



**CHOO BEE METAL INDUSTRIES BERHAD (10587-A)**

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	2007 Current quarter ended 30 Sep  RM'000	2006 Comparative quarter ended 30 Sep  RM'000	2007 9 months cumulative to date  RM'000	2006 9 months cumulative to date  RM'000
Revenue	129,588	92,560	333,664	268,432
Other income	658	48	1,991	1,625
Operating expenses	(121,342)	(80,752)	(306,789)	(238,173)
Finance costs	(1,317)	(599)	(3,209)	(1,255)
Profit before taxation	7,587	11,257	25,657	30,629
Taxation	(2,058)	(2,128)	(6,238)	(6,357)
Profit for the period	5,529	9,129	19,419	24,272
Attributable to:				
Equity holders of the parent	5,529	9,129	19,419	24,272
Earnings per share (EPS):				
a) Basic (sen)	5.20	8.69	18.28	23.22
b) Diluted (sen)	5.20	8.66	18.28	23.13

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER  
ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 30 Sep 2007	As at 31 Dec 2006 (Restated)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	112,440	97,992
Investment properties	1,150	1,150
Prepaid lease payments (Leasehold land)	5,605	5,681
Other investments	-	170
Goodwill on consolidation	1,382	1,382
Deferred tax asset	-	72
	<u>120,577</u>	<u>106,447</u>
<b>Current Assets</b>		
<i>Inventories</i>	216,974	157,757
<i>Trade and other receivables</i>	158,588	138,285
<i>Current tax assets</i>	657	4,669
<i>Cash and bank balances</i>	2,132	4,834
	<u>378,351</u>	<u>305,545</u>
<b>TOTAL ASSETS</b>	<u>498,928</u>	<u>411,992</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	109,903	109,903
Reserves attributable to capital	19,627	19,698
Retained earnings	198,818	185,604
Total Equity	<u>328,348</u>	<u>315,205</u>
Non-current liabilities		
<i>Borrowings</i>	-	3,934
<i>Deferred tax liabilities</i>	11,687	10,357
<i>Long-term provisions</i>	420	355
Total non-current liabilities	<u>12,107</u>	<u>14,646</u>



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER  
ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 30 Sep 2007  RM'000	As at 31 Dec 2006 (Restated) RM'000
Current liabilities		
<i>Trade and other payables</i>	17,223	22,897
<i>Borrowings</i>	139,547	57,829
<i>Current tax liabilities</i>	1,703	1,415
Total current liabilities	<u>158,473</u>	<u>82,141</u>
<b>TOTAL LIABILITIES</b>	170,580	96,787
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>498,928</u></u>	<u><u>411,992</u></u>
Net Tangible Assets Per Share (RM)	3.08	2.95
Net Assets Per Share (RM)	3.09	2.97

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER  
ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Period ended 30 Sep 2007 RM ' 000	Period ended 30 Sep 2006 RM ' 000
Net Profit before tax	25,657	30,629
Adjustments for non-cash flow:-		
Non-cash items	5,566	1,802
Non-operating items	3,161	808
Operating Profit Before Changes In Working Capital	<u>34,384</u>	<u>33,239</u>
Changes In Working Capital :		
Net Change in Current Assets	(80,119)	(36,063)
Net Change in Current Liabilities	(5,674)	(3,202)
Income Tax Paid	(536)	(3,542)
Others	(60)	(21)
Net Cash Used In Operating Activities	<u>(52,005)</u>	<u>(9,589)</u>
Investing Activities :		
Equity Investments	174	21
Other Investments	(18,286)	(7,079)
Net Cash Used In Investing Activities	<u>(18,112)</u>	<u>(7,058)</u>
Financing Activities :		
Bank Borrowings	76,240	17,999
Issue of shares	-	1,422
Others	(9,486)	(5,833)
Net Cash Used In Financing Activities	<u>66,754</u>	<u>13,588</u>
Net Change in Cash & Cash Equivalents	(3,363)	(3,059)
Cash & Cash Equivalents at beginning of year	3,272	7,315
Cash & Cash Equivalents at end of period	<u>(91)</u>	<u>4,256</u>

( The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<----- Attributable to Equity Holders of the Company ----->							Total Equity RM '000
			<----- Non-distributable Reserves ----->					
	Share Capital RM '000	Treasury Shares RM '000	Share Premium RM '000	Reserve on Consolidation RM '000	General Reserve RM '000	Equity- settled Employee Benefits Reserve RM '000	Retained Earnings RM '000	
<b>Balance as at 1 January 2007</b>								
As previously stated	109,903	(5,603)	24,115	-	1,186	-	184,713	314,314
Effect of changes in accounting policies for :								
Restatement of fair value for Investment Property	-	-	-	-	-	-	891	891
<b>Restated balance as at 1 January 2007</b>	109,903	(5,603)	24,115	-	1,186	-	185,604	315,205
<b>Changes in equity for the period ended 30 September 2007</b>								
Profit for the period	-	-	-	-	-	-	19,419	19,419
Total recognised income and expense for the period	-	-	-	-	-	-	19,419	19,419
Dividend distributed to equity holders	-	-	-	-	-	-	(6,205)	(6,205)
Buy-back of ordinary shares	-	(71)	-	-	-	-	-	(71)
<b>Balance as at 30 September 2007</b>	109,903	(5,674)	24,115	-	1,186	-	198,818	328,348



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Equity Holders of the Company ----->							
	<----- Non-distributable Reserves ----->							
	Share Capital RM '000	Treasury Shares RM '000	Share Premium RM '000	Reserve on Consolidation RM '000	General Reserve RM '000	Equity- settled Employee Benefits Reserve RM '000	Retained Earnings RM '000	Total Equity RM '000
<b>Balance as at 1 January 2006</b>								
As previously stated	107,499	(5,465)	23,585	1,366	1,186	-	155,462	283,633
Effect of changes in accounting policies for :								
Restatement of fair value for Investment Property	-	-	-	-	-	-	868	868
Share-based payment	-	-	-	-	-	27	(27)	-
Business combinations	-	-	-	(1,366)	-	-	1,366	-
<b>Restated balance as at 1 January 2006</b>	107,499	(5,465)	23,585	-	1,186	27	157,669	284,501
<b>Changes in equity for the period ended 30 September 2006</b>								
Profit for the period	-	-	-	-	-	-	24,272	24,272
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	-	24,272	24,272
Dividend distributed to equity holders	-	-	-	-	-	-	(4,539)	(4,539)
Recognition of share-based payments	-	-	-	-	-	30	-	30
Issue of share under Employee Share Options Scheme	1,190	-	232	-	-	-	-	1,422
Buy-back of ordinary shares	-	(38)	-	-	-	-	-	(38)
<b>Balance as at 30 September 2006</b>	108,689	(5,503)	23,817	-	1,186	57	177,402	305,648

( The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

**EXPLANATORY NOTES : (AS PER FRS 134 - PARAGRAPH 16)**

**A1 Accounting Policies and methods of computation**

The interim financial report has been prepared in accordance with FRS 134, "Interim Financial Reporting" and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2006. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2006, except for the adoption of the 2 new and revised Financial Reporting Standards (FRS) applicable for annual financial periods beginning on or after 1 January 2007.

The adoption of new and revised FRSs which resulted in changes in accounting policies and methods of computation are as follows :

a) *Leases (FRS 117)*

FRS 117 requires the unamortised revalued amount of leasehold land held for own use to be accounted for as Prepaid Lease Payments and to be amortised on a straight line basis over the lease term. The Group has reclassified such properties which were previously presented as part of Property, Plant and Equipment and were stated at costs less accumulated depreciation. Other than the reclassification from Property, Plant and Equipment to Prepaid Lease Payments of RM5,604,961, the change in accounting policy does not affect the results of the Company and of the Group for the financial period. The restatement of the comparative amount as at 31 December 2006 are summarised in (c)(i) and (ii).

FRS 140 requires that an investment property held by a lessee under an operating lease is to be accounted for using the fair value model. Accordingly, the Group has changed the measurement basis of its investment properties from the previously used cost model to fair value model. The effect of the change amounted to RM891,231 and has been adjusted to the opening retained earnings in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors. The restatement of the comparative amount as at 31 December 2006 are summarised in (c)(iii) and (iv).

b) *Related Party Disclosures (FRS 124)*

The adoption of FRS 124 has no material effect on the results of the Company and of the Group for the financial period.

c) *Restatement of comparative amounts*

The adoption of new and revised FRSs has resulted in the restatement of the comparative amounts as at 31 December 2006 of the following :

	As previously reported RM'000	Effects of restatement RM'000	As restated RM'000
i) Prepaid Lease Payments (Leasehold land)	-	5,681	5,681
ii) Property, Plant and Equipment	103,673	(5,681)	97,992
iii) Investment Properties	259	891	1,150
iv) Retained Earnings	184,713	891	185,604

**A2 Report of Auditors**

The preceding annual financial statements of the Group were reported on without any qualification.

**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 prices prevailing.



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

**EXPLANATORY NOTES : (AS PER FRS 134 - PARAGRAPH 16)**

**A4 Unusual items**

There were no material items of an unusual nature and amount for the current quarter and financial year to date.

**A5 Material Changes in estimates of amounts reported**

There were no material changes in the estimates used in the current quarter compared to the estimates used in the previous financial year, which have a material effect in the current quarter or the financial year to date.

**A6 Changes in Debt and Equity Securities**

Details of share buy-back for the current financial year to date.

	<i>No. of shares purchased</i>	<i>Average Purchase price (RM)</i>	<i>Total consideration paid (RM)</i>	<i>Treasury shares No. of shares retained</i>
<b>Opening balance at 01-01-2007</b>	3,649,600	1.54	5,603,227	3,649,600
February	1,000	2.28	2,277	1,000
August	1,000	2.17	2,167	1,000
September	31,000	2.14	66,388	31,000
<b>Total as at 30-09-2007</b>	<b>3,682,600</b>	<b>1.54</b>	<b>5,674,059</b>	<b>3,682,600</b>

None of the Treasury Shares has been resold or redistributed as share dividends during the current financial year.

There were no issues of debt or equity securities for the current financial year to date.

**A7 Dividend**

The final ordinary dividend of 8 sen per share less 27% tax amounting to RM6,205,140 in respect of year ended 31 December 2006 was paid on 17 August 2007.

**A8 Segmental Reporting**

Segmental analysis for the current financial period ended 30 September 2007 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
<b>Revenue</b>	214,560	119,104	333,664
<b>Results</b>			
Segment results	17,452	11,672	29,124
Unallocated corporate expenses			(258)
Finance cost			(3,209)
Profit before tax			25,657

Segmental analysis for the previous financial period ended 30 September 2006 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
<b>Revenue</b>	177,603	90,829	268,432
<b>Results</b>			
Segment results	15,123	16,492	31,615
Unallocated corporate income			269
Finance cost			(1,255)
Profit before tax			30,629



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

**EXPLANATORY NOTES : (AS PER FRS 134 - PARAGRAPH 16)**

**A9 Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment in the financial year to date except that the carrying amount of investment properties of the Group has been changed to fair value as a result of the adoption of FRS 117 with effect from the first quarter. Other than this, the value of property, plant and equipment has been brought forward, without amendment from the previous annual financial statements.

**A10 Material Events**

There were no material subsequent events that have not been reflected in the financial statements for the period at the date of issue of the quarterly report.

**A11 Changes in Composition of the Group**

During the preceding quarter, Choo Bee Metal Industries Bhd disposed of the entire issued and paid-up share capital of its wholly-owned subsidiary company, Choo Bee Hardware (Sabah) Sdn. Bhd. ("CBH(S)") which was formerly known as Choo Bee Steel Servicing Centre Sdn Bhd, comprising 3 ordinary shares of RM1 each to another wholly owned subsidiary company, Choo Bee Hardware Sdn Bhd ("CBH") for a total consideration of RM3. This resulted in CBH(S) becoming a wholly owned subsidiary of CBH.

**A12 Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets at the date of issue of the quarterly report.

**A13 Capital Commitments**

Capital Commitments as at 30 September 2007 are as follows:

	RM '000
Capital expenditure :	
Contracted but not provided for	993
Approved but not contracted for	10,860
	<u>11,853</u>

**A14 Reversal of write down of inventories**

There were increases in net realisable values of some previously written down inventories of the Group which resulted in a reversal of RM109,783 of the written down amounts for the financial year to date.



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

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

**B1 Review of the Performance of the Company and its Principal Subsidiaries**

The Group achieved a turnover of RM333.66 million for the nine months ended 30 September 2007, an increase of 24.30% when compared to RM268.43 million for the corresponding period of the previous year. The increase was due to higher sales volume of the Group's products. However, margins were adversely affected by increases in material costs. This resulted in a profit before tax of RM25.66 million which was 16.23% lower than RM30.63 million for the corresponding period of the previous year.

**B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter**

Turnover increased by 27.73% in the third quarter to RM129.59 million from RM101.45 million in the immediate preceding quarter. However, profit before tax decreased by 20.07% from RM9.49 million in the immediate preceding quarter to RM7.59 million in the third quarter. The decrease was due to lower margins of our manufactured products resulting from competition from imported pipes while trading margins were affected by rising prices of materials.

**B3 Prospects for the remaining quarter up to 31 December 2007**

Steel prices in the international market are on the uptrend in the fourth quarter and domestic market prices are recovering in tandem. This augurs well for the Group as the Board expects demand for our pipes from water replacement projects to increase in the fourth quarter. The Group has established new export markets and continuous efforts are being made to increase export sales. On this note, the Board expects current year performance to be satisfactory.

**B4 (a) Variance of Actual Profit After Tax and Minority Interest**

Not applicable

**(b) Shortfall in Profit Guarantee**

Not applicable

**B5 Taxation**

	Current Quarter 30-09-2007 RM' 000	Financial Year to date 30-09-2007 RM' 000
Estimated tax payable	1,703	4,854
Deferred taxation	373	1,402
	2,076	6,256
Over provision in prior year	(18)	(18)
Net provision for taxation	2,058	6,238

The effective tax rate for the financial year to date is lower than the statutory tax rate mainly due to utilisation of reinvestment allowances and non taxable income.

**B6 Profit/(Losses) On Sale of Unquoted Investments and/or Properties**

There were no disposals of unquoted investments and / or properties during the quarter and financial year to date.



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

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

**B7 Purchases or Disposal of Quoted Securities**

(a)	Current Quarter 30-09-2007 RM' 000	Financial Year to date 30-09-2007 RM' 000
Total purchase consideration	-	-
Total sale proceeds	15	174
Total gain on disposals	-	4
(b) Investments as at 30 September 2007		RM'000
At Cost		-
At Book Value		-
At Market Price		-

**B8 (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.

**B9 Group Borrowings and Debt Securities**

Details of Group's borrowings as at 30 September 2007 are as follows:-

(a) <i>Short term borrowings</i>	RM' 000	
USD Trade loan (USD 7,126,303)	24,312	Unsecured
Bankers acceptance	106,307	Unsecured
Bank overdraft	2,223	Unsecured
Fixed Term Loan		
- Amount due within 12 months (USD 1,965,500)	6,705	Unsecured
	<u>139,547</u>	
(b) <i>Long term borrowings</i>		
Fixed Term Loan		
- Non current portion	-	Unsecured
<b>Total Borrowings</b>	<u>139,547</u>	

The Group has no debt securities as at 30 September 2007.

**B10 Summary of Off Balance Sheet Financial Instruments by type and maturity profile**

As at 16 November 2007, being a date not earlier than 7 days from the issue of this quarterly report, the foreign exchange currency contracts which have been entered into by the Group to hedge its foreign currency sales and purchases are as follows:

Currency	Nature of transactions	Contract Amount in foreign currency	Date of Contracts	Maturity period of Contracts	Equivalent Amount in RM
US Dollar (USD)	Sales	USD 756,000	23.10.2007	04.01.2008 - 18.01.2008	2,539,734
US Dollar (USD)	Purchases	USD 4,276,685	01.10.2007 - 25.10.2007	23.11.2007 - 28.12.2007	14,401,817

The above contracts were executed with creditworthy financial institutions and hence the likelihood of non performance is remote.



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER  
ENDED 30 SEPTEMBER 2007**

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

**B11 Changes in Material Litigation (including status of any pending material litigation)**

Kent Engineering Works Sdn Bhd (KEW), a debtor of Taik Bee Hardware Sdn Bhd ("TBH") which is a subsidiary company of Choo Bee Metal Industries Berhad, filed a suit for defamation on 7 March 2000 against TBH for an amount of RM10 million claiming that the drawdown of a bank guarantee provided by KEW in favour of TBH was defamatory to KEW. In response, TBH has filed a writ of summons on defence with the High Court of Malaya on 24 April 2000 against the defamation suit and for the recovery of a debt amounting to RM118,092.

The lawyers advising TBH on the above matter, opined that it is highly unlikely that the litigant will be able to prove libel as TBH has a complete defence in justification.

The Court has fixed the trial dates to be on 16 and 17 January 2008.

**B12 Dividend**

The Directors have not recommended any dividend for the current financial period ended 30 September 2007.

**B13 Earnings Per Share (EPS)**

		3 months ended		9 months ended	
		30-09-2007	30-09-2006	30-09-2007	30-09-2006
<b>Basic earnings per share</b>					
<b>(a)</b>	Net profit for the period (RM '000)	5,529	9,129	19,419	24,272
	Weighted average number of ordinary shares in issue (' 000)	106,241	105,082	106,249	104,520
	Basic earnings per share (sen)	5.20	8.69	18.28	23.22
<b>Diluted earnings per share</b>					
<b>(b)</b>	Net profit for the period (RM '000)	5,529	9,129	19,419	24,272
	Weighted average number of ordinary shares in issue (' 000)	106,241	105,082	106,249	104,520
	Adjustment for share options (' 000)	-	285	-	397
	Weighted average number of ordinary shares for diluted earnings per share (' 000)	106,241	105,367	106,249	104,917
	Diluted earnings per share (sen)	5.20	8.66	18.28	23.13