

**CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MARCH 2014**

	Individual Quarter		Cumulative Period	
	Current Quarter 31/03/2014 RM'000	Comparative Quarter 31/03/2013 RM'000	Current Year-to-date 31/03/2014 RM'000	Comparative Year-to-date 31/03/2013 RM'000
<b>Continuing Operations</b>				
Revenue	121,039	148,334	121,039	148,334
Cost of sales	(93,995)	(121,351)	(93,995)	(121,351)
Gross profit	27,044	26,983	27,044	26,983
Other operating income	5,003	1,649	5,003	1,649
Operating expenses	(8,213)	(5,287)	(8,213)	(5,287)
Profit from operations	23,834	23,345	23,834	23,345
Finance costs	(71)	(103)	(71)	(103)
Share of results of associates	2,060	771	2,060	771
Share of result of joint venture	18	(1,020)	18	(1,020)
<b>Profit before taxation</b>	<b>25,841</b>	<b>22,993</b>	<b>25,841</b>	<b>22,993</b>
Taxation	(1,964)	(2,088)	(1,964)	(2,088)
<b>Profit after taxation</b>	<b>23,877</b>	<b>20,905</b>	<b>23,877</b>	<b>20,905</b>
<b>Other comprehensive income :-</b>				
Gain/(Loss) on fair value measurement of available-for-sale investments	5	1	5	1
Exchange differences on translation of foreign operations	9,337	-	9,337	-
<b>Total comprehensive income for the period</b>	<b>33,219</b>	<b>20,906</b>	<b>33,219</b>	<b>20,906</b>
<b>Profit attributable to :-</b>				
Owners of the parent	23,287	18,668	23,287	18,668
Non-controlling interest	590	2,237	590	2,237
	<b>23,877</b>	<b>20,905</b>	<b>23,877</b>	<b>20,905</b>
<b>Total comprehensive income attributable to :-</b>				
Owners of the parent	31,752	18,669	31,752	18,669
Non-controlling interest	1,467	2,237	1,467	2,237
	<b>33,219</b>	<b>20,906</b>	<b>33,219</b>	<b>20,906</b>
<b>Earning per share (sen)</b>				
- Basic	8.78	7.02	8.78	7.02
- 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 2013)

**CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014**

	As At 3/31/2014 RM'000	As At 12/31/2013 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	137,719	131,831
Plantation development expenditure	85,687	70,616
Goodwill	23,202	16,341
Investment in associates	87,217	85,672
Investment in joint venture	24,246	24,228
Available -for-sale investments	594	589
<b>Total non-current assets</b>	<b>358,665</b>	<b>329,277</b>
<b>Current assets</b>		
Inventories	34,522	38,910
Trade receivables	83,463	126,025
Other receivables	37,643	44,449
Amount due from contract customers	47,428	29,343
Short-term investments	38,826	34,907
Cash and cash equivalents	96,835	109,945
Derivative assets	-	-
<b>Total current assets</b>	<b>338,717</b>	<b>383,579</b>
<b>TOTAL ASSETS</b>	<b>697,382</b>	<b>712,856</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	136,004	136,004
Treasury shares	(20,780)	(20,780)
Reserves	446,479	414,727
	561,703	529,951
<b>Non-controlling interest</b>	25,928	26,412
<b>Total equity</b>	<b>587,631</b>	<b>556,363</b>
<b>Non-current liabilities</b>		
Borrowings	546	840
Other deferred liabilities	2,344	2,346
<b>Total non-current liabilities</b>	<b>2,890</b>	<b>3,186</b>
<b>Current liabilities</b>		
Trade payables	44,679	53,131
Other payables	8,695	23,863
Amount due to contract customers	50,634	71,914
Borrowings	2,853	4,399
Derivative liabilities	-	-
<b>Total current liabilities</b>	<b>106,861</b>	<b>153,307</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>697,382</b>	<b>712,856</b>
 Net assets per share (RM)	 2.12	 2.00

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

**CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2014**

	Current Year-to-date 3/31/2014 RM'000	Comparative Year to-date 3/31/2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	25,841	22,993
Adjustment for non-cash flow items :-		
Non-cash items	(639)	1,113
Non-operating items	(5,910)	(1,517)
Operating profit before changes in working capital	<u>19,292</u>	<u>22,589</u>
<b>Changes in working capital</b>		
Net change in current assets	35,671	(42,720)
Net change in current liabilities	(30,088)	(51,310)
Net cash flows from operating activities	<u>24,875</u>	<u>(71,441)</u>
<b>Cash flows from investing activities</b>		
Equity investments	(15,279)	(4,960)
Net cash inflow from disposal of subsidiaries	-	-
Other investments	(16,938)	(13,874)
	<u>(32,217)</u>	<u>(18,834)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(13,265)	(13,404)
Issue of shares	-	-
Bank borrowings	(591)	11,741
Other/Non-controlling interest	-	-
	<u>(13,856)</u>	<u>(1,663)</u>
Net change in cash & cash equivalents	<u>(21,198)</u>	<u>(91,938)</u>
Cash & cash equivalents at beginning of the period	108,696	188,497
Exchange rate effects	9,337	-
Cash & cash equivalents at end of the period	<u>96,835</u>	<u>96,559</u>
<b>Cash &amp; cash equivalents at end of the period</b>		
Deposits with licensed banks	13,478	9,224
Money market placements, cash and bank balances	83,357	87,919
Bank overdrafts	-	(584)
	<u>96,835</u>	<u>96,559</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

**CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2014**

	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 01/01/2014	136,004	-	(20,780)	(3)	(19,737)	434,467	26,412	556,363
Dividend	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	388	388
Dilution in non-controlling interest	-	-	-	-	-	-	(2,339)	(2,339)
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	5	8,460	23,287	1,467	33,219
<b>Balance at 31/03/2014</b>	<b>136,004</b>	<b>-</b>	<b>(20,780)</b>	<b>2</b>	<b>(11,277)</b>	<b>457,754</b>	<b>25,928</b>	<b>587,631</b>
Balance at 01/01/2013	136,004	-	(13,706)	-	(721)	362,584	14,525	498,686
Dividend	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(4,960)	-	-	-	-	(4,960)
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	1	-	18,668	2,237	20,906
<b>Balance at 31/03/2013</b>	<b>136,004</b>	<b>-</b>	<b>(18,666)</b>	<b>1</b>	<b>(721)</b>	<b>381,252</b>	<b>16,762</b>	<b>514,632</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

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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 2013. 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 2013.

The Group falls within the definition of Transitioning Entities and has elected to present its first Malaysian Financial Reporting Standards (“MFRS”) financial statements when MFRS framework become mandatory. Currently the Malaysian Accounting standards Board has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. Accordingly, the group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and MFRSs.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013 except for the adoption of the following FRS, Amendments to FRS and Interpretations which were adopted by the Group with effect from 1 January 2014:-

Amendments to FRS 10, FRS 12 and FRS 127 (2011) : Investment Entities  
Amendments to FRS 132 : Offsetting financial Assets and Financial Liabilities  
Amendments to FRS 136 : Recoverable Amount Disclosures for Non-Financial Assets  
Amendments to FRS 139 : Novation of Derivatives and Continuation of Hedging Accounting  
IC Interpretation 21 Levies

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 2013 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.

**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.

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**6. Dividends paid**

A second interim single tier dividend of 5 sen per ordinary share amounting to RM13,264,972.30 in respect of the financial year ended 31 December 2013 was paid on 22 January 2014.

**7. Segmental information**

3 months ended 31 March 2014				
Revenue			Profit/(loss) before tax	
External RM'000	Inter- segment RM'000	Total RM'000		
<u>Business segments</u>				
- Palm oil mill equipment and related products & Contracting works	88,722	3,119	91,841	23,648
- Oil palm plantation	193	-	193	(2,186)
- Retrofitting special purpose vehicles	32,124	-	32,124	2,301
Elimination		(3,119)	(3,119)	-
	121,039	-	121,039	23,763
Share of results of associates				2,060
Share of result of joint venture				18
<b>Total</b>	<b>121,039</b>	<b>-</b>	<b>121,039</b>	<b>25,841</b>

3 months ended 31 March 2013				
Revenue			Profit/(loss) before tax	
External RM'000	Inter- segment RM'000	Total RM'000		
<u>Business segments</u>				
- Palm oil mill equipment and related products & Contracting works	72,350	6,700	79,050	18,352
- Oil palm plantation	7	-	7	(454)
- Retrofitting special purpose vehicles	75,977	-	75,977	5,344
Elimination		(6,700)	(6,700)	-
	148,334	-	148,334	23,242
Share of results of associates				771
Share of result of joint venture				(1,020)
<b>Total</b>	<b>148,334</b>	<b>-</b>	<b>148,334</b>	<b>22,993</b>

**8. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during 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 2013.

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**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 other than the following:-

- i) On 2 January 2014, AVP Engineering (M) Sdn. Bhd. (“AVP”), a 51% subsidiary of the Company acquired 2 ordinary shares of RM1.00 each representing 100% of the paid up capital of TPG Oil & Gas Sdn. Bhd. (“TPGOG”) for a total cash consideration of RM2.00. In consequence thereof, TPGOG become a wholly owned subsidiary of AVP. For further details, please refer to our announcements to Bursa Securities on 3 January 2014;
- ii) On 28 January 2014, the Company acquired 20,000 ordinary shares of RM1.00 each representing the remaining 40% equity interest in Avecpalm Marketing Resources Sdn. Bhd. (“AMR”) not already owned by the Company for a total cash consideration of RM3,360,000.00. In consequence thereof, AMR become a wholly owned subsidiary of the Company;
- iii) 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 agreement has been completed following the fulfillment of the conditions precedent and the payment for the revised balance purchase price on 20 March 2014. For further details, please refer to our announcements to Bursa Securities on 24 March 2014; and
- iv) 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 agreement has been completed following the fulfillment of the conditions precedent and the payment for the revised balance purchase price on 20 March 2014. For further details, please refer to our announcements to Bursa Securities on 24 March 2014.

**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 2013.

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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 31 March 2014 increased by 12% despite a decrease in the Group's revenue by 18% as compared to the same period last year.

The decrease in the Group's revenue was mainly due to lower project billing by the special purposes vehicles segment during the financial period. The increase in the Group's profit before taxation was mainly due to the improvement in the palm oil equipment segment and the share of results of the associates. In addition, the other operating income improved during the financial period mainly due to higher interest and investment income.

The palm oil mill equipment segment reported higher revenue and profit before taxation by 16% and 29% respectively as compared to the same period last year. The increase in profit was mainly due to the improvement in project billing and profit margin.

The special purpose vehicles segment's revenue and profit before taxation decreased by 58% and 57% respectively as compared to the same period last year. The decreases were mainly due to lower project implementation and completion during the current financial period.

The contribution from the associates increased by 167% whereas the joint venture recovered from a loss suffered in the same period last year. The improvement was mainly attributable to higher 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 24% and 53% as compared to the immediate preceding quarter.

The decrease in the Group's revenue was mainly due to 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 lower contribution by the special purpose vehicles segment resulting from lower project implementation and completion during the current quarter. The share of results of the associates and joint venture also reported lower contributions mainly due to the decrease in FFB production as compared to the immediate precedent quarter.

**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 2014.

**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 31/03/2014 RM'000	Cumulative quarter 31/03/2014 RM'000
Malaysian taxation	1,759	1,759
Foreign taxation	205	205
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
<b>Total</b>	<b>1,964</b>	<b>1,964</b>

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**

i) Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

ii) Status of utilisation of proceeds

As at 31 March 2014, the proceeds from the disposals of the entire equity interest in Sachiew Plantations Sdn. Bhd. and Empresa (M) Sdn. Bhd. have been fully 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	182,886	24 months	(579)	Balance utilised
<b>Total</b>	<b>268,058</b>	<b>268,058</b>			

**19. Borrowings and debt securities**

Group borrowings as at 31 March 2014:-

<u>Secured borrowings</u>	Current RM'000	Non-current RM'000	Total RM'000
Ringgit Malaysia	2,853	546	3,399
US Dollar	-	-	-
<b>Total</b>	<b>2,853</b>	<b>546</b>	<b>3,399</b>

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**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: 22-238-08-1. 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 first interim single tier dividend of 5 sen per ordinary share in respect of the financial year ending 31 December 2014. The interim dividend is to be paid on a date to be announced later.

**23. Comprehensive Income Disclosure**

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

	Individual quarter		Cumulative quarter	
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
Interest income	(1,980)	(878)	(1,980)	(878)
Interest expense	30	39	30	39
Depreciation/Amortization	1,439	864	1,439	864
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for doubtful debts/Bad debts written off	-	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	13	-	13
Inventories written down	-	-	-	-
Plant and equipment written off	-	-	-	-
Fair value (gain)/loss on :-				
- Derivative instruments	-	522	-	522
- Short term investments	(2,912)	(383)	(2,912)	(383)
(Gain)/Loss on foreign exchange	615	(185)	615	(185)

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**24. 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	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Weighted average number of ordinary shares in issue ('000)	265,299	266,022	265,299	266,022
Basic earnings per share (sen)	8.78	7.02	8.78	7.02

**25. Realized and unrealized profits/losses**

	31/03/2014 RM'000	31/03/2013 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	461,575	388,636
- Unrealized	7,105	(2,100)
	468,680	386,536
Total share of retained profits from associated companies:-		
- Realized	43,368	39,310
- Unrealized	(5,581)	(5,380)
	37,787	33,930
Total share of accumulated losses from a joint venture:-		
- Realized	4,296	1,237
- Unrealized	(237)	(237)
	4,059	1,000
Less : Consolidation adjustments	(52,772)	(40,214)
Total group retained profits as per consolidated accounts	457,754	381,252

**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 29 May 2014.