

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Period	
	Current Quarter 30/09/2016 RM'000	Comparative Quarter 30/09/2015 RM'000	Current Year-to-date 30/09/2016 RM'000	Comparative Year-to-date 30/09/2015 RM'000
Continuing Operations				
Revenue	140,691	124,013	391,673	357,278
Cost of sales	(105,919)	(92,996)	(289,262)	(265,411)
Gross profit	34,772	31,017	102,411	91,867
Other operating income	3,899	2,788	6,054	8,178
Operating expenses	(3,105)	(11,995)	(31,110)	(27,956)
Profit from operations	35,566	21,810	77,355	72,089
Finance costs	(245)	(322)	(867)	(932)
Share of results of associates	3,446	2,213	6,536	3,545
Share of result of joint venture	2,064	1,172	63	(1,085)
Profit before taxation	40,831	24,873	83,087	73,617
Taxation	(8,353)	(8,790)	(21,923)	(17,207)
Profit after taxation from continuing operations	32,478	16,083	61,164	56,410
Discontinued Operations				
Profit/(Loss) from discontinued operations	309	44	146	(50)
Profit after taxation	32,787	16,127	61,310	56,360
Other comprehensive income :-				
Gain/(Loss) on fair value measurement of available-for-sale investments	(2)	(8)	1	2
Exchange differences on translation of foreign operations	7,059	4,657	2,974	9,901
Total comprehensive income for the period	39,844	20,776	64,285	66,263
Profit attributable to :-				
Owners of the parent	28,498	14,889	55,793	54,658
Non-controlling interest	4,289	1,238	5,517	1,702
	32,787	16,127	61,310	56,360
Total comprehensive income attributable to :-				
Owners of the parent	34,959	19,261	58,528	63,627
Non-controlling interest	4,885	1,515	5,757	2,636
	39,844	20,776	64,285	66,263
Earning per share (sen)				
- Basic	5.44	2.83	10.64	10.37
- 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 SEPTEMBER 2016

	As At 30/09/2016 RM'000	As At 31/12/2015 RM'000
Non-current assets		
Property, plant and equipment	97,623	90,034
Plantation development expenditure	178,353	226,143
Goodwill	16,341	16,341
Investment in associates	95,495	90,714
Investment in joint venture	23,833	23,771
Assets held for sale	17,959	17,959
Other assets	12,174	12,032
Total non-current assets	441,778	476,994
Current assets		
Inventories	30,930	38,364
Trade receivables	152,923	117,276
Other receivables	71,392	31,472
Amount due from contract customers	101,153	76,148
Short-term investments	33,821	52,136
Cash and cash equivalents	121,998	183,543
Total current assets	512,217	498,939
Assets classified as held for sale	30,534	-
TOTAL ASSETS	984,529	975,933
Equity attributable to owners of the parent		
Share capital	269,124	269,124
Treasury shares	(34,991)	(32,033)
Reserves	453,551	431,731
	687,684	668,822
Non-controlling interest	44,402	38,459
Total equity	732,086	707,281
Non-current liabilities		
Borrowings	13,338	14,621
Other liabilities	1,815	2,065
Total non-current liabilities	15,153	16,686
Current liabilities		
Trade payables	76,776	66,022
Other payables	29,680	60,354
Amount due to contract customers	112,753	104,705
Borrowings	18,081	5,107
Dividend payable	-	15,778
Total current liabilities	237,290	251,966
TOTAL EQUITY AND LIABILITIES	984,529	975,933
Net assets per share (RM)	1.31	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 SEPTEMBER 2016**

	Current Year-to-date 30/09/2016 RM'000	Comparative Year to-date 30/09/2015 RM'000
Cash flows from operating activities		
Profit before tax-Continuing operations	83,087	73,617
Profit before tax-Discontinued operations	146	(50)
Adjustment for non-cash flow items :-		
Non-cash items	(1,951)	2,586
Non-operating items	(19,150)	(12,155)
Operating profit before changes in working capital	<u>62,132</u>	<u>63,998</u>
Changes in working capital		
Net change in current assets	(94,421)	(8,447)
Net change in current liabilities	(9,781)	(63,607)
Net cash flows from operating activities	<u>(42,070)</u>	<u>(8,056)</u>
Cash flows from investing activities		
Equity investments	-	(5,520)
Proceed from change in stake	2,600	-
Other investments	21,117	(51,318)
	<u>23,717</u>	<u>(56,838)</u>
Cash flows from financing activities		
Dividend paid	(52,492)	(31,868)
Issue of shares	-	-
Bank borrowings	11,691	8,798
Other/Non-controlling interest	(5,365)	(2,252)
	<u>(46,166)</u>	<u>(25,322)</u>
Net change in cash & cash equivalents	<u>(64,519)</u>	<u>(90,216)</u>
Cash & cash equivalents at beginning of the period	183,543	192,355
Exchange rate effects	2,974	9,901
Cash & cash equivalents at end of the period	<u>121,998</u>	<u>112,040</u>
Cash & cash equivalents at end of the period		
Deposits with licensed banks	22,907	14,139
Money market placements, cash and bank balances	99,091	97,901
Bank overdrafts	-	-
	<u>121,998</u>	<u>112,040</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 SEPTEMBER 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	-	-	-	-	-	-	561	561
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	(2,969)	(2,969)
Acquisition of treasury shares	-	-	(2,958)	-	-	-	-	(2,958)
Change in stake	-	-	-	-	-	6	2,594	2,600
Total comprehensive income	-	-	-	1	2,734	55,793	5,757	64,285
Balance at 30/09/2016	269,124	1,920	(34,991)	(88)	3,676	448,043	44,402	732,086
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

(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

	9 months ended 30 September 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	312,850	16,054	328,904	64,622
- Palm oil plantations	1,978	-	1,978	(3,345)
- Retrofitting special purpose vehicles	76,845	-	76,845	15,211
Elimination		(16,054)	(16,054)	-
	391,673	-	391,673	76,488
Share of results of associates				6,536
Share of result of joint venture				63
Total	391,673	-	391,673	83,087

	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
- Palm oil plantations	1,405	-	1,405	(3,806)
- Retrofitting special purpose vehicles	60,382	-	60,382	4,851
Elimination		(12,026)	(12,026)	-
	233,265	-	357,278	71,157
Share of results of associates				3,545
Share of result of joint venture				(1,085)
Total	357,278	-	357,278	73,617

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.

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:-

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 50,000 of its issued ordinary shares from the open market at an average price of RM2.04 per share. The total consideration paid for the repurchase including transaction costs was RM102,157.75 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.

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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:-

On 30 August 2016, the Company disposed off 2% of the equity interest in AVP Engineering (M) Sdn. Bhd. ("AVP") comprising 60,000 ordinary shares of RM1 each to Tarez (M) Sdn. Bhd. and Siti Zawiyah Binti Alias for a total cash consideration of RM1,400,000. Following the disposal, the Company own 49% of the equity interest in AVP.

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 revenue and profit before taxation for the financial period ended 30 September 2016 increased by 10% and 13% respectively 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 increase in the Group's profit before taxation was mainly due to higher contribution posted by the special purpose vehicles segment and improved share of results by the associates.

The palm oil mill equipment segment reported lower profit before taxation by 8% despite an increase in revenue by 7% as compared to the same period last year. The decrease in profit was mainly due to the higher operating expenses and lower operating income resulting from the fair value loss incurred by the investment in asset management and the foreign exchange loss during the current financial period.

The revenue and profit before taxation of the special purpose vehicles segment increased by 27% and 214% respectively as compared to the same period last year. The increases were mainly due to improvement in project billing and margin resulting from the commencement and implementation of new projects during the financial period.

The share of results of associates improved by 84% whereas the joint venture posted a marginal profit as compared to a loss in 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 2% and 41% 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 segment.

The increase in the Group's profit before taxation was mainly attributable to the higher contributions by the special purpose vehicles segment and the share of results of associates and joint venture. The increase in the special purpose vehicles segment was mainly due to improvement in project implementation and margin during the current quarter. In addition, the favorable foreign exchange and gain in short term investments also contributed to the Group's profit for the current quarter.

The improved results by the associates and joint venture as compared to the immediate preceding quarter, were mainly due to increase in production and higher 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 ("PT GAS"), a 94% owned subsidiary of MPSB, together with the receivables of MPSB against PT GAS with an amount of Rp.30,964,999,594 (equivalent to RM9,475,214), for a total cash consideration of Rp.49,201,072,278 (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 ("PT KSR"), a 94% owned subsidiary of AHSB, together with the receivables of AHSB against PT KSR with an amount of Rp.31,033,038,596 (equivalent to RM9,496,034), for a total cash consideration of Rp. 49,269,111,280 (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 ("PT MJ"), a 94% owned subsidiary of BOSB, together with the receivables of BOSB against PT MJ with an amount of Rp.6,781,243,757 (equivalent to RM2,074,998), for a total cash consideration of Rp. 25,017,316,441 (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 30/09/2016 RM'000	Cumulative period 30/09/2016 RM'000
Malaysian taxation	8,014	21,046
Foreign taxation	92	627
Under / (Over) provision in prior year	-	-
Deferred tax	247	250
Total	8,353	21,923

19. Borrowings and debt securities

Group borrowings as at 30 September 2016:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured borrowings</u>			
Ringgit Malaysia	18,081	13,338	31,419
US Dollar	-	-	-
Total	18,081	13,338	31,419

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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

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 2016. 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 period	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Interest income	(209)	(557)	(716)	(1,528)
Interest expense	185	251	573	753
Depreciation/Amortization	1,588	1,328	4,594	4,402
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for doubtful debts/Bad debts written off	-	664	82	664
(Gain)/Loss on disposal of property, plant and equipment	(234)	(81)	(334)	(840)
Inventories written down	-	-	-	-
Plant and equipment written off	-	-	-	-
Fair value (gain)/loss on :-				
- Derivative instruments	-	-	-	-
- Short term investments	(2,184)	(692)	2,244	917
(Gain)/Loss on foreign exchange	(5,080)	(1,466)	302	(3,093)

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	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	524,179	527,033	524,179	527,033
Basic earnings per share (sen)	5.44	2.83	10.64	10.37

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:-

	30/09/2016 RM'000
<u>Assets</u>	
Plantation development expenditure	30,028
Cash and bank balances	506
Assets classified as held for sale	30,534
<u>Liabilities</u>	
Other payables	-
Liabilities classified as held for sale	-

The results of the discontinued operations are as follows:-

	30/09/2016 RM'000	30/09/2015 RM'000
Other income	166	-
Operating and finance expenses	(20)	(50)
Profit/(Loss) before taxation	146	(50)
Taxation	-	-
Profit/(Loss) after taxation	146	(50)

26. Realized and unrealized profits/losses

	30/09/2016 RM'000	30/09/2015 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	490,331	421,553
- Unrealized	1,292	8,452
	491,623	430,005
Total share of retained profits from associated companies:-		
- Realized	52,251	43,997
- Unrealized	(6,186)	(4,952)
	46,065	39,045
Total share of accumulated losses from a joint venture:-		
- Realized	3,884	2,960
- Unrealized	(237)	(237)
	3,647	2,723
Less : Consolidation adjustments	(93,292)	(70,364)
Total group retained profits as per consolidated accounts	448,043	401,409

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 22 November 2016.