



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2007

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2007 Current quarter ended 31 Dec RM'000	2006 Comparative quarter ended 31 Dec RM'000	2007 12 months cumulative to date RM'000	2006 12 months cumulative to date RM'000
Revenue	128,467	88,326	462,131	356,758
Other income	1,029	2,834	3,020	4,459
Operating expenses	(117,985)	(79,445)	(424,774)	(317,618)
Finance costs	(1,473)	(699)	(4,682)	(1,954)
Profit before taxation	10,038	11,016	35,695	41,645
Taxation	(2,003)	(2,864)	(8,241)	(9,221)
Profit for the period	8,035	8,152	27,454	32,424
Attributable to:				
Equity holders of the parent	8,035	8,152	27,454	32,424
Earnings per share (EPS):				
a) Basic (sen)	7.56	7.70	25.84	30.92
b) Diluted (sen)	7.56	7.70	25.84	30.92

(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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2007

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 (Restated) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	110,672	97,992
Investment properties	2,405	1,150
Prepaid lease payments (Leasehold land)	5,577	5,681
Other investments	-	170
Goodwill on consolidation	1,382	1,382
Deferred tax asset	-	72
	<hr/> 120,036	<hr/> 106,447
Current Assets		
<i>Inventories</i>	230,703	157,757
<i>Trade and other receivables</i>	158,466	138,285
<i>Current tax assets</i>	451	4,669
<i>Cash and bank balances</i>	7,146	4,834
	<hr/> 396,766	<hr/> 305,545
TOTAL ASSETS	<hr/> <hr/> 516,802	<hr/> <hr/> 411,992
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	109,903	109,903
Reserves attributable to capital	19,624	19,698
Retained earnings	207,703	185,604
Total Equity	<hr/> 337,230	<hr/> 315,205
Non-current liabilities		
<i>Borrowings</i>	-	3,934
<i>Deferred tax liabilities</i>	11,225	10,357
<i>Long-term provisions</i>	515	355
Total non-current liabilities	<hr/> 11,740	<hr/> 14,646



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER
ENDED 31 DECEMBER 2007**

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 (Restated) RM'000
Current liabilities		
<i>Trade and other payables</i>	21,109	22,897
<i>Borrowings</i>	144,845	57,829
<i>Current tax liabilities</i>	1,878	1,415
Total current liabilities	<u>167,832</u>	<u>82,141</u>
TOTAL LIABILITIES	179,572	96,787
TOTAL EQUITY AND LIABILITIES	<u><u>516,802</u></u>	<u><u>411,992</u></u>
Net Tangible Assets Per Share (RM)	3.16	2.95
Net Assets Per Share (RM)	3.17	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 FOURTH FINANCIAL QUARTER
ENDED 31 DECEMBER 2007**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 Dec 2007 RM ' 000	Year ended 31 Dec 2006 RM ' 000
Net Profit before tax	35,695	41,645
Adjustments for non-cash flow:-		
Non-cash items	7,907	2,720
Non-operating items	4,616	1,401
Operating Profit Before Changes In Working Capital	<u>48,218</u>	<u>45,766</u>
Changes In Working Capital :		
Net Change in Current Assets	(93,564)	(60,761)
Net Change in Current Liabilities	(1,789)	5,270
Income Tax Paid	(2,619)	(5,170)
Others	(63)	(21)
Net Cash Used In Operating Activities	<u>(49,817)</u>	<u>(14,916)</u>
Investing Activities :		
Equity Investments	174	476
Other Investments	(19,096)	(15,622)
Net Cash Used In Investing Activities	<u>(18,922)</u>	<u>(15,146)</u>
Financing Activities :		
Bank Borrowings	80,307	29,764
Issue of shares	-	2,887
Others	(10,961)	(6,632)
Net Cash Used In Financing Activities	<u>69,346</u>	<u>26,019</u>
Net Change in Cash & Cash Equivalents	607	(4,043)
Cash & Cash Equivalents at beginning of year	<u>3,272</u>	<u>7,315</u>
Cash & Cash Equivalents at end of year	<u><u>3,879</u></u>	<u><u>3,272</u></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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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
Balance as at 1 January 2007								
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
Restated balance as at 1 January 2007	109,903	(5,603)	24,115	-	1,186	-	185,604	315,205
Changes in equity for the year ended 31 December 2007								
Profit for the year	-	-	-	-	-	-	27,454	27,454
Total recognised income and expense for the year	-	-	-	-	-	-	27,454	27,454
Dividend distributed to equity holders	-	-	-	-	-	-	(6,205)	(6,205)
Buy-back of ordinary shares	-	(74)	-	-	-	-	-	(74)
Fair value adjustment	-	-	-	-	-	-	850	850
Balance as at 31 December 2007	109,903	(5,677)	24,115	-	1,186	-	207,703	337,230



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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
Balance as at 1 January 2006								
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	-
Restated balance as at 1 January 2006	107,499	(5,465)	23,585	-	1,186	27	157,669	284,501
Changes in equity for the year ended 31 December 2006								
Profit for the year	-	-	-	-	-	-	32,424	32,424
Total recognised income and expense for the year	-	-	-	-	-	-	32,424	32,424
Dividend distributed to equity holders	-	-	-	-	-	-	(4,539)	(4,539)
Restatement of fair value for Investment Property	-	-	-	-	-	-	23	23
Recognition of share-based payments	-	-	-	-	-	47	-	47
Issue of share under Employee Share Options Scheme	2,404	-	530	-	-	(47)	-	2,887
Expiry of share options	-	-	-	-	-	(27)	27	-
Buy-back of ordinary shares	-	(138)	-	-	-	-	-	(138)
Balance as at 31 December 2006	109,903	(5,603)	24,115	-	1,186	-	185,604	315,205

(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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 RM5,577,248, 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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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>
Opening balance at 01-01-2007	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
November	1,600	2.10	3,353	1,600
Total as at 31-12-2007	3,684,200	1.54	5,677,412	3,684,200

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 year ended 31 December 2007 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
Revenue	296,021	166,110	462,131
Results			
Segment results	26,506	14,240	40,746
Unallocated corporate expenses			(369)
Finance cost			(4,682)
Profit before tax			35,695

Segmental analysis for the previous financial year ended 31 December 2006 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
Revenue	234,938	121,820	356,758
Results			
Segment results	20,580	22,975	43,555
Unallocated corporate income			44
Finance cost			(1,954)
Profit before tax			41,645



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 and the value has been adjusted at year end. 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 year, 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 31 December 2007 are as follows:

	RM '000
Capital expenditure :	
Contracted but not provided for	1,573
Approved but not contracted for	11,010
	<u>12,583</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 RM142,284 of the written down amounts for the financial year to date.

A15 Impairment of property, plant and equipment

During the quarter, the directors have recognised an impairment loss amounting to RM660,299 for Property, Plant and Equipment of a subsidiary which have become technologically obsolete.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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

Turnover recorded for the financial year was RM462.13 million, an increase of 29.54% when compared to RM356.76 million in the previous year. In 2007, steel prices were on the rise mainly due to increased demand. However, during the third quarter, profitability of the Group's manufactured products were affected by intense competition from imported products. This resulted in profit before tax of RM35.70 million for the financial year, a decrease of 14.29% when compared to RM41.64 million in the previous year.

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

Turnover decreased marginally by 0.86% in the fourth quarter to RM128.47 million from RM129.59 million in the immediate preceding quarter. However, profit before tax increased by 32.31% from RM7.59 million in the immediate preceding quarter to RM10.04 million in the fourth quarter. The increase was due to improved margins of our products arising from higher selling prices.

B3 Prospects for the current financial year

The market outlook for 2008 continues to be one of rising international steel prices and firm demand. We expect domestic steel prices to reflect this trend in the foreseeable future. Demand for our steel products is expected to be healthy, from existing and new construction and development activities and the growth of our export business.

We expect these factors, together with our capability for increased output of pipes and achievement of improved productivity, to have a positive impact on our performance in 2008.

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

Not applicable

(b) Shortfall in Profit Guarantee

Not applicable

B5 Taxation

	Current Quarter 31-12-2007 RM' 000	Financial Year to date 31-12-2007 RM' 000
Estimated tax payable	2,464	7,318
Deferred taxation	(461)	941
	<u>2,003</u>	<u>8,259</u>
Over provision in prior year	-	(18)
Net provision for taxation	<u>2,003</u>	<u>8,241</u>

The effective tax rate for the current quarter and financial year to date is lower than the statutory tax rate mainly due to utilisation of reinvestment allowances by the Group.

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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 31-12-2007 RM' 000	Financial Year to date 31-12-2007 RM' 000
Total purchase consideration	-	-
Total sale proceeds	-	174
Total gain on disposals	-	4
 (b) Investments as at 31 December 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 31 December 2007 are as follows:-

(a) <i>Short term borrowings</i>	RM' 000	
USD Trade loan (USD 5,501,314)	18,231	Unsecured
Bankers acceptance	119,652	Unsecured
Bank overdraft	3,267	Unsecured
Fixed Term Loan		
- Amount due within 12 months (USD 1,115,000)	3,695	Unsecured
	<u>144,845</u>	
 (b) <i>Long term borrowings</i>		
Fixed Term Loan		
- Non current portion	-	Unsecured
Total Borrowings	<u>144,845</u>	

The Group has no debt securities as at 31 December 2007.

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

As at 14 February 2008, being a date not earlier than 7 working 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 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 486,546	23.10.2007 - 21.12.2007	14.02.2008 - 31.03.2008	1,601,873

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 FOURTH FINANCIAL QUARTER
ENDED 31 DECEMBER 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 13 and 14 August 2008.

B12 Dividend

- a) i) A final ordinary dividend have been recommended.
- ii) Amount per share for final ordinary dividend is 6 sen less 26% tax.
- iii) Previous year ended 31 December 2006 : 8 sen less 27% tax
- iv) Date payable : To be decided
- v) Entitlement date : To be decided

- b) Total dividend proposed for the current financial year ended 31 December 2007 of final ordinary dividend of 6% less 26% tax have not been accrued as a liability in compliance with FRS 110, "Events after Balance Sheet Date".

B13 Earnings Per Share (EPS)

		3 months ended		12 months ended	
		31-12-2007	31-12-2006	31-12-2007	31-12-2006
Basic earnings per share					
(a) Net profit for the year	(RM '000)	8,035	8,152	27,454	32,424
Weighted average number of ordinary shares in issue	(' 000)	106,219	105,885	106,241	104,861
Basic earnings per share	(sen)	7.56	7.70	25.84	30.92
Diluted earnings per share					
(b) Net profit for the year	(RM '000)	8,035	8,152	27,454	32,424
Weighted average number of ordinary shares in issue	(' 000)	106,219	105,885	106,241	104,861
Adjustment for share options	(' 000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	(' 000)	106,219	105,885	106,241	104,861
Diluted earnings per share	(sen)	7.56	7.70	25.84	30.92