



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

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005**

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2005 Current quarter ended 30 June RM'000	2004 Comparative quarter ended 30 June RM'000	2005 6 months Cumulative to date RM'000	2004 6 months Cumulative to date RM'000
Revenue	75,994	71,020	152,651	152,758
Profit from Operations	8,518	17,516	19,106	29,261
Interest Income	214	134	396	325
Finance costs	(295)	(306)	(502)	(546)
Income from other investments	113	137	190	150
Profit before tax	8,550	17,481	19,190	29,190
Taxation	(2,241)	(4,727)	(5,099)	(8,169)
Profit after tax	6,309	12,754	14,091	21,021
Minority Interest	(271)	(639)	(502)	(1,197)
Net Profit for the period	6,038	12,115	13,589	19,824
Earnings per share (EPS) :				
a) Basic	5.85	11.95	13.16	19.53
b) Diluted	5.75	11.62	12.93	19.01

(The Condensed Consolidated Income 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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005**

## CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 June 2005 RM'000	As at 31 Dec 2004 RM'000
Property, plant and equipment	51,872	48,072
Other investments	6,756	1,669
Deferred tax asset	152	230
Current assets		
<i>Inventories</i>	207,488	192,453
<i>Trade receivables</i>	85,854	92,723
<i>Other receivables and prepaid expenses</i>	12,779	13,848
<i>Cash &amp; bank balances</i>	2,295	3,358
	<u>308,416</u>	<u>302,382</u>
Current liabilities		
<i>Trade payables</i>	4,384	9,796
<i>Other payables and accrued expenses</i>	7,956	10,022
<i>Short term borrowings</i>	51,687	41,007
<i>Tax liabilities</i>	1,713	5,480
<i>Dividend payable</i>	6,664	-
	<u>72,404</u>	<u>66,305</u>
Net current assets	236,012	236,077
Long-term and Deferred Liabilities		
<i>Deferred tax liabilities</i>	(4,383)	(4,185)
<i>Others</i>	(380)	(383)
Minority interest	(9,046)	(8,544)
	<u>280,983</u>	<u>272,936</u>
Represented by :		
Issued capital	106,816	105,593
Reserves	174,167	167,343
Shareholders' Equity	<u>280,983</u>	<u>272,936</u>
Net Tangible Assets Per Share (RM)	2.70	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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2005

	Period ended 30 June 2005 RM ' 000	Period ended 30 June 2004 RM ' 000
Net Profit before tax	19,190	29,190
Adjustments for non-cash flow:-		
Non-cash items	2,414	3,491
Non-operating items	(127)	(210)
Operating Profit Before Changes In Working Capital	21,477	32,471
Changes In Working Capital :		
Net Change in Current Assets	(7,966)	(45,161)
Net Change in Current Liabilities	(7,478)	(3,686)
Income Tax Paid	(8,563)	(4,489)
Net Cash From / (Used In) Operating Activities	(2,530)	(20,865)
Investing Activities :		
Equity Investments	1,028	9
Other Investments	(11,363)	(1,855)
Net Cash From / (Used In) Investing Activities	(10,335)	(1,846)
Financing Activities :		
Bank Borrowings	11,668	23,110
Issue of shares	1,492	1,267
Others	(370)	-
Net Cash From / (Used In) Financing Activities	12,790	24,377
Net Change in Cash & Cash Equivalents	(75)	1,666
Cash & Cash Equivalents at beginning of year	2,345	1,400
Cash & Cash Equivalents at end of period	2,270	3,066

( The Condensed Consolidated Cash Flow 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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2005

	Issued Capital RM '000	<----- Share Premium RM '000	Non - distributable Reserves Reserve on Consolidation RM '000	Reserves General Reserve RM '000	-----> Treasury Shares RM '000	Distributable Reserves Unappropriated profit RM '000	Total Shareholders' Equity RM '000
Balance as at 1 January 2005	105,593	23,166	1,366	1,186	(4,021)	145,646	272,936
Movements during the period (cumulative)							
<i>Issue of shares</i>	1,223	269	-	-	-	-	1,492
<i>Shares repurchased</i>	-	-	-	-	(370)	-	(370)
<i>Net profit for the period</i>	-	-	-	-	-	13,589	13,589
<i>Dividends</i>	-	-	-	-	-	(6,664)	(6,664)
Balance as at 30 June 2005	106,816	23,435	1,366	1,186	(4,391)	152,571	280,983

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2004

	Issued Capital RM '000	<----- Share Premium RM '000	Non - distributable Reserves Reserve on Consolidation RM '000	Reserves General Reserve RM '000	-----> Treasury Shares RM '000	Distributable Reserves Unappropriated profit RM '000	Total Shareholders' Equity 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>	1,037	230	-	-	-	-	1,267
<i>Shares repurchased</i>	-	-	-	-	-	-	-
<i>Net profit for the period</i>	-	-	-	-	-	19,824	19,824
<i>Dividends</i>	-	-	-	-	-	(4,357)	(4,357)
Balance as at 30 June 2004	104,649	22,973	1,366	1,186	(4,018)	121,295	247,451

( 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)



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005

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
April	31,500	2.59	81,606	31,500
May	63,000	2.47	155,429	63,000
June	10,300	2.26	23,305	10,300
<b>Total as at 30-06-2005</b>	<b>2,891,800</b>	<b>1.52</b>	<b>4,391,053</b>	<b>2,891,800</b>

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 1,123,000 shares, 56,000 shares and 44,000 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.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005

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

**A8 Segmental Reporting**

Segmental analysis for the current financial year todate ended 30 June 2005 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
<b>Revenue</b>	99,211	53,440	152,651

**Results**

Segment results	7,310	11,988	19,298
Unallocated corporate expenses			(192)
Profit from operations			19,106

Segmental analysis for the previous financial year todate ended 30 June 2004 are as follows:-

By Business Segments :	Trading	Manufacturing	Total
	RM' 000	RM' 000	RM' 000
<b>Revenue</b>	94,779	57,979	152,758

**Results**

Segment results	17,590	11,857	29,447
Unallocated corporate expenses			(186)
Profit from operations			29,261

**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 30 June 2005 that have not been reflected in the financial statements for the said period, up to the date of this report except for the removal of the currency peg against the USD on 21 July 2005 which will give rise to an unrealised gain of RM 680,000 based on the current exchange rate of about RM 3.75 to the USD on the USD denominated trade loans which have been translated at the previously pegged rate of RM 3.80 to the USD.

**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 30 June 2005 are as follows:

	RM '000
Capital expenditure :	
Contracted but not provided	29,028
Approved but not contracted	289
	29,317



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005

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 recorded for the financial year to date was RM 152.65 million, a marginal decrease of 0.07% when compared to RM 152.76 million achieved for the corresponding period of the previous year. However, profit before tax is lower by 34.26% at RM 19.2 million compared to RM 29.2 million previously. The decrease was due to slower market demand and higher raw material cost resulting in lower margins.

**B2**

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

Turnover marginally decreased by 0.86% in the second quarter to RM 76.0 million compared to turnover of RM 76.66 million in the immediate preceding quarter. Profit before tax was lower by 19.64% from RM 10.64 million in the immediate preceding quarter to RM 8.55 million due to lower margins.

**B3 Prospects for the current financial year**

Demand in the domestic steel market is anticipated to continue to soften due to continued weakness in the local construction sector and lower global steel demand. The managed float of the Ringgit would not have any significant impact on the Group as the Group's import purchases have been mainly financed using USD Trade loans which will translate to lower cost of purchase should the Ringgit continue to strengthen against the USD when the trade loans are repaid. Nevertheless the Group expects to continue to deliver 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 30-06-2005 RM' 000	Financial Year to date 30-06-2005 RM' 000
Estimated tax payable	2,043	4,827
Deferred taxation	198	272
	<hr/>	<hr/>
	2,241	5,099
Underprovision in prior year	-	-
Net provision for taxation	<hr/>	<hr/>
	2,241	5,099

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**

During the quarter to 30 June 2005, the sale of unit trusts resulted in a loss of RM 7,074. The loss arose as a result of unit splits which were recognised as income in the period in which the new units were received. The value of additional units recognised as income in earlier periods amounted to RM 20,216. The net profit after deducting the above loss of RM 7,074 is actually RM 13,142 for the current quarter and RM 22,450 for the 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.



INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005

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

B7	Purchases or Disposal of Quoted Securities	Current	Financial
		Quarter	Year to date
(a)		30-06-2005	30-06-2005
		RM' 000	RM' 000
	Total purchase consideration	-	-
	Total sale proceeds	949	949
	Total loss on disposals	(47)	(47)
(b)	Investments as at 30 June 2005		RM'000
	At Cost		793
	At Book Value		705
	At Market Price		705

**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 2005 are as follows:-

		RM' 000	
<b>Short term borrowings</b>			
USD Trade loan (USD 13,593,681)		51,662	Unsecured
Bankers acceptance		-	Unsecured
Bank overdraft		25	Unsecured
		<u>51,687</u>	

The Group has no debt securities as at 30 June 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 7 March 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 24 April 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





INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 30 June 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		6 months ended	
		30-06-2005	30-06-2004	30-06-2005	30-06-2004
<b>Basic earnings per share</b>					
<b>(a)</b>	Net profit for the period (RM '000)	6,038	12,115	13,589	19,824
	Weighted average number of ordinary shares in issue (' 000)	103,241	101,369	103,290	101,499
	Basic earnings per share (sen)	5.85	11.95	13.16	19.53
<b>Diluted earnings per share</b>					
<b>(b)</b>	Net profit for the period (RM '000)	6,038	12,115	13,589	19,824
	Weighted average number of ordinary shares in issue (' 000)	103,241	101,369	103,290	101,499
	Adjustment for share options (' 000)	1,837	2,859	1,829	2,802
	Weighted average number of ordinary shares for diluted earnings per share (' 000)	105,078	104,228	105,119	104,301
	Diluted earnings per share (sen)	5.75	11.62	12.93	19.01