

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2004**

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | 2004 Current quarter ended 31 Mar RM'000 | 2003 Comparative quarter ended 31 Mar RM'000 |
|--------------------------------------|---|---|
| Revenue | 81,738 | 54,828 |
| Profit from Operations | 11,745 | 6,130 |
| Interest Income | 191 | 164 |
| Finance costs | (240) | (100) |
| Income from other investments | 13 | 720 |
| Profit before tax | 11,709 | 6,914 |
| Taxation | (3,442) | (1,478) |
| Profit after tax | 8,267 | 5,436 |
| Minority Interest | (558) | (279) |
| Net Profit for the year | 7,709 | 5,157 |
| Earnings per share (EPS): | | |
| a) Basic | 7.62 | 5.19 |
| b) Diluted | 7.45 | 5.18 |

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2004**

CONDENSED CONSOLIDATED BALANCE SHEET

| | As at period ended 31 Mar 2004 RM'000 | As at year ended 31 Dec 2003 RM'000 |
|---|--|--|
| Property, plant and equipment | 45,823 | 47,732 |
| Other investments | 6,031 | 6,036 |
| Deferred tax asset | 224 | 214 |
| Current assets | | |
| <i>Inventories</i> | 157,607 | 149,752 |
| <i>Trade receivables</i> | 87,077 | 84,279 |
| <i>Other receivables and prepaid expenses</i> | 30,302 | 11,262 |
| <i>Cash & cash equivalents</i> | 3,974 | 3,186 |
| | <u>278,960</u> | <u>248,479</u> |
| Current liabilities | | |
| <i>Trade payables</i> | 3,567 | 8,411 |
| <i>Other payables and accrued expenses</i> | 14,148 | 12,790 |
| <i>Short term borrowings</i> | 58,105 | 36,223 |
| <i>Tax liabilities</i> | 3,252 | 2,282 |
| <i>Dividend payable</i> | 4,357 | - |
| | <u>83,429</u> | <u>59,706</u> |
| Net current assets | 195,531 | 188,773 |
| Long-term and Deferred Liabilities | | |
| <i>Deferred tax liabilities</i> | (5,324) | (5,286) |
| <i>Others</i> | (352) | (352) |
| Minority interest | (6,958) | (6,400) |
| | <u>234,975</u> | <u>230,717</u> |
| Represented by: | | |
| Issued capital | 104,375 | 103,612 |
| Reserves | 130,600 | 127,105 |
| Shareholders' Equity | <u>234,975</u> | <u>230,717</u> |
| Net Tangible Assets Per Share (RM) | 2.31 | 2.29 |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2004**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2004**

| | Period ended 31 Mar 2004 RM'000 | Period ended 31 Mar 2003 RM'000 |
|---|--|--|
| Net Profit before tax | 11,709 | 6,914 |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 2,109 | 1,867 |
| Non-operating items | (16) | (740) |
| Operating Profit Before Changes in Working Capital | 13,802 | 8,041 |
| Changes In Working Capital: | | |
| Net Change in Current Assets | (29,573) | (29,882) |
| Net Change in Current Liabilities | (3,582) | 707 |
| Income Tax Paid | (2,444) | (2,570) |
| Net Cash From / (Used in) Operating Activities | (21,797) | (23,704) |
| Investing Activities: | | |
| Equity Investments | 9 | 604 |
| Other Investments | (308) | 15,674 |
| Net Cash From / (Used In) Investing activities | (299) | 16,278 |
| Financing Activities: | | |
| Bank Borrowings | 23,355 | 4,821 |
| Issue of shares | 1,002 | - |
| Others | - | (378) |
| Net Cash From / (Used In) Financing activities | 24,357 | 4,443 |
| Net Change in Cash & Cash Equivalents | 2,261 | (2,983) |
| Cash & Cash Equivalents at beginning of year | 1,400 | 12,851 |
| Cash & Cash Equivalents at end of period | 3,661 | 9,868 |

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2004

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

| | ←----- Non-distributable Reserves -----> | | | | | | ←—Distributable Reserves—> | | Total Shareholders' Equity |
|--|--|---------------|---------------------|--------------------------|-----------------|-----------------|----------------------------|-----------------|----------------------------|
| | Issued Capital | Share Premium | Revaluation Reserve | Reserve on Consolidation | General Reserve | Treasury Shares | Unappropriated profit | Capital Reserve | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 2003)

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2004

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2003

| | <-----Non-distributable reserves-----> | | | | | ---Distributable Reserves---> | | Total | |
|---|--|----------------------------|----------------------------------|---------------------------------------|------------------------------|-------------------------------|------------------------------------|------------------------------|-----------------------------------|
| | Issued Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Reserve on Consolidation RM'000 | General Reserve RM'000 | Treasury Shares RM'000 | Unappropriated profit RM'000 | Capital Reserve RM'000 | Shareholders' Equity RM'000 |
| Balance as at 1 January 2003 | | | | | | | | | |
| <i>As previously stated</i> | 102,139 | 22,461 | 84 | 1,494 | 1,186 | (3,965) | 84,024 | - | 207,423 |
| <i>Prior year adjustments</i> | - | - | (84) | (128) | - | - | (90) | - | (302) |
| <i>Restated balance</i> | 102,139 | 22,461 | - | 1,366 | 1,186 | (3,965) | 83,934 | - | 207,121 |
| Movements during the period (cumulative) | | | | | | | | | |
| <i>Issue of shares</i> | - | - | - | - | - | - | - | - | - |
| <i>Shares repurchased</i> | - | - | - | - | - | (7) | - | - | (7) |
| <i>Net profit for the period</i> | - | - | - | - | - | - | 5,157 | - | 5,157 |
| <i>Dividends</i> | - | - | - | - | - | - | (3,579) | - | (3,579) |
| <i>Transfer of capital reserve</i> | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2003 | 102,139 | 22,461 | - | 1,366 | 1,186 | (3,972) | 85,512 | - | 208,692 |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2003**

EXPLANATORY NOTES : (AS PER MASB 26- PARAGRAPH 16)

A1 Accounting Policies and methods of computation

The interim financial report has been prepared in accordance with MASB 26, Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Bursa Malaysia. The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2003. 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 2003.

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 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 prior interim periods of the current financial year or 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> |
|--------------------------------------|------------------------------------|--|--|---|
| <i>Opening balance at 01-01-2004</i> | 2,746,000 | 1.46 | 4,018,542 | 2,746,000 |
| <i>Total as at 31-03-2004</i> | 2,746,000 | 1.46 | 4,018,542 | 2,746,000 |

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 except for 698,000 shares and 65,000 shares of RM 1 each issued at RM 1.20 and RM 1.05 respectively under the Employees Share Option Scheme (ESOS) for the current financial year todate.

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2004

EXPLANATORY NOTES : (AS PER MASB 26- PARAGRAPH 16)

A7 Dividend

There was no dividend paid for the current financial year todate.

A8 Segmental Reporting

Segmental analysis for the current 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 |

Segmental analysis for the previous financial year todate ended 31 March 2003 are as follows:-

| By Business Segments: | Trading RM' 000 | Manufacturing RM' 000 | Total RM' 000 |
|--------------------------------|--------------------|--------------------------|------------------|
| Revenue | 36,775 | 18,053 | 54,828 |
| Results | | | |
| Segment results | 1,265 | 4,919 | 6,184 |
| Unallocated corporate expenses | | | (54) |
| Profit from operations | | | 6,130 |

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 2004 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.

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2004**

**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 recorded a turnover of RM 81.7 million in the first quarter, an increase of 49.1% when compared to RM 54.8 million for the previous year corresponding quarter. Group pretax profit increased by 69.4% to RM 11.7 million from RM 6.9 million in the previous year corresponding quarter. The substantial improvement in performance was attributed to increased margins from higher selling prices and stronger demand relative to the first quarter of last year.

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

The Group's turnover of RM 81.7 million for the current quarter was 18.1% higher than the immediate preceding quarter of RM 69.2 million. Group profit before tax increased by 28.4% from 9.1 million in the preceding quarter to RM 11.7 million. Better prices and higher sales volume has contributed to the increase in Group pretax profit.

B3 Prospects for the current financial year

On the demand side, the pace of economic activity in China, the major growth driver for the steel industry during the past year, has slowed during the first quarter of this year. On the supply side, prices during the period after the Chinese New Year for scrap iron and freight, the main contributory factors to cost increases have also come off the high levels seen at the beginning of the year. However, prices for coils and construction related long products have not declined at the same pace as costs. This indicates that demand, internationally as well as locally, which has been limited only by the shortage of raw materials, will continue to be sustained by economic activity but is expected not to be as strong as experienced during the second half of last year. In this scenario we would expect the performance of the Group for 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

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2004**

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

B5 Taxation

| | Current year quarter 31-03-2004 RM' 000 | Financial year to date 31-03-2004 RM' 000 |
|-----------------------------|--|--|
| Estimated tax payable | 3,432 | 3,432 |
| Deferred taxation | 28 | 28 |
| | <u>3,460</u> | <u>3,460</u> |
| Overprovision in prior year | (18) | (18) |
| Net provision for taxation | <u>3,442</u> | <u>3,442</u> |

The effective tax rate for the current quarter and financial year to date is higher than statutory tax rate due to certain expenses which are not deductible for the tax purposes.

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

There was no sale of unquoted investments and/or properties during the quarter and financial year to date.

B7 Purchases or Disposal of Quoted Securities

| (a) | Current Quarter RM' 000 | Financial Year to date RM' 000 |
|------------------------------|-------------------------------|--------------------------------------|
| Total purchase consideration | <u>-</u> | <u>-</u> |
| Total sale proceeds | <u>9</u> | <u>9</u> |
| Total gain on disposals | <u>4</u> | <u>4</u> |

| | |
|-------------------------------------|--------|
| (b) Investments as at 31 March 2004 | RM'000 |
| At Cost | 1,805 |
| At Book Value | 1,805 |
| At Market Price | 1,982 |

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.

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2004

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

B9 Group Borrowings and Debt Securities

Details of Group's borrowings as at 31 March 2004 are as follows:-

| <i>Short term borrowings</i> | | RM' 000 | |
|------------------------------|-----------------|---------------|-----------|
| USD Trade loan | (USD 4,859,088) | 18,467 | Unsecured |
| Bankers acceptance | | 39,325 | Unsecured |
| Bank overdraft | | 313 | Unsecured |
| | | <u>58,105</u> | |

The Group has no debt securities as at 31 March 2004.

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.

Since the last annual Balance Sheet, the matter has been set for trial and we are still awaiting for the hearing date to be fixed by the Court.

B12 Dividend

The Directors have not yet recommended any dividend for the current financial quarter ended 31 March 2004. The dividend accrued as a liability is the proposed final ordinary dividend of 6 sen per share less 28% tax for the year ended 31 December 2003.

B13 Earnings Per Share (EPS)

| | | 3 months ended | |
|---------------------------------|--|----------------|------------|
| | | 31-03-2004 | 31-03-2003 |
| Basic earnings per share | | | |
| a) | Net profit for the period (RM'000) | 7,709 | 5,157 |
| | Weighted average number of ordinary shares in issue ('000) | 101,147 | 99,423 |
| | Basic earnings per share (sen) | 7.62 | 5.19 |

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER
ENDED 31 MARCH 2004**

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

| | | 3 months ended | |
|-----------------------------------|--|----------------|------------|
| | | 31-03-2004 | 31-03-2003 |
| Diluted earnings per share | | | |
| b) | Net profit for the period (RM'000) | 7,709 | 5,157 |
| | Weighted average number of ordinary shares in issue ('000) | 101,147 | 99,423 |
| | Adjustment for share options ('000) | 2,353 | 42 |
| | Weighted average number of ordinary shares for diluted earnings per share ('000) | 103,500 | 99,465 |
| | Diluted earnings per share (sen) | 7.45 | 5.18 |