

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Individual Quarter		Cumulative Period	
	Current Quarter 30/09/2015 RM'000	Comparative Quarter 30/09/2014 RM'000	Current Year-to-date 30/09/2015 RM'000	Comparative Year-to-date 30/09/2014 RM'000
Continuing Operations				
Revenue	124,013	149,399	357,278	394,860
Cost of sales	(92,996)	(116,098)	(265,411)	(304,880)
Gross profit	31,017	33,301	91,867	89,980
Other operating income	2,788	3,602	8,178	9,329
Operating expenses	(11,951)	(11,761)	(28,006)	(27,832)
Profit from operations	21,854	25,142	72,039	71,477
Finance costs	(322)	(214)	(932)	(388)
Share of results of associates	2,213	1,413	3,545	4,913
Share of result of joint venture	1,172	707	(1,085)	(368)
Profit before taxation	24,917	27,048	73,567	75,634
Taxation	(8,790)	(2,446)	(17,207)	(5,638)
Profit after taxation	16,127	24,602	56,360	69,996
Other comprehensive income :-				
Gain/(Loss) on fair value measurement of available-for-sale investments	(8)	(6)	2	32
Exchange differences on translation of foreign operations	4,657	(97)	9,901	(1,220)
Total comprehensive income for the period	20,776	24,499	66,263	68,808
Profit attributable to :-				
Owners of the parent	14,889	22,605	54,658	67,009
Non-controlling interest	1,238	1,997	1,702	2,987
	16,127	24,602	56,360	69,996
Total comprehensive income attributable to :-				
Owners of the parent	19,261	22,577	63,627	65,944
Non-controlling interest	1,515	1,922	2,636	2,864
	20,776	24,499	66,263	68,808
Earning per share (sen)				
- Basic	2.83	8.52	10.37	25.26
- Diluted	2.42	3.65	8.90	10.83

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	As At 30/09/2015 RM'000	As At 12/31/2014 RM'000
Non-current assets		
Property, plant and equipment	115,495	107,152
Plantation development expenditure	183,454	157,793
Goodwill	16,341	16,341
Investment in associates	88,475	88,305
Investment in joint venture	22,910	23,995
Other assets	2,935	3,242
Total non-current assets	429,610	396,828
Current assets		
Inventories	26,135	34,117
Trade receivables	137,088	79,712
Other receivables	21,990	25,329
Amount due from contract customers	34,950	74,132
Short-term investments	47,627	39,199
Cash and cash equivalents	112,040	192,355
Derivative assets	-	-
Total current assets	379,830	444,844
TOTAL ASSETS	809,440	841,672
Equity attributable to owners of the parent		
Share capital	269,124	269,124
Treasury shares	(29,155)	(21,385)
Reserves	398,593	350,894
	638,562	598,633
Non-controlling interest	30,324	29,767
Total equity	668,886	628,400
Non-current liabilities		
Borrowings	15,316	17,235
Other deferred liabilities	2,325	2,466
Total non-current liabilities	17,641	19,701
Current liabilities		
Trade payables	50,928	78,849
Other payables	15,447	59,478
Amount due to contract customers	40,622	50,045
Borrowings	15,916	5,199
Derivative liabilities	-	-
Total current liabilities	122,913	193,571
TOTAL EQUITY AND LIABILITIES	809,440	841,672
 Net assets per share (RM)	 1.21	 1.13

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Current Year-to-date 30/09/2015 RM'000	Comparative Year-to-date 30/09/2014 RM'000
Cash flows from operating activities		
Profit before tax	73,567	75,634
Adjustment for non-cash flow items :-		
Non-cash items	2,586	(421)
Non-operating items	(12,155)	(11,645)
Operating profit before changes in working capital	63,998	63,568
Changes in working capital		
Net change in current assets	(8,447)	50,981
Net change in current liabilities	(63,607)	(52,881)
Net cash flows from operating activities	(8,056)	61,668
Cash flows from investing activities		
Equity investments	(5,520)	(15,595)
Net cash inflow from disposal of subsidiaries	-	-
Other investments	(51,318)	(35,519)
	(56,838)	(51,114)
Cash flows from financing activities		
Dividend paid	(31,868)	(26,526)
Issue of shares	-	-
Bank borrowings	8,798	18,826
Other/Non-controlling interest	(2,252)	(1,470)
	(25,322)	(9,170)
Net change in cash & cash equivalents	(90,216)	1,384
Cash & cash equivalents at beginning of the period	192,355	108,696
Exchange rate effects	9,901	(1,220)
Cash & cash equivalents at end of the period	112,040	108,860
Cash & cash equivalents at end of the period		
Deposits with licensed banks	14,139	23,951
Money market placements, cash and bank balances	97,901	84,909
Bank overdrafts	-	-
	112,040	108,860

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	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 01/01/2015	269,124	1,920	(21,385)	62	(13,767)	362,679	29,767	628,400
Dividend	-	-	-	-	-	(15,928)	-	(15,928)
Issue of shares	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	213	213
Dilution in non-controlling interest	-	-	-	-	-	-	(2,292)	(2,292)
Acquisition of treasury shares	-	-	(7,770)	-	-	-	-	(7,770)
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	2	8,967	54,658	2,636	66,263
Balance at 30/09/2015	269,124	1,920	(29,155)	64	(4,800)	401,409	30,324	668,886
Balance at 01/01/2014	136,004	-	(20,780)	(3)	(19,737)	434,467	26,412	556,363
Dividend	-	-	-	-	-	(13,261)	-	(13,261)
Acquisition of subsidiaries	-	-	-	-	-	-	388	388
Dilution in non-controlling interest	-	-	-	-	-	-	(3,809)	(3,809)
Acquisition of treasury shares	-	-	(316)	-	-	-	-	(316)
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	32	(1,097)	67,009	2,864	68,808
Balance at 30/09/2014	136,004	-	(21,096)	29	(20,834)	488,215	25,855	608,173

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014)

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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 2014. 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 2014.

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”). The MFRSs are to be applied by all entities Other Than The Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreement for Construction of Real Estate), including its parent, significant investor and venture (herein called “Transitioning Entities”).

With the issuance of MFRS 15 : Revenue from Contracts with Customers and Agriculture : Bearer Plants (Amendments to MFRS 116 and MFRS 141), all Transitioning Entities would be required to adopt the MFRS framework latest by 1 January 2017. On 28 October 2015, the MASB notified that the effective date of MFRS 15 is deferred to annual periods beginning on or after 1 January 2018. 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.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014. The adoption of the new, revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2015, are expected to have no significant 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 2014 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 first interim single tier dividend of 3 sen per ordinary share amounting to RM15,928,314.75 in respect of the financial year ended 31 December 2015 was paid on 2 July 2015.

7. Segmental information

9 months ended 30 September 2015				
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	295,491	12,026	307,517	70,112
- Oil palm plantation	1,405	-	1,405	(3,856)
- Retrofitting special purpose vehicles	60,382	-	60,382	4,851
Elimination		(12,026)	(12,026)	-
	357,278	-	357,278	71,107
Share of results of associates				3,545
Share of result of joint venture				(1,085)
Total	357,278	-	357,278	73,567

9 months ended 30 September 2014				
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	294,361	8,675	303,036	67,457
- Oil palm plantation	664	-	664	(6,513)
- Retrofitting special purpose vehicles	99,835	-	99,835	10,145
Elimination		(8,675)	(8,675)	-
	394,860	-	394,860	71,089
Share of results of associates				4,913
Share of result of joint venture				(368)
Total	394,860	-	394,860	75,634

8. 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 2014.

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9. Debt and equity securities

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

On 28 May 2015, 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 2,880,500 of its issued ordinary shares from the open market at an average price of RM1.78 per share. The total consideration paid for the repurchase including transaction costs was RM5,116,222 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.

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 2014 other than the following:-

The issuance of corporate guarantees of RM24 million to a financial institution in respect of banking facilities granted to subsidiaries of the Company.

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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 revenue and profit before taxation for the financial period ended 30 September 2015 decreased by 10% and 3% respectively 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, down by 40% as compared to the same period last year. The decrease in the Group's profit before taxation was mainly due to lower contributions from the special purpose vehicles segment and the share of results of the associates.

The palm oil mill equipment segment reported higher revenue and profit before taxation by 2% and 4% respectively as compared to the same period last year. The increases were mainly due to the improvement in project billing and profit margin. In addition, favorable foreign exchange gain also contributed to the increase in profit for the palm oil mill equipment segment.

Lower project implementation during the financial period had resulted lower in revenue and profit before taxation for the special purpose vehicles segment.

Both the results of the associates and joint venture produced poorer performance as compared to the same financial period last year. The lower contribution was mainly due to lower prices of palm products.

14. Comparison with preceding quarter's result

The Group's profit before taxation for the current quarter increased marginally whereas the Group's revenue increased by 7% as compared to the immediate preceding quarter.

The increase in the Group's revenue was mainly due to higher project billing and completion by the special purpose vehicles segment despite a slight drop of revenue in the palm oil mill equipment segment.

The marginal increase in the Group's profit before taxation was mainly attributable to the improvement by the special purpose vehicles segment and the share of results of joint venture despite an increase in operating expenses as compared to the immediate preceding quarter. Higher project implementation by the special purpose vehicles segment during the current quarter resulted an increase in contribution. In addition, the improved performance by the joint venture was mainly due to higher production of palm products. The higher operating expenses was mainly due to fair value loss on short term investments.

15. Commentary on prospects

In view of the progress in the implementation of the projects secured in hand and the current challenging environment, 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 2015.

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. Corporate proposals

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

18. Taxation

	Individual quarter 30/09/2015 RM'000	Cumulative quarter 30/09/2015 RM'000
Malaysian taxation	8,699	16,406
Foreign taxation	91	801
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	8,790	17,207

The effective tax rate for the financial period ended 30 September 2015 is lower than the statutory tax rate mainly due to the tax exemption granted under pioneer status to a subsidiary of which expired in March 2015.

19. Borrowings and debt securities

Group borrowings as at 30 September 2015:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured borrowings</u>			
Ringgit Malaysia	15,916	15,316	31,232
US Dollar	-	-	-
Total	15,916	15,316	31,232

20. Material litigation

There were no material litigations as at the date of issue of these interim financial statements.

21. Derivative financial instruments

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

22. Dividend payable

On 7 October 2015, the Board of Directors proposed a second interim single tier dividend of 3 sen per ordinary share in respect of the financial year ending 31 December 2015. The interim dividend is to be paid on 6 January 2016.

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23. Comprehensive Income Disclosure

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

	Individual quarter		Cumulative quarter	
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Interest income	(1,984)	(342)	(6,447)	(1,052)
Interest expense	251	170	753	270
Depreciation/Amortization	1,328	1,352	4,402	4,124
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for doubtful debts/Bad debts written off	664	-	664	-
(Gain)/Loss on disposal of property, plant and equipment	(81)	(28)	(840)	(121)
Inventories written down	-	-	-	-
Plant and equipment written off	-	-	-	-
Fair value (gain)/loss on :-				
- Derivative instruments	-	-	-	-
- Short term investments	4,227	(1,693)	5,836	(3,718)
(Gain)/Loss on foreign exchange	(1,466)	2,387	(3,093)	3,145

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. The diluted earnings per share is calculated based on the weighted average number of ordinary shares in issue during the period after the adjustment for the effect of dilutive potential ordinary shares (Adjusted for bonus shares and on assumption that all warrants are exercised).

	Individual quarter		Cumulative quarter	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
i) Basic				
Weighted average number of ordinary shares in issue ('000)	527,033	265,229	527,033	265,229
Basic earnings per share (sen)	2.83	8.52	10.37	25.26
ii) Diluted				
Weighted average number of ordinary shares outstanding ('000)	614,432	618,868	614,432	618,868
Basic earnings per share (sen)	2.42	3.65	8.90	10.83

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25. Realized and unrealized profits/losses

	30/09/2015 RM'000	30/09/2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	421,553	491,337
- Unrealized	8,452	(1,028)
	430,005	490,309
Total share of retained profits from associated companies:-		
- Realized	43,997	43,058
- Unrealized	(4,952)	(5,622)
	39,045	37,436
Total share of accumulated losses from a joint venture:-		
- Realized	2,960	3,910
- Unrealized	(237)	(237)
	2,723	3,673
Less : Consolidation adjustments	(70,364)	(43,203)
Total group retained profits as per consolidated accounts	401,409	488,215

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 18 November 2015.