



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2008 Current quarter ended 30 Jun RM'000	2007 Comparative quarter ended 30 Jun RM'000	2008 6 months cumulative 30 Jun RM'000	2007 6 months cumulative 30 Jun RM'000
Revenue	177,026	101,452	332,875	204,076
Other income	879	117	189	1,333
Operating expenses	(139,285)	(91,021)	(274,077)	(185,447)
Finance costs	(1,284)	(1,055)	(2,599)	(1,892)
Profit before taxation	37,336	9,493	56,388	18,070
Taxation	(6,473)	(2,350)	(9,182)	(4,180)
Profit for the period	30,863	7,143	47,206	13,890
Attributable to:				
Equity holders of the parent	30,863	7,143	47,206	13,890
Earnings per share (EPS):				
a) Basic (sen)	29.06	6.72	44.44	13.07
b) Diluted (sen)	29.06	6.72	44.44	13.07

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 Jun 2008 RM'000	As at 31 Dec 2007 (Restated) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	109,164	110,580
Investment properties	2,405	2,405
Prepaid lease payments (Leasehold land)	5,102	5,669
Goodwill on consolidation	1,382	1,382
	<hr/> 118,053	<hr/> 120,036
Current Assets		
<i>Inventories</i>	261,008	230,703
<i>Trade and other receivables</i>	208,606	158,406
<i>Current tax assets</i>	-	451
<i>Cash and bank balances</i>	7,443	7,146
	<hr/> 477,057	<hr/> 396,706
TOTAL ASSETS	<hr/> 595,110	<hr/> 516,742
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	109,903	109,903
Reserves attributable to capital	19,621	19,624
Retained earnings	249,743	207,253
Total Equity	<hr/> 379,267	<hr/> 336,780
Non-current liabilities		
<i>Deferred tax liabilities</i>	10,019	11,676
<i>Long-term provisions</i>	511	515
Total non-current liabilities	<hr/> 10,530	<hr/> 12,191



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER
ENDED 30 JUNE 2008**

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 Jun 2008 RM'000	As at 31 Dec 2007 (Restated) RM'000
Current liabilities		
<i>Trade and other payables</i>	17,194	21,048
<i>Borrowings</i>	173,533	144,845
<i>Proposed dividend</i>	4,716	-
<i>Current tax liabilities</i>	9,870	1,878
Total current liabilities	<u>205,313</u>	<u>167,771</u>
TOTAL LIABILITIES	215,843	179,962
TOTAL EQUITY AND LIABILITIES	<u><u>595,110</u></u>	<u><u>516,742</u></u>
Net Tangible Assets Per Share (RM)	3.56	3.16
Net Assets Per Share (RM)	3.57	3.17

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Period ended 30 Jun 2008 RM'000	Period ended 30 Jun 2007 RM'000
Net Profit before tax	56,388	18,070
Adjustments for non-cash flow:-		
Non-cash items	4,137	3,547
Non-operating items	2,551	1,855
Interest income from operating activities	(373)	(657)
Operating Profit Before Changes In Working Capital	62,703	22,815
Changes In Working Capital :		
Net Change in Current Assets	(82,847)	(73,483)
Net Change in Current Liabilities	(3,853)	(8,824)
Income Tax Refund / (Paid)	(2,396)	2,223
Retirement benefits paid	(4)	-
Interest income	373	657
Net Cash (Used In) Operating Activities	(26,024)	(56,612)
Investing Activities :		
Equity Investments	-	159
Other Investments	746	(10,440)
Net Cash Generated From / (Used In) Investing Activities	746	(10,281)
Financing Activities :		
Bank Borrowings	28,078	66,302
Others	(2,602)	(1,894)
Net Cash Generated From Financing Activities	25,476	64,408
Net Change in Cash & Cash Equivalents	198	(2,485)
Cash & Cash Equivalents at beginning of year	3,879	3,272
Cash & Cash Equivalents at end of period	4,077	787

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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	General Reserve RM '000	Retained Earnings RM '000	Total Equity RM '000
Balance as at 1 January 2008	109,903	(5,677)	24,115	1,186	207,253	336,780
Changes in equity for the period ended 30 June 2008						
Profit for the period	-	-	-	-	47,206	47,206
Total recognised income and expense for the period	-	-	-	-	47,206	47,206
Dividend distributed to equity holders	-	-	-	-	(4,716)	(4,716)
Buy-back of ordinary shares	-	(3)	-	-	-	(3)
Balance as at 30 June 2008	109,903	(5,680)	24,115	1,186	249,743	379,267



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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	General 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 policy on investment Properties	-	-	-	-	1,290	1,290
Restated balance as at 1 January 2007	109,903	(5,603)	24,115	1,186	186,003	315,604
Changes in equity for the period ended 30 June 2007						
Profit for the period	-	-	-	-	13,890	13,890
Total recognised income and expense for the year	-	-	-	-	13,890	13,890
Dividend distributed to equity holders	-	-	-	-	(6,205)	(6,205)
Buy-back of ordinary shares	-	(2)	-	-	-	(2)
Balance as at 30 June 2007	109,903	(5,605)	24,115	1,186	193,688	323,287

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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 2007. 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 2007, except for the adoption of some revised Financial Reporting Standards (FRS) applicable for annual financial periods beginning on or after 1 July 2007. The FRSs adopted by the Group, which are relevant to its operations are as follows:

FRS 107 - Cash Flow Statements

FRS 112 - Income Taxes

FRS 118 - Revenue

FRS 134 - Interim Financial Reporting

FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have significant financial impact on the Group.

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.

A4 Unusual items

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

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 todate.

A6 Changes in Debt and Equity Securities

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

	<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 01-01-2008	3,684,200	1.54	5,677,412	3,684,200
February	1,000	2.32	2,324	1,000
Total as at 30-06-2008	3,685,200	1.54	5,679,736	3,685,200

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 todate.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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

A7 Dividend

No dividend has been paid for the current financial year to date.

A8 Segmental Reporting

Segmental analysis for the current financial period ended 30 June 2008 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
Revenue	221,778	111,097	332,875
Results			
Segment results	34,011	25,135	59,146
Unallocated corporate expenses			(159)
Finance cost			(2,599)
Profit before tax			56,388

Segmental analysis for the previous financial period ended 30 June 2007 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
Revenue	130,246	73,830	204,076
Results			
Segment results	10,954	9,204	20,158
Unallocated corporate expenses			(196)
Finance cost			(1,892)
Profit before tax			18,070

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 and 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

There were no changes in composition of the Group for the current financial year to date.

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.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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

A13 Capital Commitments

Capital Commitments as at 30 June 2008 are as follows:

	RM '000
Capital expenditure :	
Contracted but not provided for	5,196
Approved but not contracted for	13,020
	<u>18,216</u>

A14 Write down of Inventories

During the current quarter write down of RM144,107 was made against inventory cost of stainless steel coils for which replacement cost had fallen below their respective cost.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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 RM332.9 million for the six months ended 30 June 2008, an increase of 63.1% when compared to RM204.1 million for the previous year period. The increase was due to higher selling prices and volume of the Group's products. This resulted in a significant improvement in profit before tax to RM56.4 million which was 212.1% higher when compared to RM18.1 million for the previous year period.

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

Turnover increased by 13.6% in the second quarter to RM177.0 million from RM155.9 million in the immediate preceding quarter. Profit before tax increased by 96.0% from RM19.1 million in the immediate preceding quarter to RM37.3 million in the second quarter. The better financial performance was mainly due to higher margins of the Group's products.

B3 Prospects for the current financial year

International steel prices have softened after a prolonged period of rising prices. Domestically, prices have also started to drop due to lacklustre demand and uncertainties in the economic environment. However, the Group will make every effort to mitigate the slowdown in the business environment by diversifying into new export markets.

We are also in the process of obtaining certification of line pipes by the American Petroleum Institute. The certification will enable us to sell our pipes to the oil and gas industries and will boost our exports as well.

We are cautious about the prospects for the rest of the year as we expect the business environment to remain tough. Nevertheless, the Group is confident that 2008 will be a better year than the previous year as the Group's profit to date has already surpassed the profit for the whole year of 2007.

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

Not applicable

(b) Shortfall in Profit Guarantee

Not applicable

B5 Taxation

	Current Quarter 30-06-2008 RM' 000	Financial Year to date 30-06-2008 RM' 000
Estimated tax payable	7,198	10,839
Deferred taxation	(725)	(1,657)
	<u>6,473</u>	<u>9,182</u>
Over provision in prior year	-	-
Net provision for taxation	<u>6,473</u>	<u>9,182</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

During the current quarter the Company completed the sale of a piece of long-term leasehold land classified under prepaid interest in leased land for a consideration of RM2,178,000 resulting in a gain of RM1,559,548. Apart from the above, there were no other disposals of unquoted investments and properties during the quarter and financial year to date.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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

B7 Purchases or Disposal of Quoted Securities

(a)	Current Quarter 30-06-2008 RM' 000	Financial Year to date 30-06-2008 RM' 000
Total purchase consideration	-	-
Total sale proceeds	-	-
Total gain on disposals	-	-
(b) Investments as at 30 June 2008		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 June 2008 are as follows:-

(a) <i>Short term borrowings</i>		RM' 000	
USD Trade loan	(USD 21,962,859)	71,754	Unsecured
Bankers acceptance		98,414	Unsecured
Bank overdraft		3,365	Unsecured
Fixed Term Loan			
- Amount due within 12 months	(USD Nil)	-	Unsecured
		<u>173,533</u>	

The Group has no debt securities as at 30 June 2008.

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

As at 8 Aug 2008, 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 4,718,000	18.04.2008 - 23.07.2008	15.08.2008 - 28.10.2008	15,317,799
US Dollar (USD)	Purchases	USD 2,896,432	17.06.2008	10.11.2008 - 28.11.2008	9,399,657

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 SECOND FINANCIAL QUARTER
ENDED 30 JUNE 2008**

**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 again postponed the trial date to 30 October 2008.

B12 Dividend

The Directors have not recommended any dividend for the current financial quarter ended 30 June 2008. The dividend accrued as a liability is the proposed final ordinary dividend of 6% less 26% tax for the year ended 31 December 2007 which will be paid on 22 August 2008.

B13 Earnings Per Share (EPS)

		3 months ended		6 months ended	
		30-06-2008	30-06-2007	30-06-2008	30-06-2007
Basic earnings per share					
(a) Net profit for the period	(RM '000)	30,863	7,143	47,206	13,890
Weighted average number of ordinary shares in issue	(' 000)	106,218	106,252	106,218	106,253
Basic earnings per share	(sen)	29.06	6.72	44.44	13.07
Diluted earnings per share					
(b) Net profit for the period	(RM '000)	30,863	7,143	47,206	13,890
Weighted average number of ordinary shares in issue	(' 000)	106,218	106,252	106,218	106,253
Adjustment for share options	(' 000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	(' 000)	106,218	106,252	106,218	106,253
Diluted earnings per share	(sen)	29.06	6.72	44.44	13.07