

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2005

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2005 Current quarter ended 31 Mar	2004 Comparative quarter ended 31 Mar
	RM'000	RM'000
Revenue	76,657	81,738
Profit from Operations	10,590	11,745
Interest Income	182	191
Finance costs	(208)	(240)
Income from other investments	76	13
Profit before tax	10,640	11,709
Taxation	(2,858)	(3,442)
Profit after tax	7,782	8,267
Minority Interest	(231)	(558)
Net Profit for the period	7,551	7,709
Earnings per share (EPS) :		
a) Basic	7.33	7.62
b) Diluted	7.17	7.39

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2005

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 Mar 2005 RM'000	As at 31 Dec 2004 RM'000
Property, plant and equipment	49,638	48,072
Other investments	4,735	1,669
Deferred tax asset	214	230
Current assets		
<i>Inventories</i>	179,911	192,453
<i>Trade receivables</i>	86,991	92,723
<i>Other receivables and prepaid expenses</i>	11,894	13,848
<i>Cash & bank balances</i>	9,131	3,358
	287,927	302,382
Current liabilities		
<i>Trade payables</i>	8,649	9,796
<i>Other payables and accrued expenses</i>	8,358	10,022
<i>Short term borrowings</i>	27,642	41,007
<i>Tax liabilities</i>	3,408	5,480
<i>Dividend payable</i>	6,664	-
	54,721	66,305
Net current assets	233,206	236,077
Long-term and Deferred Liabilities		
<i>Deferred tax liabilities</i>	(4,261)	(4,185)
<i>Others</i>	(380)	(383)
Minority interest	(8,775)	(8,544)
	274,377	272,936
Represented by :		
Issued capital	106,125	105,593
Reserves	168,252	167,343
Shareholders' Equity	274,377	272,936
 Net Tangible Assets Per Share (RM)	 2.66	 2.65

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2005

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2005

	Period ended 31 Mar 2005 RM ' 000	Period ended 31 Mar 2004 RM ' 000
Net Profit before tax	10,640	11,709
Adjustments for non-cash flow:-		
Non-cash items	1,050	2,109
Non-operating items	(9)	(16)
Operating Profit Before Changes In Working Capital	11,681	13,802
Changes In Working Capital :		
Net Change in Current Assets	19,824	(29,573)
Net Change in Current Liabilities	(2,810)	(3,582)
Income Tax Paid	(4,841)	(2,444)
Net Cash From / (Used In) Operating Activities	23,854	(21,797)
Investing Activities :		
Equity Investments	-	9
Other Investments	(5,270)	(308)
Net Cash From / (Used In) Investing activities	(5,270)	(299)
Financing Activities :		
Bank Borrowings	(13,140)	23,355
Issue of shares	665	1,002
Others	(109)	-
Net Cash From / (Used In) Financing activities	(12,584)	24,357
Net Change in Cash & Cash Equivalents	6,000	2,261
Cash & Cash Equivalents at beginning of year	2,345	1,400
Cash & Cash Equivalents at end of period	8,345	3,661

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2005

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2005

	<----->		Non - distributable Reserves			----->	Distributable Reserves	Total Shareholders' Equity RM '000
	Issued Capital RM '000	Share Premium RM '000	Reserve on Consolidation RM '000	General Reserve RM '000	Treasury Shares RM '000	Unappropriated profit RM '000		
Balance as at 1 January 2005	105,593	23,166	1,366	1,186	(4,021)	145,645	272,935	
Movements during the period (cumulative)								
<i>Issue of shares</i>	532	133	-	-	-	-	665	
<i>Shares repurchased</i>	-	-	-	-	(110)	-	(110)	
<i>Net profit for the period</i>						7,551	7,551	
<i>Dividends</i>	-	-	-	-	-	(6,664)	(6,664)	
Balance as at 31 March 2005	106,125	23,299	1,366	1,186	(4,131)	146,532	274,377	

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2004

	<----->		Non - distributable Reserves			----->	Distributable Reserves	Total Shareholders' Equity RM '000
	Issued Capital RM '000	Share Premium RM '000	Reserve on Consolidation RM '000	General Reserve RM '000	Treasury Shares RM '000	Unappropriated profit RM '000		
Balance as at 1 January 2004	103,612	22,743	1,366	1,186	(4,018)	105,828	230,717	
Movements during the period (cumulative)								
<i>Issue of shares</i>	763	143	-	-	-	-	906	
<i>Shares repurchased</i>	-	-	-	-	-	-	-	
<i>Net profit for the period</i>						7,709	7,709	
<i>Dividends</i>	-	-	-	-	-	(4,357)	(4,357)	
Balance as at 31 March 2004	104,375	22,886	1,366	1,186	(4,018)	109,180	234,975	

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

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 2004. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2004.

A2 Declaration of Audit Qualification

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

A3 Seasonality or Cyclicity of Operations

Apart from the traditional variation in the level of business activities coinciding with the festivals at the end and beginning of each year, the Group's activities are not subject to any marked seasonal or cyclical fluctuations.

A4 Unusual items

There were no material items of an unusual nature and amount for the current quarter and 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>
<i>Opening balance at 01-01-2005</i>	2,747,000	1.46	4,020,840	2,747,000
February	5,000	2.81	14,053	5,000
March	35,000	2.74	95,820	35,000
<i>Total as at 31-03-2005</i>	2,787,000	1.48	4,130,713	2,787,000

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

There were no issues of debt or equity securities except for 468,000 shares, 23,000 shares and 41,000 shares of RM 1 each issued at RM 1.20, RM 1.05 and RM 1.94 per share respectively under the Employees Share Option Scheme (ESOS) for the current financial year to date.

A7 Dividend

There was no dividend paid for the current financial year to date.

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

A8 Segmental Reporting

Segmental analysis for the current financial year todate ended 31 March 2005 are as follows:-

By Business Segments :	Trading RM' 000	Manufacturing RM' 000	Total RM' 000
Revenue	50,414	26,243	76,657
Results			
Segment results	3,984	6,681	10,665
Unallocated corporate expenses			(75)
Profit from operations			10,590

Segmental analysis for the previous financial year todate ended 31 March 2004 are as follows:-

By Business Segments :	Trading RM' 000	Manufacturing RM' 000	Total RM' 000
Revenue	50,952	30,786	81,738
Results			
Segment results	9,316	2,479	11,795
Unallocated corporate expenses			(50)
Profit from operations			11,745

A9 Valuation of Property, Plant and Equipment

The Group did not carry out any revaluations on its property, plant and equipment in the financial year todate. The value of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

A10 Material Events

There were no material events subsequent to 31 March 2005 that have not been reflected in the financial statements for the said period, up to the date of this report.

A11 Changes in Composition of the Group

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

A12 Changes in Contingent Liabilities or Contingent Assets

There were no contingent assets at the date of issue of the quarterly report. The update on the contingent liability is disclosed under Note B11, Changes in Material Litigation.

A13 Capital Commitment

Capital Commitment as at 31 March 2005 are as follows:

	RM '000
Capital expenditure :	
Contracted but not provided	30,632
Approved but not contracted	421
	<u>31,053</u>

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 for the first quarter of this year was RM76.66 million, a decrease of 6.22% compared to the same quarter in the previous year. The higher turnover during the first quarter of the previous year was driven by rising steel product selling prices which had stabilised by the first quarter this year. Similarly, profit before tax for the first quarter of this year was comparatively lower by 9.13% from RM11.71 million to RM10.64 million due mainly to slower economic activity resulting in lower margins.

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

Compared with the turnover of RM88.34 million in the immediate preceding quarter, the turnover of RM76.66 million for the first quarter this year, was lower by 13.22%. Similarly, profit before tax decreased by 33.33% from RM15.96 million in the immediate preceding quarter to RM10.64 million. The decreases were primarily due to the festive season closures and slower economic activities resulting in more competitive pricing.

B3 Prospects for the current financial year

China continues to play an important role in steel economics with a first quarter GDP growth of 9.5% taking up some of the slack in the US and EU steel markets. However, global market appears to be tipping towards an oversupply situation with forecast prices on the downside. Locally, prices still remain relatively higher than the average prices for the previous year. With the possible improvement in economic activity the Board expects to achieve satisfactory results for the year.

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

Not applicable

(b) Shortfall in Profit Guarantee

Not applicable

B5 Taxation

	Current Quarter 31-03-2005 RM' 000	Financial Year to date 31-03-2005 RM' 000
Estimated tax payable	2,781	2,781
Deferred taxation	77	77
	2,858	2,858
Underprovision in prior year	-	-
Net provision for taxation	2,858	2,858

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

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

There is a gain of RM 9,308 due to disposal of unit trust during the quarter and financial year to date. Apart from the above, there are no other disposals of unquoted investments and / or properties during the quarter and financial year to date.

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

B7 Purchases or Disposal of Quoted Securities

(a)	Current Quarter 31-03-2005 RM' 000	Financial Year to date 31-03-2005 RM' 000
Total purchase consideration	-	-
Total sale proceeds	-	-
Total gain on disposals	-	-
(b) Investments as at 31 March 2005		RM'000
At Cost		1,790
At Book Value		1,723
At Market Price		1,723

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 March 2005 are as follows:-

Short term borrowings		RM' 000	
USD Trade loan	(USD 6,958,190)	26,445	Unsecured
Bankers acceptance		410	Unsecured
Bank overdraft		787	Unsecured
		27,642	

The Group has no debt securities as at 31 March 2005.

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

There were no financial instruments with off balance sheet risk at the date of issue of the quarterly report.

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 March 7, 2000 against TBH for an amount of RM 10 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 April 24, 2000 against the defamation suit and for the recovery of a debt amounting to RM 118,092.

The date of hearing has been fixed by the Court to be on 20 September 2005.

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

B12 Dividend

The Directors have not yet recommended any dividend for the current financial quarter ended 31 March 2005. The dividend accrued as a liability is the proposed final ordinary dividend of 6 sen per share less 28% tax and special dividend of 3 sen per share less 28% tax for the year ended 31 December 2004.

B13 Earnings Per Share (EPS)

		3 months ended	
		31-03-2005	31-03-2004
Basic earnings per share			
(a)	Net profit for the period (RM '000)	7,551	7,709
	Weighted average number of ordinary shares in issue (' 000)	103,032	101,147
	Basic earnings per share (sen)	7.33	7.62
Diluted earnings per share			
(b)	Net profit for the period (RM '000)	7,551	7,709
	Weighted average number of ordinary shares in issue (' 000)	103,032	101,147
	Adjustment for share options (' 000)	2,277	3,174
	Weighted average number of ordinary shares for diluted earnings per share (' 000)	105,309	104,321
	Diluted earnings per share (sen)	7.17	7.39