

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Period	
	Current Quarter 30/09/2013 RM'000	Comparative Quarter 30/09/2012 RM'000	Current Year-to-date 30/09/2013 RM'000	Comparative Year-to-date 30/09/2012 RM'000
Continuing Operations				
Revenue	136,093	108,701	429,861	373,595
Cost of sales	(104,618)	(81,228)	(343,531)	(292,256)
Gross profit	31,475	27,473	86,330	81,339
Other operating income	2,394	1,584	5,481	2,673
Operating expenses	(9,209)	(6,303)	(21,035)	(15,537)
Profit from operations	24,660	22,754	70,776	68,475
Finance costs	(48)	(128)	(377)	(618)
Share of results of associates	2,140	4,808	2,218	9,704
Share of result of jointly controlled entity	2,192	2,840	172	1,611
Profit before taxation	28,944	30,274	72,789	79,172
Taxation	(4,023)	(2,251)	(7,292)	(5,792)
Profit after taxation from continuing operations	24,921	28,023	65,497	73,380
Discontinued Operations				
Profit from discontinued operations	-	-	-	6,028
Gain on disposal of subsidiaries	-	-	-	139,589
Profit after taxation	24,921	28,023	65,497	218,997
Other comprehensive income :-				
Gain/(Loss) on fair value measurement of available-for-sale investments	-	(1)	6	(1)
Exchange differences on translation of foreign operations	(296)	-	(394)	(5)
Total comprehensive income for the period	24,625	28,022	65,109	218,991
Profit attributable to :-				
Owners of the parent	21,988	27,083	59,515	215,089
Non-controlling interest	2,933	940	5,982	3,908
	24,921	28,023	65,497	218,997
Total comprehensive income attributable to :-				
Owners of the parent	21,685	27,082	59,120	215,082
Non-controlling interest	2,940	940	5,989	3,909
	24,625	28,022	65,109	218,991
Earning per share (sen)				
- Basic	8.29	10.09	22.43	80.16
- 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 SEPTEMBER 2013

	As At 30/09/2013 RM'000	As At 31/12/2012 RM'000
Non-current assets		
Property, plant and equipment	112,403	68,564
Plantation development expenditure	69,470	43,327
Goodwill	16,341	16,341
Investment in associates	81,331	82,782
Investment in jointly controlled entity	22,380	22,208
Available -for-sale investments	598	592
Total non-current assets	302,523	233,814
Current assets		
Inventories	29,250	34,197
Trade receivables	67,024	96,700
Other receivables	47,341	38,992
Amount due from contract customers	30,945	50,255
Short-term investments	24,619	21,593
Cash and cash equivalents	117,025	190,425
Derivative assets	-	433
Total current assets	316,204	432,595
TOTAL ASSETS	618,727	666,409
Equity attributable to owners of the parent		
Share capital	136,004	136,004
Treasury shares	(20,562)	(13,706)
Reserves	407,715	361,863
	523,157	484,161
Non-controlling interest	19,544	14,525
Total equity	542,701	498,686
Non-current liabilities		
Borrowings	886	1,054
Other deferred liabilities	2,471	2,549
Total non-current liabilities	3,357	3,603
Current liabilities		
Trade payables	34,963	66,893
Other payables	9,413	22,736
Amount due to contract customers	20,894	55,647
Borrowings	7,399	18,844
Derivative liabilities	-	-
Total current liabilities	72,669	164,120
TOTAL EQUITY AND LIABILITIES	618,727	666,409
 Net assets per share (RM)	 1.97	 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 SEPTEMBER 2013

	Current Year-to-date 30/09/2013 RM'000	Comparative Year to-date 30/09/2012 RM'000
Cash flows from operating activities		
Profit before tax	72,789	79,172
Adjustment for non-cash flow items :-		
Non-cash items	808	2,883
Non-operating items	(5,610)	(2,764)
Operating profit before changes in working capital	<u>67,987</u>	<u>79,291</u>
Changes in working capital		
Net change in current assets	46,015	(29,680)
Net change in current liabilities	(67,985)	(30,551)
Net cash flows from operating activities	<u>46,017</u>	<u>19,060</u>
Cash flows from investing activities		
Equity investments	-	(14,293)
Net cash inflow from disposal of subsidiaries	-	262,347
Other investments	(79,768)	(15,451)
	<u>(79,768)</u>	<u>232,603</u>
Cash flows from financing activities		
Dividend paid	(26,672)	(120,946)
Issue of shares	-	-
Bank borrowings	(9,685)	(6,350)
Other/Non-controlling interest	(970)	-
	<u>(37,327)</u>	<u>(127,296)</u>
Net change in cash & cash equivalents	<u>(71,078)</u>	<u>124,367</u>
Cash & cash equivalents at beginning of the period	188,497	57,465
Exchange rate effects	(394)	(8)
Cash & cash equivalents at end of the period	<u>117,025</u>	<u>181,824</u>
Cash & cash equivalents at end of the period		
Deposits with licensed banks	13,796	296
Money market placements, cash and bank balances	103,229	181,528
Bank overdrafts	-	-
	<u>117,025</u>	<u>181,824</u>

(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 SEPTEMBER 2013**

	Attributable to owners of the parent					Non-controlling interest RM'000	Total equity RM'000	
	Share capital RM'000	Non-distributable			Distributable			
		Share premium RM'000	Treasury shares RM'000	Fair value reserve RM'000	Currency translation RM'000			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	(401)	59,515	5,989	65,109
Balance at 30/09/2013	136,004	-	(20,562)	6	(1,122)	408,831	19,544	542,701
Balance at 01/01/2012	68,781	6,681	(11,613)	2	(759)	317,857	8,105	389,054
Dividend	-	-	-	-	-	(120,946)	-	(120,946)
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	-	-	-	(1)	(6)	215,089	3,909	218,991
Balance at 30/09/2012	136,004	-	(13,009)	1	(765)	351,458	12,055	485,744

(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

9 months ended 30 September 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	240,008	20,032	260,040	57,804
- Oil palm plantation	102	-	102	(4,994)
- Retrofitting special purpose vehicles	189,751	-	189,751	17,589
Elimination		(20,032)	(20,032)	-
	429,861	-	429,861	70,399
Share of results of associates				2,218
Share of result of jointly controlled entity				172
Total	429,861	-	429,861	72,789

9 months ended 30 September 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	250,914	16,807	267,721	59,663
- Oil palm plantation	-	-	-	(1,174)
- Retrofitting special purpose vehicles	122,681	-	122,681	9,368
Elimination		(16,807)	(16,807)	-
	373,595	-	373,595	67,857
Share of results of associates				9,704
Share of result of jointly controlled entity				1,611
Total	373,595	-	373,595	79,172

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8. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

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 September 2013 decreased by 8% despite an increase in the Group's revenue by 15% as compared to the last financial year.

The increase in the Group's revenue was mainly attributable to the improvement in the special purpose vehicles segment. The decrease in the Group's profit before taxation was mainly due to lower contribution from the associates and jointly controlled entity.

The palm oil mill equipment segment reported lower revenue and profit before taxation by 4% and 3% respectively. The decreases were mainly due to lower project billing during the financial period.

The special purpose vehicles segment recorded higher revenue and profit before taxation by 55% and 88% 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 and jointly controlled entity were lower by 77 % and 89% respectively. The lower share of results was mainly due to the lower prices of palm products.

14. Comparison with preceding quarter's result

The Group's profit before taxation increased by 39 % despite decrease in the Group's revenue by 6% as compared to the immediate preceding quarter

The decrease in the Group's revenue was mainly due to a lower project billing by the palm oil mill equipment segment during the current quarter.

The increase in the Group's profit before taxation was mainly due to the improvement in the special purpose vehicles segment and the recovery from losses to profits by the associates and jointly controlled entity as compared to the immediate preceding quarter. The improved share of results of the associates and jointly controlled entity was mainly due to the higher production and 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 30/09/2013 RM'000	Cumulative quarter 30/09/2013 RM'000
Malaysian taxation	3,654	6,435
Foreign taxation	26	514
Under / (Over) provision in prior year	343	343
Deferred tax	-	-
Total	4,023	7,292

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 September 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	152,960	24 months	29,347	-
Total	268,058	238,132			

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19. Borrowings and debt securities

Group borrowings as at 30 September 2013:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured borrowings</u>			
Ringgit Malaysia	7,399	886	8,285
US Dollar	-	-	-
Total	7,399	886	8,285

20. Derivative financial instruments

There were no outstanding derivative financial instruments as at the date of issue of these interim financial statements.

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 filed an appeal against the High Court's decision. On 29 August 2013, the Court of Appeal allowed the appeal and the High Court's decision has been set aside. The defendant has since then filed a notice of motion for leave to appeal to the Federal Court. No date for the hearing of the notice has been fixed yet.

22. Dividend payable

The Board of Directors proposed a second interim single tier dividend of 5 sen per ordinary share in respect of the financial year ending 31 December 2013. The interim dividend is to be paid on a date to be announced later.

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	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Weighted average number of ordinary shares in issue ('000)	265,369	268,336	265,369	268,336
Basic earnings per share (sen)	8.29	10.09	22.43	80.16

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24. Comprehensive Income Disclosure

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

	Individual quarter		Cumulative quarter	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Interest income	(372)	(1,241)	(1,471)	(2,297)
Interest expense	38	53	129	321
Depreciation/Amortization	1,189	797	3,181	2,408
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for doubtful debts/Bad debts written off	-	-	2	447
(Gain)/Loss on disposal of property, plant and equipment	(65)	-	(65)	3
Inventories written down	-	-	-	-
Plant and equipment written off	-	-	15	-
Fair value (gain)/loss on :-				
- Derivative instruments	-	-	-	-
- Short term investments	(789)	-	(116)	-
(Gain)/Loss on foreign exchange	1,880	883	2,313	1,085

25. Realized and unrealized profits/losses

	30/09/2013 RM'000	30/09/2012 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	425,710	351,778
- Unrealized	(5,099)	(106)
	420,611	351,672
Total share of retained profits from associated companies:-		
- Realized	37,092	36,483
- Unrealized	(5,191)	(5,263)
	31,901	31,220
Total share of accumulated losses from a jointly controlled entity:-		
- Realized	2,430	3,822
- Unrealized	(237)	(237)
	2,193	3,585
Less : Consolidation adjustments	(45,874)	(35,019)
Total group retained profits as per consolidated accounts	408,831	351,458

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 21 November 2013.