



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 RM'000	As at 31 Dec 2006 (Restated) RM'000
ASSETS		
Non-current Assets		
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
	<hr/> 120,577	<hr/> 106,447
Current Assets		
<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
	<hr/> 378,351	<hr/> 305,545
TOTAL ASSETS	<hr/> <hr/> 498,928	<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	19,627	19,698
Retained earnings	198,818	185,604
Total Equity	<hr/> 328,348	<hr/> 315,205
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	<hr/> 12,107	<hr/> 14,646



**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>
TOTAL LIABILITIES	170,580	96,787
TOTAL EQUITY AND LIABILITIES	<u>498,928</u>	<u>411,992</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	
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 period ended 30 September 2007								
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)
Balance as at 30 September 2007	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
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 period ended 30 September 2006								
Profit for the period	-	-	-	-	-	-	24,272	24,272
Total recognised income and expense for the period	-	-	-	-	-	-	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)
Balance as at 30 September 2006	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>
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
Total as at 30-09-2007	3,682,600	1.54	5,674,059	3,682,600

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
Revenue	214,560	119,104	333,664
Results			
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
Revenue	177,603	90,829	268,432
Results			
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.