

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2013**

	Individual Quarter		Cumulative Period	
	Current Quarter 30/06/2013 RM'000	Comparative Quarter 30/06/2012 RM'000	Current Year-to-date 30/06/2013 RM'000	Comparative Year-to-date 30/06/2012 RM'000
Continuing Operations				
Revenue	145,434	151,575	293,768	264,894
Cost of sales	(117,562)	(122,332)	(238,913)	(211,028)
Gross profit	27,872	29,243	54,855	53,866
Other operating income	1,438	927	3,087	1,089
Operating expenses	(6,539)	(4,788)	(11,826)	(9,234)
Profit from operations	22,771	25,382	46,116	45,721
Finance costs	(226)	(261)	(329)	(490)
Share of results of associates	(693)	2,400	78	4,896
Share of result of jointly controlled entity	(1,000)	(18)	(2,020)	(1,229)
Profit before taxation	20,852	27,503	43,845	48,898
Taxation	(1,181)	(1,970)	(3,269)	(3,541)
Profit after taxation from continuing operations	19,671	25,533	40,576	45,357
Discontinued Operations				
Profit from discontinued operations	-	-	-	6,028
Gain on disposal of subsidiaries	-	139,589	-	139,589
Profit after taxation	19,671	165,122	40,576	190,974
Other comprehensive income :-				
Gain/(Loss) on fair value measurement of available-for-sale investments	5	-	6	-
Exchange differences on translation of foreign operations	(98)	(5)	(98)	(5)
Total comprehensive income for the period	19,578	165,117	40,484	190,969
Profit attributable to :-				
Owners of the parent	18,859	163,249	37,527	188,006
Non-controlling interest	812	1,873	3,049	2,968
	19,671	165,122	40,576	190,974
Total comprehensive income attributable to :-				
Owners of the parent	18,766	163,243	37,435	188,000
Non-controlling interest	812	1,874	3,049	2,969
	19,578	165,117	40,484	190,969
Earning per share (sen)				
- Basic	7.11	60.84	14.14	70.06
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	As At 30/06/2013 RM'000	As At 31/12/2012 RM'000
Non-current assets		
Property, plant and equipment	117,140	68,564
Plantation development expenditure	57,512	43,327
Goodwill	16,341	16,341
Investment in associates	79,730	82,782
Investment in jointly controlled entity	20,188	22,208
Available -for-sale investments	598	592
Total non-current assets	291,509	233,814
Current assets		
Inventories	31,070	34,197
Trade receivables	78,122	96,700
Other receivables	48,185	38,992
Amount due from contract customers	38,486	50,255
Short-term investments	23,016	21,593
Cash and cash equivalents	122,766	190,425
Derivative assets	285	433
Total current assets	341,930	432,595
TOTAL ASSETS	633,439	666,409
Equity attributable to owners of the parent		
Share capital	136,004	136,004
Treasury shares	(20,562)	(13,706)
Reserves	386,030	361,863
	501,472	484,161
Non-controlling interest	16,604	14,525
Total equity	518,076	498,686
Non-current liabilities		
Borrowings	864	1,054
Other deferred liabilities	2,533	2,549
Total non-current liabilities	3,397	3,603
Current liabilities		
Trade payables	36,521	66,893
Other payables	20,729	22,736
Amount due to contract customers	37,864	55,647
Borrowings	16,852	18,844
Derivative liabilities	-	-
Total current liabilities	111,966	164,120
TOTAL EQUITY AND LIABILITIES	633,439	666,409
 Net assets per share (RM)	 1.89	 1.81

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2013**

	Current Year-to-date 30/06/2013 RM'000	Comparative Year to-date 30/06/2012 RM'000
Cash flows from operating activities		
Profit before tax	43,845	48,898
Adjustment for non-cash flow items :-		
Non-cash items	3,951	9,734
Non-operating items	(1,919)	(1,734)
Operating profit before changes in working capital	45,877	56,898
Changes in working capital		
Net change in current assets	24,427	(30,972)
Net change in current liabilities	(50,700)	(21,722)
Net cash flows from operating activities	19,604	4,204
Cash flows from investing activities		
Equity investments	-	(14,293)
Net cash inflow from disposal of subsidiaries	-	262,347
Other investments	(70,609)	(1,652)
	(70,609)	246,402
Cash flows from financing activities		
Dividend paid	(13,404)	(94,112)
Issue of shares	-	-
Bank borrowings	(254)	(6,530)
Other/Non-controlling interest	(970)	-
	(14,628)	(100,642)
Net change in cash & cash equivalents	(65,633)	149,964
Cash & cash equivalents at beginning of the period	188,497	57,465
Exchange rate effects	(98)	(8)
Cash & cash equivalents at end of the period	122,766	207,421
Cash & cash equivalents at end of the period		
Deposits with licensed banks	9,732	294
Money market placements, cash and bank balances	113,034	207,719
Bank overdrafts	-	(592)
	122,766	207,421

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2013**

	Attributable to owners of the parent					Non-controlling interest RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Fair value reserve RM'000	Currency translation RM'000			Distributable Retained profits RM'000
Balance at 01/01/2013	136,004	-	(13,706)	-	(721)	362,584	14,525	498,686
Dividend	-	-	-	-	-	(13,268)	-	(13,268)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	(970)	(970)
Acquisition of treasury shares	-	-	(6,856)	-	-	-	-	(6,856)
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	6	(98)	37,527	3,049	40,484
Balance at 30/06/2013	136,004	-	(20,562)	6	(819)	386,843	16,604	518,076
Balance at 01/01/2012	68,781	6,681	(11,613)	2	(759)	317,857	8,105	389,054
Dividend	-	-	-	-	-	(94,112)	-	(94,112)
Issue of shares	-	-	-	-	-	-	41	41
Dilution in non-controlling interest	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(1,396)	-	-	-	-	(1,396)
Bonus issue	67,223	(6,681)	-	-	-	(60,542)	-	-
Total comprehensive income	-	-	-	-	(6)	188,006	2,969	190,969
Balance at 30/06/2012	136,004	-	(13,009)	2	(765)	351,209	11,115	484,556

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Accounting policies and method of computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new Malaysian Financial Reporting Standards (“MFRS”) to 1 January 2015. Transitioning Entities will be allowed to defer adoption of the new MFRS for a period of three years. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2015. For financial year ending 31 December 2013, the Group will continue to prepare financial statements using FRS.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following FRS, Amendments to FRS and Interpretations which were adopted by the Group with effect from 1 January 2013:-

- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 (Revised) Employee Benefits
- FRS 127 (2011) Separate Financial Statements
- FRS 128 (2011) Investments in Associates and Joint Ventures
- Amendments to FRS 1 (Revised) : Government Loans
- Amendments to FRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 11 and FRS 12 : Transition Guidance
- Amendments to FRS 101 (Revised) Presentations of Items of Other Comprehensive Income.
- IC interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to FRSs 2009-2011 Cycle

The adoption of the above standards and interpretations did not have any material impact on the Group’s financial statements.

2. Auditors’ report on preceding annual financial statements

The auditors’ report on the audited financial statements for the year ended 31 December 2012 was not qualified.

3. Seasonal and cyclical factors

Except for the production of fresh fruit bunches (“FFB”) which is cyclical in nature, the Group’s operations were not significantly affected by seasonal or cyclical factors.

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4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

5. Changes in estimates

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter.

6. Dividends paid

A first interim single tier dividend of 5 sen per ordinary share amounting to RM13,268,427.30 in respect of the financial year ending 31 December 2013 was paid on 5 August 2013.

7. Segmental information

6 months ended 30 June 2013				
Revenue			Profit/(loss) before tax	
External	Inter-segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil mill equipment and related products & Contracting works	164,752	13,000	177,752	40,395
- Oil palm plantation	46	-	46	(3,050)
- Retrofitting special purpose vehicles	128,970	-	128,970	8,442
Elimination		(13,000)	(13,000)	-
	293,768	-	293,768	45,787
Share of results of associates				78
Share of result of jointly controlled entity				(2,020)
Total	293,768	-	293,768	43,845

6 months ended 30 June 2012				
Revenue			Profit/(loss) before tax	
External	Inter-segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil mill equipment and related products & Contracting works	157,720	12,800	170,520	38,519
- Oil palm plantation	-	-	-	(139)
- Retrofitting special purpose vehicles	107,174	-	107,174	6,851
Elimination		(12,800)	(12,800)	-
	264,894	-	264,894	45,231
Share of results of associates				4,896
Share of result of jointly controlled entity				(1,229)
Total	264,894	-	264,894	48,898

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8. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than the following:-

On 31 May 2013, the shareholders of the Company approved the renewal of authority for the Company's plan to repurchase its own shares. During the current quarter, the Company repurchased 743,900 of its issued ordinary shares from the open market at an average price of RM2.55 per share. The total consideration paid for the repurchase including transaction costs was RM1,896,542 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

9. Carrying amount of revalued assets

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2012.

10. Material subsequent events

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements.

11. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter.

12. Changes in contingent liabilities or contingent assets

There were no significant changes in contingent liabilities or assets of the Company since the last audited statement of financial position as at 31 December 2012.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

13. Review of performance

The Group's profit before taxation for the financial period ended 30 June 2013 decreased by 10% despite an increase in the Group's revenue by 11% as compared to the last financial year.

Overall the increase in the Group's revenue was mainly attributable to the improvement in the palm oil equipment and special purpose vehicles segments. The decrease in the Group's profit before taxation was mainly due to share of higher loss of jointly controlled entity and a lower contribution from the associates.

The palm oil mill equipment segment recorded higher revenue and profit before taxation by 4% and 5% respectively. The increases were mainly due to higher project billing and profit margin.

The special purpose vehicles segment recorded higher revenue and profit before taxation by 20% and 23% respectively as compared to the same period last year. The increases were mainly due to the increase in project implementation and completion during the financial period.

The share of results of associates were lower by 98 % whereas the share of loss of jointly controlled entity increased by 64%. The combined result of associates and jointly entity was a loss as compared to a combined profit in the same financial period last year. The loss was mainly due to the lower prices of palm products.

14. Comparison with preceding quarter's result

The Group's revenue and profit before taxation for the current quarter decreased by 2% and 9% as compared to the immediate preceding quarter

The decrease in the Group's revenue was mainly due to a lower project billing by the special purpose vehicles segment during the current quarter.

The decrease in the Group's profit before taxation was mainly due to a lower contribution from the special purpose vehicles segment and a loss suffered by the associates as compared to a share of profit from the associates in the immediate preceding quarter. The share of losses of the associates and jointly controlled entity were mainly due to the lower prices of palm products.

15. Commentary on prospects

In view of the progress in the implementation of the projects secured in hand, the Board expects the Group to achieve satisfactory results driven by the palm oil mill equipment and special purpose vehicles segments for the financial year ending 31 December 2013.

16. Profit forecast and profit guarantee

No profit forecast and profit guarantee were issued by the Company during the current financial period.

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17. Taxation

	Individual quarter 30/06/2013 RM'000	Cumulative quarter 30/06/2013 RM'000
Malaysian taxation	802	2,781
Foreign taxation	379	488
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	1,181	3,269

The effective tax rate of the Group is lower than the statutory tax rate mainly due to the availability of tax exemption granted under pioneer status to a subsidiary of the Company.

18. Corporate proposals

a) Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements other than the following:-

- i) On 29 August 2012, the Company entered into a conditional share sale and purchase agreement with Elan S. Gahu, Edwin Permana and Cornelis N. Antun to acquire 940 shares of Rp1,000,000 each representing 94% of the issued and paid-up share capital in PT Gumas Alam Subur for a total purchase price of up to Rp18,800,100,000 only or equivalent to RM6,319,361. The said agreement is pending the completion of the conditions precedent as stated in the said agreement. For further details, please refer to our announcements to Bursa Securities on 29 August 2012; and
- ii) On 1 November 2012, the Company entered into a conditional share sale and purchase agreement with Elan S. Gahu, Edwin Permana and Cornelis N. Antun to acquire 940 shares of Rp1,000,000 each representing 94% of the issued and paid-up share capital in PT Kurun Sumber Rezeki for a total purchase price of up to Rp22,514,439,000 only or equivalent to RM7,381,783. The said agreement is pending the completion of the conditions precedent as stated in the said agreement. For further details, please refer to our announcements to Bursa Securities on 1 November 2012.

b) Status of utilisation of proceeds

As at 30 June 2013, the proceeds from the disposals of the entire equity interest in Sachiew Plantations Sdn. Bhd. and Empresa (M) Sdn. Bhd. have been utilised as follows:-

<u>Purpose</u>	Proposed Amount RM'000	Utilised RM'000	Expected utilisation period	Balance/ Deviation RM'000	Explanations
Repayment of bank borrowings	17,251	17,251	24 months	-	-
Oil palm development expenditure in Indonesia	23,000	23,000	24 months	-	-
Estimated expenses for the proposals	2,000	1,421	6 months	579	Overestimated
Working capital	43,500	43,500	12 months	-	-
Future investments	182,307	134,016	24 months	48,291	-
Total	268,058	219,188			

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19. Borrowings and debt securities

Group borrowings as at 30 June 2013:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured borrowings</u>			
Ringgit Malaysia	16,852	864	17,716
US Dollar	-	-	-
Total	16,852	864	17,716

20. Derivative financial instruments

Forward currency contracts are used to hedge the Group's purchases denominated in Euro and Sterling Pound for which firm commitments existed at the end of the reporting period.

The outstanding foreign exchange forward contracts as at 30 June 2013 are as follows:-

	Notional RM'000	Assets RM'000
Forward foreign exchange contracts expiring within a year	8,360	285

There was no significant change on the credit risk, market risk and liquidity risk associated with the derivatives.

21. Material litigation

There were no material litigations as at the date of issue of these interim financial statements other than the following:-

Modipalm Engineering Sdn. Bhd., a wholly owned subsidiary, has taken a civil suit as plaintiffs in relation to the loss of their cargo on a voyage to Bintulu Port on board a dumb barge "Bina II" on tow by a tugboat "Bina I" against the insurer who insured the cargo in the Kuching High Court vide Suit No: 22-238-08-I. The High Court in Kuching decided against the plaintiff and the plaintiff has since filed an appeal against the High Court's decision. No date for appeal has been fixed yet.

22. Dividend payable

No dividend has been proposed or declared for the current quarter.

23. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to the shareholders by the weighted average number of ordinary shares of RM0.50 each in issue during the period, excluding treasury shares held by the Company. There were no diluted earnings per share as there were no potentially dilutive ordinary shares.

	Individual quarter		Cumulative quarter	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
Weighted average number of ordinary shares in issue ('000)	265,369	268,336	265,369	268,336
Basic earnings per share (sen)	7.11	60.84	14.14	70.06

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24. Comprehensive Income Disclosure

Profit before taxation is arrived at after charging/(crediting):-

	Individual quarter		Cumulative quarter	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Interest income	(221)	(903)	(1,099)	(1,056)
Interest expense	52	105	91	268
Depreciation/Amortization	1,128	894	1,992	1,611
Bad debts recovered/ Reversal of allowance for doubtful debts	-	447	-	447
Allowance for doubtful debts/Bad debts written off	2	-	2	43
(Gain)/Loss on disposal of property, plant and equipment	-	3	-	3
Inventories written down	-	-	-	-
Plant and equipment written off	15	-	15	-
Fair value (gain)/loss on :-				
- Derivative instruments	(374)	-	148	-
- Short term investments	1,056	-	673	-
(Gain)/Loss on foreign exchange	618	21	433	202

25. Realized and unrealized profits/losses

	30/06/2013 RM'000	30/06/2012 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	399,333	356,385
- Unrealized	(2,755)	(424)
	396,578	355,961
Total share of retained profits from associated companies:-		
- Realized	35,229	32,284
- Unrealized	(4,929)	(4,670)
	30,300	27,614
Total share of accumulated losses from a jointly controlled entity:-		
- Realized	238	982
- Unrealized	(237)	(237)
	1	745
Less : Consolidation adjustments	(40,036)	(33,111)
Total group retained profits as per consolidated accounts	386,843	351,209

26. Authorization for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors dated 19 August 2013.