><u>29,041</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	12,864	27,177
Repo	453	1,864
Deposits pledged to licensed banks	233	226
As per Statement of Financial Position	<u>13,550</u>	<u>29,267</u>
Less : Deposits pledged to licensed banks	<u>(233)</u>	<u>(226)</u>
Cash and cash equivalents at end of the period	<u><u>13,317</u></u>	<u><u>29,041</u></u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements).



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INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

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 2024	131,691	(1,462)	1,186	6,707	482,566	620,688
Loss for the period	-	-	-	-	(10,355)	(10,355)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(10,355)	(10,355)
Transactions with owners						
Dividends paid (Note A7)	-	-	-	-	(980)	(980)
Total transactions with owners	-	-	-	-	(980)	(980)
Balance as at 30 September 2024	131,691	(1,462)	1,186	6,707	471,231	609,353
Balance as at 1 January 2023	131,691	(1,462)	1,186	6,707	486,337	624,459
Profit for the period	-	-	-	-	2,405	2,405
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,405	2,405
Transactions with owners						
Dividends paid	-	-	-	-	(4,902)	(4,902)
Total transactions with owners	-	-	-	-	(4,902)	(4,902)
Balance as at 30 September 2023	131,691	(1,462)	1,186	6,707	483,840	621,962

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2023 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 2023, except for the adoption of the MFRSs, Amendments and Annual Improvements to Standards effective as of 1 January 2024.

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

MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 7 : Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024
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 107 : Statement of Cash Flows – Supplier Finance Arrangements	1 January 2024

The adoption of the above Amendments to MFRSs are either not relevant or 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 121 : The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 And MFRS 7 : Financial Instruments : Disclosures - Amendments to the Classification and Measurement to Financial Instruments	1 January 2026
MFRS 18 : Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 : Subsidiaries without Public Accountability: Disclosures	1 January 2027
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 2023 was unmodified.

A3 Seasonality or cyclicity of operations

The level of business activities usually varies with the festivals at the end and beginning of each year subject to the level of underlying demand and prevailing prices.

A4 Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the third (3rd) quarter and year-to-date ended 30 September 2024.

A5 Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in the previous financial year which have a material effect in the third (3rd) quarter and year-to-date ended 30 September 2024.

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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 30 September 2024, the Company did not repurchase any ordinary shares from the open market.

As at 30 September 2024, 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 30 September 2024.

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 30 September 2024 and 30 September 2023, which are within the Group's objectives for capital management, are as follows:

	As at 30.09.2024 RM'000	As at 30.09.2023 RM'000
Borrowings	16,600	7,500
Trade and other payables	9,491	9,654
Less : Cash and bank balances	<u>(13,550)</u>	<u>(29,267)</u>
Net debt / (cash)	<u>12,541</u>	<u>(12,113)</u>
Total equity	609,353	621,962
Net debt / (cash)	<u>12,541</u>	<u>(12,113)</u>
	<u>621,894</u>	<u>609,849</u>
Gearing ratio (%)	2.02%	N/A

A7 Dividends paid

A final single-tier dividend of 0.5 sen per ordinary share (2023: final single-tier dividend of 2.5 sen per ordinary share) amounting to RM980,469.10 in respect of the financial year ended 31 December 2023 was paid on 2 August 2024.



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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 third (3rd) quarter ended 30 September 2024 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	71,335	48,770	120,105
Inter-segment revenue	(3,739)	(17,085)	(20,824)
Revenue from external customers	<u>67,596</u>	<u>31,685</u>	<u>99,281</u>
Loss for the quarter			
Total expenses	(69,791)	(41,685)	(111,476)
Finance costs	(23)	(148)	(171)
Loss before taxation	<u>(2,218)</u>	<u>(10,148)</u>	<u>(12,366)</u>
Taxation	187	2,495	2,682
Loss after taxation for the quarter	<u>(2,031)</u>	<u>(7,653)</u>	<u>(9,684)</u>
Other comprehensive income for the quarter, net of tax	-	-	-
Total comprehensive loss for the quarter	<u><u>(2,031)</u></u>	<u><u>(7,653)</u></u>	<u><u>(9,684)</u></u>

Segment performance for the third (3rd) quarter ended 30 September 2023 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	71,946	56,933	128,879
Inter-segment revenue	(4,623)	(18,489)	(23,112)
Revenue from external customers	<u>67,323</u>	<u>38,444</u>	<u>105,767</u>
Loss for the quarter			
Total expenses	(67,578)	(41,598)	(109,176)
Finance costs	(6)	(48)	(54)
Loss before taxation	<u>(261)</u>	<u>(3,202)</u>	<u>(3,463)</u>
Taxation	80	624	704
Loss after taxation for the quarter	<u>(181)</u>	<u>(2,578)</u>	<u>(2,759)</u>
Other comprehensive income for the quarter, net of tax	-	-	-
Total comprehensive loss for the quarter	<u><u>(181)</u></u>	<u><u>(2,578)</u></u>	<u><u>(2,759)</u></u>



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A8 Operating segment information (Cont'd)

Segment performance for the year-to-date ended 30 September 2024 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	200,355	144,646	345,001
Inter-segment revenue	(7,816)	(46,739)	(54,555)
Revenue from external customers	192,539	97,907	290,446
Profit/(Loss) for the period			
Total expenses	(192,500)	(110,644)	(303,144)
Finance costs	(27)	(374)	(401)
Profit/(Loss) before taxation	12	(13,111)	(13,099)
Taxation	(3)	2,747	2,744
Profit/(Loss) after taxation for the period	9	(10,364)	(10,355)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income/(loss) for the period	9	(10,364)	(10,355)

Segment performance for the year-to-date ended 30 September 2023 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	211,025	163,298	374,323
Inter-segment revenue	(14,905)	(60,862)	(75,767)
Revenue from external customers	196,120	102,436	298,556
Profit for the period			
Total expenses	(195,239)	(100,416)	(295,655)
Finance costs	(45)	(101)	(146)
Profit before taxation	836	1,919	2,755
Taxation	(106)	(244)	(350)
Profit after taxation for the period	730	1,675	2,405
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	730	1,675	2,405



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A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 30 September 2024 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Assets			
Segment assets	193,875	434,112	627,987
<u>Unallocated assets:</u>			
Cash and bank balances			13,550
Total assets			<u>641,537</u>
Liabilities			
Segment liabilities	14,581	15,095	29,676
<u>Unallocated liabilities:</u>			
Deferred tax liabilities			2,508
Total liabilities			<u>32,184</u>

Segment assets and liabilities as at 30 September 2023 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Assets			
Segment assets	239,818	378,893	618,711
<u>Unallocated assets:</u>			
Cash and bank balances			29,267
Total assets			<u>647,978</u>
Liabilities			
Segment liabilities	7,846	11,777	19,623
<u>Unallocated liabilities:</u>			
Derivative liabilities			7
Deferred tax liabilities			6,386
Total liabilities			<u>26,016</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 third (3rd) quarter and year-to-date ended 30 September 2024.

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.



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A12 Capital commitments

Authorised capital commitments not recognised in the interim financial statements as at 30 September 2024 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	3,635
Approved but not contracted for	<u>1,478</u>
	<u><u>5,113</u></u>

A13 Related party transactions

Related party transactions for the quarter and year-to-date ended 30 September 2024 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>17</u>	<u>75</u>
Purchase of hardware products	1	2
Rental expense	<u>420</u>	<u>1,250</u>
	<u><u>421</u></u>	<u><u>1,252</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 down of inventories to net realisable values

Total net inventories written down to either net realisable value or replacement cost for the year-to-date ended 30 September 2024 was RM2,845,460.

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A15 Financial instruments

Group	As at 30 September 2024		
	Amortised cost	Fair value through profit or loss	Total
	RM'000	RM'000	RM'000
Financial assets			
Trade and other receivables, net of prepayments	100,273	-	100,273
Cash and bank balances	13,550	-	13,550
	<u>113,823</u>	<u>-</u>	<u>113,823</u>
Financial liabilities			
Trade and other payables	9,491	-	9,491
Borrowings	16,600	-	16,600
Lease liabilities	3,476	-	3,476
	<u>29,567</u>	<u>-</u>	<u>29,567</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.



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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	-	-	9,750	9,750	9,750
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 30 September 2024.

(c) Derivative liabilities

As at 30 September 2024

Group	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 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 30 September 2024, the Group recognised a gain of RM12,000 arising for 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 30 September 2024 stood at RM3.11, a marginal decrease of 1.7% compared to RM3.17 as at 31 December 2023 mainly due to the losses incurred for the year-to-date ended 30 September 2024 and dividends paid out during the period.



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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 RM99.3 million for the quarter ended 30.09.2024 (“3Q 2024”), which weakened by RM6.5 million (-6%) as compared with revenue of RM105.8 million recorded in the previous year quarter ended 30.09.2023 (“3Q 2023”). The decline in revenue performance was attributed to lower contribution from the manufacturing segment.

Compounded further by lackluster average selling prices and high average raw materials costs denting profitability, the Group recorded a wider loss before taxation of RM12.4 million for 3Q 2024 as compared with a loss before taxation of RM3.5 million recorded in 3Q 2023. The Group’s losses was further impacted by both realised foreign exchange losses of RM0.7 million and unrealised foreign exchange losses of RM1.5 million.

The performance of the respective operating business segments of the Group for 3Q 2024 as compared with 3Q 2023 are analysed as follows:

Manufacturing

The manufacturing operations' revenue contracted by 18% to RM31.7 million in 3Q 2024, from RM38.5 million recorded in 3Q 2023. This was mainly attributed to lower sales volume on the back of weaker market demand.

Trading

The trading operations' revenue improved slightly by 0.4% to RM67.6 million in 3Q 2024 as compared with RM67.3 million recorded in 3Q 2023, where marginally higher average selling prices offset lower sales volume.

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

For the year-to-date ended 30.09.2024 (“YTD 3Q 2024”), the Group recorded revenue of RM290.4 million, which contracted by 3% as compared with revenue of RM298.5 million recorded in the previous year-to-date ended 30.09.2023 (“YTD 3Q 2023”). The drop in performance was mainly due to lower revenue contribution from both the trading and manufacturing segments amid a challenging operating environment.

In tandem with the softer revenue trend, compressed profit margins impacted by lackluster average selling prices and higher factory overheads costs, the Group recorded a loss before taxation of RM13.1 million for YTD 3Q 2024 as compared with a profit before taxation of RM2.8 million in YTD 3Q 2023. Additionally, YTD 3Q 2024 recorded a net inventory write down of RM2.8 million (net inventory write back of RM7.6 million for YTD 3Q 2023) as well as unrealised foreign exchange losses of RM1.4 million.



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B1 Operating segments review (Cont'd)

b) Current year-to-date vs. Previous year-to-date (Cont'd)

The performance of the respective operating business segments of the Group for YTD 3Q 2024 as compared with YTD 3Q 2023 are analysed as follows:

Manufacturing

The manufacturing operations recorded revenue of RM97.9 million for YTD 3Q 2024, which fell by 4% as compared with RM102.4 million recorded in YTD 3Q 2023. This was attributed to weaker average selling prices offsetting higher sales volume.

Trading

The trading operations recorded revenue of RM192.5 million for YTD 3Q 2024, which eased by 2% as compared with RM196.1 million recorded in YTD 3Q 2023. The decrease was mainly due to lower market demand and softer average selling prices.

B2 Comparison with preceding quarter's results

The Group's revenue for 3Q 2024 decreased to RM99.3 million from RM102.5 million achieved in 2Q 2024 mainly due to weaker average selling prices offsetting the pickup in sales volume.

The Group recorded a deeper loss before taxation of RM12.4 million for 3Q 2024 as compared with a loss before taxation of RM3.2 million recorded in 2Q 2024, mainly due to compressed profit margins on the back of higher factory overheads costs, inventory write down of RM3.6 million, realised foreign exchange losses of RM0.7 million and unrealised foreign exchange losses of RM1.5 million.

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

a) Prospects for 2024

The downward trend in global steel prices lingers on, with China's ongoing weak domestic demand driving exports while exacerbating pressure on selling prices further. Compounded by geopolitical tensions, this adds further volatility to the steel market dynamics.

The local steel industry continues to be affected by the challenging global steel industry dynamics as well as the local steel industry challenges, where intense prolonged price competition has impacted margins considerably. Though there were no new major infrastructure projects announced in the recent Budget 2025, ongoing infrastructure projects such as the Penang LRT, third phase of the MRT 3 and Johor-Singapore rapid transit system are expected to drive steel consumption. Steady inflow of investments in new semiconductor foundries and data centres should also bode well for local steel demand further. With the expected completion of the Group's new Kapar factory in Q4'24, it is well positioned to benefit from these key steel demand drivers which is expected to elevate the Group's performance.

To be resilient amid the challenges, the Group remains focused on prudent procurement strategies, effective inventory management, improving operational efficiency, employing costs optimisation strategies as well as widening its business network nationwide.

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.



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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	Current year-to-date
	RM'000	RM'000
Income tax		
- current quarter/year-to-date	-	657
- under provision in prior quarter/year-to-date	-	65
Deferred tax		
- current quarter/year-to-date	(2,682)	(3,466)
Taxation	<u>(2,682)</u>	<u>(2,744)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated taxable profits for the year. The effective tax rate of the Group for the current quarter and year-to-date ended 30 September 2024 is lower than the statutory tax rate mainly due to the recognition of deferred tax assets for unabsorbed capital allowances and current year 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.

B8 Group borrowings and debt securities

Details of the Group's borrowings as at 30 September 2024 are as follows:

Short-term borrowings

	RM'000	
Bankers' acceptances	7,100	Unsecured
Trust receipts	9,500	Unsecured
	<u>16,600</u>	

Borrowings are denominated in the following currencies:

	RM'000	
- Ringgit Malaysia	16,600	Unsecured
	<u>16,600</u>	

The Group has no debt securities as at 30 September 2024.

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

There were no dividends proposed in the current quarter.



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B11 (Loss)/Earnings per share

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

		Quarter ended		Year-to-date ended	
		<u>30.09.2024</u>	<u>30.09.2023</u>	<u>30.09.2024</u>	<u>30.09.2023</u>
(Loss)/Profit attributable to the equity holders of the parent	(RM'000)	(9,684)	(2,759)	(10,355)	2,405
Weighted average number of ordinary shares in issue	('000)	196,093	196,093	196,093	196,093
Basic (loss)/earnings per ordinary share	(sen)	(4.94)	(1.41)	(5.28)	1.23

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

There are no potential dilutive ordinary shares during the quarter and year-to-date ended 30 September 2024. Accordingly, the diluted (loss)/earnings per ordinary share is not presented.

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B12 Other income

	Quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	5	-
Fair value adjustments on derivative financial instruments	-	7	12	1,054
Gain on disposal of other investment	-	-	-	50
Interest on:				
Customer overdue accounts	23	50	262	67
Short term deposits	78	123	331	750
Trade compensation	10	3	26	3
Rental income	223	129	570	392
Net unrealised gain on foreign exchange transactions	-	345	-	527
Others	-	-	1	1
	<u>334</u>	<u>657</u>	<u>1,207</u>	<u>2,844</u>
Other Losses:				
Loss on disposals of property, plant and equipment	-	(147)	(56)	(321)
Property, plant and equipment written off	-	-	-	(2)
Realised loss on foreign exchange transactions	(720)	(387)	(889)	(413)
Net unrealised loss on foreign exchange transactions	(1,546)	-	(1,403)	-

B13 Authorisation for issue

The interim financial statements were authorised on 27 November 2024 for issue by the Board of Directors.