

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2016**

	Individual Quarter		Cumulative Period	
	Current Quarter 30/06/2016 RM'000	Comparative Quarter 30/06/2015 RM'000	Current Year-to-date 30/06/2016 RM'000	Comparative Year-to-date 30/06/2015 RM'000
Continuing Operations				
Revenue	137,780	115,620	250,982	233,265
Cost of sales	(100,862)	(85,039)	(183,343)	(172,415)
Gross profit	36,918	30,581	67,639	60,850
Other operating income	519	1,539	2,155	5,390
Operating expenses	(9,897)	(7,773)	(28,005)	(15,961)
Profit from operations	27,540	24,347	41,789	50,279
Finance costs	(307)	(323)	(622)	(610)
Share of results of associates	2,533	2,369	3,090	1,332
Share of result of joint venture	(1,046)	(1,503)	(2,001)	(2,257)
Profit before taxation	28,720	24,890	42,256	48,744
Taxation	(9,483)	(7,256)	(13,570)	(8,417)
Profit after taxation from continuing operations	19,237	17,634	28,686	40,327
Discontinued Operations				
Loss from discontinued operations	(50)	(47)	(163)	(94)
Profit after taxation	19,187	17,587	28,523	40,233
Other comprehensive income :-				
Gain/(Loss) on fair value measurement of available-for-sale investments	7	4	3	10
Exchange differences on translation of foreign operations	3,754	(930)	(4,085)	5,244
Total comprehensive income for the period	22,948	16,661	24,441	45,487
Profit attributable to :-				
Owners of the parent	17,979	17,770	27,295	39,769
Non-controlling interest	1,208	(183)	1,228	464
	19,187	17,587	28,523	40,233
Total comprehensive income attributable to :-				
Owners of the parent	21,420	16,925	23,569	44,366
Non-controlling interest	1,528	(264)	872	1,121
	22,948	16,661	24,441	45,487
Earning per share (sen)				
- Basic	3.43	3.35	5.21	7.49
- 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 2015)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	As At 30/06/2016 RM'000	As At 31/12/2015 RM'000
Non-current assets		
Property, plant and equipment	90,988	90,034
Plantation development expenditure	217,945	226,143
Goodwill	16,341	16,341
Investment in associates	92,876	90,714
Investment in joint venture	21,769	23,771
Assets held for sale	17,959	17,959
Other assets	11,850	12,032
Total non-current assets	469,728	476,994
Current assets		
Inventories	30,246	38,364
Trade receivables	144,778	117,276
Other receivables	29,827	31,472
Amount due from contract customers	95,786	76,148
Short-term investments	32,011	52,136
Cash and cash equivalents	107,887	183,543
Total current assets	440,535	498,939
Assets classified as held for sale	29,339	-
TOTAL ASSETS	939,602	975,933
Equity attributable to owners of the parent		
Share capital	269,124	269,124
Treasury shares	(34,889)	(32,033)
Reserves	418,681	431,731
	652,916	668,822
Non-controlling interest	40,998	38,459
Total equity	693,914	707,281
Non-current liabilities		
Borrowings	13,920	14,621
Other liabilities	1,820	2,065
Total non-current liabilities	15,740	16,686
Current liabilities		
Trade payables	66,546	66,022
Other payables	49,373	60,354
Amount due to contract customers	95,742	104,705
Borrowings	2,560	5,107
Dividend payable	15,727	15,778
Total current liabilities	229,948	251,966
TOTAL EQUITY AND LIABILITIES	939,602	975,933
Net assets per share (RM)	1.25	1.27

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2016

	Current Year-to-date 30/06/2016 RM'000	Comparative Year-to-date 30/06/2015 RM'000
Cash flows from operating activities		
Profit before tax-Continuing operations	42,256	48,744
Profit before tax-Discontinued operations	(163)	(94)
Adjustment for non-cash flow items :-		
Non-cash items	2,000	4,327
Non-operating items	(7,041)	(7,723)
Operating profit before changes in working capital	<u>37,052</u>	<u>45,254</u>
Changes in working capital		
Net change in current assets	(38,660)	8,253
Net change in current liabilities	(19,489)	(79,394)
Net cash flows from operating activities	<u>(21,097)</u>	<u>(25,887)</u>
Cash flows from investing activities		
Equity investments	-	(5,520)
Proceed from change in stake	1,200	-
Other investments	(9,367)	(20,135)
	<u>(8,167)</u>	<u>(25,655)</u>
Cash flows from financing activities		
Dividend paid	(36,765)	(15,940)
Issue of shares	-	-
Bank borrowings	(3,248)	(1,504)
Other/Non-controlling interest	(2,294)	(2,252)
	<u>(42,307)</u>	<u>(19,696)</u>
Net change in cash & cash equivalents	<u>(71,571)</u>	<u>(71,238)</u>
Cash & cash equivalents at beginning of the period	183,543	192,355
Exchange rate effects	(4,085)	5,244
Cash & cash equivalents at end of the period	<u>107,887</u>	<u>126,361</u>
Cash & cash equivalents at end of the period		
Deposits with licensed banks	16,555	66,320
Money market placements, cash and bank balances	91,332	60,041
Bank overdrafts	-	-
	<u>107,887</u>	<u>126,361</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2016**

	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 01/01/2016	269,124	1,920	(32,033)	(89)	942	428,958	38,459	707,281
Dividend	-	-	-	-	-	(36,714)	-	(36,714)
Issue of shares	-	-	-	-	-	-	562	562
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(2,856)	-	-	-	-	(2,856)
Change in stake	-	-	-	-	-	95	1,105	1,200
Total comprehensive income	-	-	-	3	(3,729)	27,295	872	24,441
Balance at 30/06/2016	269,124	1,920	(34,889)	(86)	(2,787)	419,634	40,998	693,914
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	-	-	-	-	-	-	212	212
Dilution in non-controlling interest	-	-	-	-	-	-	(2,292)	(2,292)
Acquisition of treasury shares	-	-	(1,085)	-	-	-	-	(1,085)
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	10	4,588	39,769	1,121	45,488
Balance at 30/06/2015	269,124	1,920	(22,470)	72	(9,179)	386,520	28,808	654,795

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

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 2015. 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 2015.

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; 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”).

As further announced by MASB, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

The Group falls within the definition of transitioning entities and has elected to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still on going.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015. The adoption of the new, revised accounting standards and interpretations (including the consequential amendments, if any) is 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 2015 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 RM15,726,857 in respect of the financial year ending 31 December 2016 was paid on 20 July 2016.

7. Segmental information

6 months ended 30 June 2016				
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	208,331	9,630	217,961	40,723
- Palm oil plantations	1,001	-	1,001	(4,709)
- Retrofitting special purpose vehicles	41,650	-	41,650	5,153
Elimination		(9,630)	(9,630)	-
	250,982	-	250,982	41,167
Share of results of associates				3,090
Share of result of joint venture				(2,001)
Total	250,982	-	250,982	42,256

6 months ended 30 June 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	199,695	6,632	206,327	51,397
- Palm oil palm plantations	891	-	891	(3,413)
- Retrofitting special purpose vehicles	32,679	-	32,679	1,685
Elimination		(6,632)	(6,632)	-
	233,265	-	233,265	49,669
Share of results of associates				1,332
Share of result of joint venture				(2,257)
Total	233,265	-	233,265	48,744

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 2015.

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9. Debt and equity securities

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

- i) On 5 April 2016, the issued and paid-up capital of the Company was increased to RM269,124,342.50 as a result of the allotment of 333 new ordinary shares of RM0.50 each arising from the conversion of 333 warrants at an exercise price of RM2.40 per share.
As at the end of the current financial year, there were 87,399,049 warrants at an exercise price of RM2.40 per share; and
- ii) 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 435,300 of its issued ordinary shares from the open market at an average price of RM2.09 per share. The total consideration paid for the repurchase including transaction costs was RM909,144 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 other than the following:-

On 29 June 2016, The Company disposed of 20% of the equity interest in Avecpalm Marketing Resources Sdn. Bhd. ("AMR") comprising 10,000 ordinary shares of RM1 each to Consistent Technique Sdn Bhd., for a cash consideration of RM1,200,000. Consequently, the Company own 80% of the equity interest in AMR.

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 2015.

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 2016 decreased by 13% despite an increase in the Group's revenue by 8% as compared to the same period last year

The increase in the Group's revenue was mainly due to higher project billings by the palm oil mill equipment and special purposes vehicles segments during the financial period. The decrease in the Group's profit before taxation was mainly due to a lower contribution posted by the palm oil equipment segment despite improved results from the special purpose vehicles segment and the associates.

The palm oil mill equipment segment reported lower profit before taxation by 21% despite an increase in revenue by 6% as compared to the same period last year. The decrease in profit was mainly due to the higher operating expenses resulting from the fair value loss incurred by the investment in asset management and the unfavorable foreign exchange loss during the current financial period.

Both the revenue and profit before taxation of the special purpose vehicles segment increased as compared to the same period last year. The increases were mainly due to improvement in project billing resulting from the commencement and implementation of new projects during the financial period.

The share of results of the associates improved by 132 % as compared to the same period last year. The improved performance was mainly due to increase in prices of palm products.

14. Comparison with preceding quarter's result

The Group's revenue and profit before taxation for the current quarter increased by 22% and 114% respectively as compared to the immediate preceding quarter.

The increase in the Group's revenue was mainly due to higher project billings and completion by the special purpose vehicles and palm oil mill equipment segments.

The increase in the Group's profit before taxation was mainly attributable to the higher contribution by the special purpose vehicles segment as a result of improvement in project management and implementation during the current quarter. In addition, the losses incurred by the palm oil plantations segment was lower mainly due to the favorable foreign exchange during the current quarter.

The share of results of associates and joint venture also improved as compared to the immediate preceding quarter, mainly due to increase in production and prices of palm products during the current quarter.

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 mainly driven by the palm oil mill equipment and special purpose vehicles segments for the financial year ending 31 December 2016.

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 other than the following:-

On 23 June 2016, the following subsidiaries of the Company entered into three (3) conditional agreements of sale and purchase of shares with PT Jhonlin Agro Mandiri (“JAM”) for the disposal of shares in its subsidiaries (“Disposal of Shares”), as detailed below:

- i) Conditional agreement of sale and purchase of shares between Midas Portfolio Sdn. Bhd. (“MPSB”), a wholly-owned subsidiary of the Company and JAM for the disposal of 29,600 shares of Rp.1,000,000 each or 74% of the total issued shares of PT Gumas Alam Subur, a 94%-owned subsidiary of MPSB, together with the receivables of MPSB against PT GAS in the amount of Rp.30,964,999,594 or equivalent to RM9,475,214, for a total cash consideration of Rp.49,201,072,278 or equivalent to RM15,055,408;
- ii) Conditional agreement of sale and purchase of shares between Accent Hectares Sdn. Bhd. (“AHSB”), a wholly-owned subsidiary of the Company and JAM for the disposal of 29,600 shares of Rp.1,000,000 each or 74% of the total issued shares of PT Kurun Sumber Rezeki, a 94%-owned subsidiary of AHSB, together with the receivables of AHSB against PT KSR in the amount of Rp.31,033,038,596 or equivalent to RM9,496,034, for a total cash consideration of Rp. 49,269,111,280 or equivalent to RM15,076,227; and
- iii) Conditional agreement of sale and purchase of shares between Benar Optima Sdn. Bhd. (“BOSB”), a wholly-owned subsidiary of the Company and JAM for the disposal of 29,600 shares of Rp.1,000,000 each or 74% of the total issued shares of PT Manyangan Jaya, a 94%-owned subsidiary of BOSB, together with the receivables of BOSB against PT MJ in the amount of Rp.6,781,243,757 or equivalent to RM2,074,998, for a total cash consideration of Rp. 25,017,316,441 or equivalent to RM7,655,192.

The Disposal of Shares are pending the completion of the conditions precedent as stated in the said agreements. For further details, please refer to our announcement to Bursa Securities on 23 June 2016.

18. Taxation

	Individual quarter 30/06/2016 RM'000	Cumulative period 30/06/2016 RM'000
Malaysian taxation	7,155	13,032
Foreign taxation	165	535
Under / (Over) provision in prior year	-	-
Deferred tax	2,163	3
Total	9,483	13,570

19. Borrowings and debt securities

Group borrowings as at 30 June 2016:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured borrowings</u>			
Ringgit Malaysia	2,560	13,920	16,480
US Dollar	-	-	-
Total	2,560	13,920	16,480

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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

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

23. Comprehensive Income Disclosure

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

	Individual quarter		Cumulative period	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Interest income	(301)	(722)	(507)	(971)
Interest expense	189	260	388	502
Depreciation/Amortization	1,486	1,437	3,006	3,074
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for doubtful debts/Bad debts written off	-	-	82	-
(Gain)/Loss on disposal of property, plant and equipment	-	(764)	(100)	(859)
Inventories written down	-	-	-	-
Plant and equipment written off	-	-	-	-
Fair value (gain)/loss on :-				
- Derivative instruments	-	-	-	-
- Short term investments	1,380	2,665	4,428	1,609
(Gain)/Loss on foreign exchange	594	(243)	5,382	(1,627)

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.

	Individual quarter		Cumulative period	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Basic				
Weighted average number of ordinary shares in issue ('000)	524,229	530,816	524,229	530,816
Basic earnings per share (sen)	3.43	3.35	5.21	7.49

The diluted earnings per share is not presented as the assumed conversion of the warrants would be unlikely as the average market price for the share is below the warrants exercise price.

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25. Discontinued operations

Note 17 of this interim financial statements pertaining to the Disposal of Shares is referred.

At the end of the reporting period, the assets and liabilities of the said subsidiaries have been presented in the condensed consolidated statement of financial position as “Assets classified as held for sale” and “Liabilities classified as held for sale” respectively.

The assets and liabilities, measured at the lower of their carrying value and fair value less cost to sell, are as follows:-

	30/06/2016 RM'000
<u>Assets</u>	
Plantation development expenditure	28,855
Cash and bank balances	484
Assets classified as held for sale	29,339
<u>Liabilities</u>	
Other payables	-
Liabilities classified as held for sale	-

The results of the discontinued operations are as follows:-

	30/06/2016 RM'000	30/06/2015 RM'000
Other income	7	-
Operating and finance expenses	(170)	(94)
Loss before taxation	(163)	(94)
Taxation	-	-
Profit after taxation	(163)	(94)

26. Realized and unrealized profits/losses

	30/06/2016 RM'000	30/06/2015 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	461,506	404,079
- Unrealized	(3,433)	3,346
	458,073	407,425
Total share of retained profits from associated companies:-		
- Realized	49,078	42,337
- Unrealized	(5,632)	(4,952)
	43,446	37,385
Total share of accumulated losses from a joint venture:-		
- Realized	1,819	1,788
- Unrealized	(236)	(237)
	1,583	1,551
Less : Consolidation adjustments	(83,468)	(59,841)
Total group retained profits as per consolidated accounts	419,634	386,520

27. 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 26 August 2016.