



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

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007**

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	2007 Current quarter ended 30 Jun RM'000	2006 Comparative quarter ended 30 Jun RM'000	2007 6 months cumulative to date RM'000	2006 6 months cumulative to date RM'000
Revenue	101,452	88,346	204,076	175,872
Other income	117	204	1,333	1,577
Operating expenses	(91,021)	(76,933)	(185,447)	(157,421)
Finance costs	(1,055)	(362)	(1,892)	(656)
Profit before taxation	9,493	11,255	18,070	19,372
Taxation	(2,350)	(2,580)	(4,180)	(4,229)
Profit for the period	7,143	8,675	13,890	15,143
Attributable to:				
Equity holders of the parent	7,143	8,675	13,890	15,143
Earnings per share (EPS):				
a) Basic (sen)	6.72	8.30	13.07	14.53
b) Diluted (sen)	6.72	8.27	13.07	14.46

(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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 30 Jun 2007  RM'000	As at 31 Dec 2006 (Restated) RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	105,973	97,992
Investment properties	1,150	1,150
Prepaid lease payments (Leasehold land)	5,630	5,681
Other investments	15	170
Goodwill on consolidation	1,382	1,382
Deferred tax asset	-	72
	<hr/> 114,150	<hr/> 106,447
<b>Current Assets</b>		
<i>Inventories</i>	215,396	157,757
<i>Trade and other receivables</i>	154,178	138,285
<i>Current tax assets</i>	589	4,669
<i>Cash and bank balances</i>	3,676	4,834
	<hr/> 373,839	<hr/> 305,545
<b>TOTAL ASSETS</b>	<hr/> <hr/> 487,989	<hr/> <hr/> 411,992
<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	19,696	19,698
Retained earnings	193,289	185,604
Total Equity	<hr/> 322,888	<hr/> 315,205
<b>Non-current liabilities</b>		
<i>Borrowings</i>	-	3,934
<i>Deferred tax liabilities</i>	11,313	10,357
<i>Long-term provisions</i>	477	355
Total non-current liabilities	<hr/> 11,790	<hr/> 14,646



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 30 Jun 2007  RM'000	As at 31 Dec 2006 (Restated) RM'000
Current liabilities		
<i>Trade and other payables</i>	14,074	22,897
<i>Borrowings</i>	130,323	57,829
<i>Proposed dividend</i>	6,205	-
<i>Current tax liabilities</i>	2,709	1,415
Total current liabilities	<u>153,311</u>	<u>82,141</u>
<b>TOTAL LIABILITIES</b>	165,101	96,787
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>487,989</u></u>	<u><u>411,992</u></u>
Net Tangible Assets Per Share (RM)	3.03	2.95
Net Assets Per Share (RM)	3.04	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 SECOND FINANCIAL QUARTER  
ENDED 30 JUNE 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Period ended 30 Jun 2007 RM ' 000	Period ended 30 Jun 2006 RM ' 000
Net Profit before tax	18,070	19,372
Adjustments for non-cash flow:-		
Non-cash items	3,547	(443)
Non-operating items	1,855	274
Operating Profit Before Changes In Working Capital	<u>23,472</u>	<u>19,203</u>
Changes In Working Capital :		
Net Change in Current Assets	(73,483)	(13,087)
Net Change in Current Liabilities	(8,824)	(4,557)
Income Tax Refund / (Paid)	2,223	(2,890)
Net Cash From / (Used In) Operating Activities	<u>(56,612)</u>	<u>(1,331)</u>
Investing Activities :		
Equity Investments	159	-
Other Investments	(10,440)	(10,917)
Net Cash From / (Used In) Investing Activities	<u>(10,281)</u>	<u>(10,917)</u>
Financing Activities :		
Bank Borrowings	66,302	10,170
Issue of shares	-	717
Others	(1,894)	(685)
Net Cash From / (Used In) Financing Activities	<u>64,408</u>	<u>10,202</u>
Net Change in Cash & Cash Equivalents	(2,485)	(2,046)
Cash & Cash Equivalents at beginning of year	3,272	7,315
Cash & Cash Equivalents at end of period	<u>787</u>	<u>5,269</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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 June 2007</b>								
Profit for the period	-	-	-	-	-	-	13,890	13,890
Total recognised income and expense for the period	-	-	-	-	-	-	13,890	13,890
Dividend distributed to equity holders	-	-	-	-	-	-	(6,205)	(6,205)
Buy-back of ordinary shares	-	(2)	-	-	-	-	-	(2)
<b>Balance as at 30 June 2007</b>	109,903	(5,605)	24,115	-	1,186	-	193,289	322,888



**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 June 2006</b>								
Profit for the period	-	-	-	-	-	-	15,143	15,143
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	-	15,143	15,143
Dividend distributed to equity holders	-	-	-	-	-	-	(4,490)	(4,490)
Recognition of share-based payments	-	-	-	-	-	16	-	16
Issue of share under Employee Share Options Scheme	600	-	117	-	-	-	-	717
Buy-back of ordinary shares	-	(28)	-	-	-	-	-	(28)
<b>Balance as at 30 June 2006</b>	108,099	(5,493)	23,702	-	1,186	43	168,322	295,859

( 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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 RM5,629,776, 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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 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>
<i>Opening balance at 01-01-2007</i>	3,649,600	1.54	5,603,227	3,649,600
February	1,000	2.28	2,277	1,000
<b>Total as at 30-06-2007</b>	3,650,600	1.54	5,605,504	3,650,600

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**

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 2007 are as follows:-

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

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

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
<b>Revenue</b>	117,986	57,886	175,872
<b>Results</b>			
Segment results	8,720	11,063	19,783
Unallocated corporate income			245
Finance cost			(656)
Profit before tax			19,372





**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 17 August 2007, being a date not earlier than 7 days from the issue of this quarterly report are as follows:

	RM '000
Capital expenditure :	
Contracted but not provided for	2,498
Approved but not contracted for	5,860
	<u>8,358</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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 RM204.08 million for the six months ended 30 June 2007, an increase of 16.04% when compared to RM175.87 million for the corresponding period of the previous year. The increase was due to higher sales volume which however was offset by lower selling prices of the Group's manufactured products. This resulted in a profit before tax of RM18.07 million which was 6.72% lower than RM19.37 million for 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 decreased slightly by 1.14% in the second quarter to RM101.45 million from RM102.62 million in the immediate preceding quarter. However, profit before tax increased by 10.67% from RM8.58 million in the immediate preceding quarter to RM9.49 million in the second quarter. The increase was attributable to better margins of the Group's products.

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

The steel market remains competitive. However, with the contribution from the wider range of products from our new pipe mill, and from our Sabah subsidiary, the Board expects the performance of the current financial year 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 30-06-2007 RM' 000	Financial Year to date 30-06-2007 RM' 000
Estimated tax payable	2,086	3,151
Deferred taxation	264	1,029
	<u>2,350</u>	<u>4,180</u>
Under / (Over) provision in prior year	-	-
Net provision for taxation	<u>2,350</u>	<u>4,180</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.