

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017**

	Individual Quarter		Cumulative Period	
	Current Quarter 31/03/2017 RM'000	Comparative Quarter 31/03/2016 RM'000	Current Year-to-date 31/03/2017 RM'000	Comparative Year-to-date 31/03/2016 RM'000
Continuing Operations				
Revenue	132,337	113,202	132,337	113,202
Cost of sales	(98,577)	(82,481)	(98,577)	(82,481)
Gross profit	33,760	30,721	33,760	30,721
Other operating income	3,760	1,636	3,760	1,636
Operating expenses	(9,162)	(18,221)	(9,162)	(18,221)
Profit from operations	28,358	14,136	28,358	14,136
Finance costs	(427)	(315)	(427)	(315)
Share of results of associates	4,718	557	4,718	557
Share of result of joint ventures	1,521	(955)	1,521	(955)
Profit before taxation	34,170	13,423	34,170	13,423
Taxation	(7,378)	(4,087)	(7,378)	(4,087)
Profit after taxation from continuing operations	26,792	9,336	26,792	9,336
Discontinued Operations				
Profit/(Loss) from discontinued operations	-	-	-	-
Profit after taxation	26,792	9,336	26,792	9,336
Other comprehensive income :-				
Gain/(Loss) on fair value measurement of available-for-sale investments	-	(4)	-	(4)
Exchange differences on translation of foreign operations	24	(7,839)	24	(7,839)
Total comprehensive income for the period	26,816	1,493	26,816	1,493
Profit attributable to :-				
Owners of the parent	24,571	9,316	24,571	9,316
Non-controlling interest	2,221	20	2,221	20
	26,792	9,336	26,792	9,336
Total comprehensive income attributable to :-				
Owners of the parent	24,583	2,149	24,583	2,149
Non-controlling interest	2,233	(656)	2,233	(656)
	26,816	1,493	26,816	1,493
Earning per share (sen)				
- Basic	4.69	1.78	4.69	1.78
- Diluted	4.69	1.78	4.69	1.78

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	As At 31/03/2017 RM'000	As At 31/12/2016 RM'000
Non-current assets		
Property, plant and equipment	114,424	111,451
Plantation development expenditure	264,048	238,676
Goodwill	16,341	16,341
Investment in associates	101,089	97,237
Investment in joint venture	27,448	26,264
Other assets	13,503	10,406
Total non-current assets	536,853	500,375
Current assets		
Inventories	28,435	32,144
Trade receivables	113,357	136,596
Other receivables	37,695	52,668
Amount due from contract customers	95,518	59,292
Short-term investments	25,763	33,820
Cash and cash equivalents	91,925	164,663
Total current assets	392,693	479,183
Assets classified as held for sale	32,113	40,939
TOTAL ASSETS	961,659	1,020,497
Equity attributable to owners of the parent		
Share capital	269,124	269,124
Treasury shares	(35,100)	(35,100)
Reserves	515,329	490,746
	749,353	724,770
Non-controlling interest	50,670	48,436
Total equity	800,023	773,206
Non-current liabilities		
Borrowings	12,473	12,873
Other liabilities	-	715
Total non-current liabilities	12,473	13,588
Current liabilities		
Trade payables	66,298	98,126
Other payables	27,634	40,865
Amount due to contract customers	24,335	59,889
Borrowings	30,896	19,099
Dividend payable	-	15,724
Total current liabilities	149,163	233,703
TOTAL EQUITY AND LIABILITIES	961,659	1,020,497
Net assets per share (RM)	1.43	1.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2017

	Current Year-to-date 31/03/2017 RM'000	Comparative Year to-date 31/03/2016 RM'000
Cash flows from operating activities		
Profit before tax-Continuing operations	34,170	13,423
Profit before tax-Discontinued operations	-	-
Adjustment for non-cash flow items :-		
Non-cash items	(4,788)	2,001
Non-operating items	(7,917)	(2,725)
Operating profit before changes in working capital	<u>21,465</u>	<u>12,699</u>
Changes in working capital		
Net change in current assets	3,709	22,451
Net change in current liabilities	(78,452)	(68,714)
Net cash flows from operating activities	<u>(53,278)</u>	<u>(33,564)</u>
Cash flows from investing activities		
Equity investments	-	-
Proceed from change in stake	-	-
Other investments	(15,157)	15,987
	<u>(15,157)</u>	<u>15,987</u>
Cash flows from financing activities		
Dividend paid	(15,724)	(36,765)
Issue of shares	-	-
Bank borrowings	11,397	(3,073)
Other/Non-controlling interest	-	(1,385)
	<u>(4,327)</u>	<u>(41,223)</u>
Net change in cash & cash equivalents	<u>(72,762)</u>	<u>(58,800)</u>
Cash & cash equivalents at beginning of the period	164,663	183,543
Exchange rate effects	24	(7,839)
Cash & cash equivalents at end of the period	<u>91,925</u>	<u>116,904</u>
Cash & cash equivalents at end of the period		
Deposits with licensed banks	19,280	17,807
Money market placements, cash and bank balances	72,645	99,097
Bank overdrafts	-	-
	<u>91,925</u>	<u>116,904</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017**

	Attributable to owners of the parent					Non-controlling interest RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Fair value reserve RM'000	Currency translation RM'000			Distributable Retained profits RM'000
Balance at 01/01/2017	269,124	1,920	(35,100)	(89)	10,739	478,176	48,437	773,207
Dividend	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Change in stake	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	12	24,571	2,233	26,816
Balance at 31/03/2017	269,124	1,920	(35,100)	(89)	10,751	502,747	50,670	800,023
Balance at 01/01/2016	269,124	1,920	(32,033)	(89)	942	428,958	38,459	707,281
Dividend	-	-	-	-	-	(20,987)	-	(20,987)
Issue of shares	-	-	-	-	-	-	562	562
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(1,947)	-	-	-	-	(1,947)
Bonus issue	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(4)	(7,163)	9,316	(656)	1,493
Balance at 31/03/2016	269,124	1,920	(33,980)	(93)	(6,221)	417,287	38,365	686,402

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

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 2016. 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 2016.

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 2016. 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 2016 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 3 sen per ordinary share amounting to RM15,723,707 in respect of the financial year ending 31 December 2016 was paid on 20 January 2017.

7. Segmental information

3 months ended 31 March 2017				
Revenue			Profit/(loss) before tax	
External	Inter-segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment, related products and engineering works	86,539	6,105	92,644	23,078
- Palm oil plantations	2,118	-	2,118	(877)
- Retrofitting special purpose vehicles	43,680	-	43,680	5,730
Elimination	-	(6,105)	(6,105)	-
	132,337	-	132,337	27,931
Share of results of associates				4,718
Share of result of joint venture				1,521
Total	132,337	-	132,337	34,170

3 months ended 31 March 2016				
Revenue			Profit/(loss) before tax	
External	Inter-segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment, related products and engineering works	102,508	3,562	106,070	19,392
- Palm oil plantations	481	-	481	(7,246)
- Retrofitting special purpose vehicles	10,213	-	10,213	1,675
Elimination	-	(3,562)	(3,562)	-
	113,202	-	113,202	13,821
Share of results of associates				557
Share of result of joint venture				(955)
Total	113,202	-	113,202	13,423

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 2016.

9. Debt and equity securities

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

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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 other than the following:-

- i) 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:
 - a) 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);
 - b) 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
 - c) 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 have been completed following the fulfillment of the conditions precedent and the full settlement of the total considerations on 26 May 2017; and

- ii) On 24 April 2017, CB Industrial Product Sdn. Bhd. (“CBIPSB”), a wholly owned subsidiary of the Company incorporated a new subsidiary in Republic of Guatemala, Modipalma Latin America, Sociedad Anonima (Modipalma). CBIPSB subscribed 548 shares of DTQ100 each for a total consideration of GTQ54,800 (equivalent to RM32,272), representing 99.6% of the issued and paid-up capital of Modipalma. For further details, please refer to our announcements to Bursa Securities on 4 May 2017.

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 2016.

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 31 March 2017 increased by 17% and 155% 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 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 purposes vehicles and palm oil equipment and engineering segments. The share of results by the associates and joint ventures also improved during the current financial period.

The palm oil equipment and engineering segment reported higher profit before taxation by 19% despite a lower revenue by 13% as compared to the last financial period. The decreases in revenue was mainly due to the lower projects implementation in the current financial period. The increase in profit was mainly due to the recovery from the losses incurred by the investment in asset management and foreign exchange in the same period last year to gains in the current financial period.

The revenue and profit before taxation of the special purpose vehicles segment increased by 328% and 242% respectively as compared to the last financial period. The increases were mainly due to higher projects implementation following a strong growth in secured projects order-book during the second half of the last financial year.

The share of results of associates improved by 747% whereas the joint ventures posted a 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 decreased by 29% and 39% respectively as compared to the immediate preceding quarter.

The decreases in the Group's revenue and profit before taxation were mainly due to lower project billings and completion by the special purpose vehicles and palm oil equipment and engineering segments during the current quarter.

The higher Group's profits in the immediate preceding quarter was also attributable to the higher foreign exchange gain and reversal of impairment loss on trade receivables.

Despite lower contributions from the above segments, the combined share of results of the associates and joint ventures improved by 14% as compared to the immediate preceding quarter. The improved results were mainly due to increase in prices of palm products.

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 special purpose vehicles and palm oil equipment and engineering segments for the financial year ending 31 December 2018.

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 31/03/2017 RM'000	Cumulative period 31/03/2017 RM'000
Malaysian taxation	7,123	7,123
Foreign taxation	255	255
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	7,378	7,378

19. Borrowings and debt securities

Group borrowings as at 31 March 2017:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured borrowings</u>			
Ringgit Malaysia	30,896	12,473	43,369
US Dollar	-	-	-
Total	30,896	12,473	43,369

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 first interim single tier dividend of 3 sen per ordinary share in respect of the financial year ending 31 December 2017. The interim dividend is to be paid on a date to be announced later.

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23. Comprehensive Income Disclosure

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

	Individual quarter		Cumulative period	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Interest income	(506)	(206)	(506)	(206)
Interest expense	271	199	271	199
Depreciation/Amortization	1,466	1,520	1,466	1,520
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for doubtful debts/Bad debts written off	-	82	-	82
(Gain)/Loss on disposal of property, plant and equipment	188	(100)	188	(100)
Inventories written down	-	-	-	-
Plant and equipment written off	-	-	-	-
Fair value (gain)/loss on :-				
- Derivative instruments	-	-	-	-
- Short term investments	(1,943)	3,048	(1,943)	3,048
(Gain)/Loss on foreign exchange	(144)	4,788	(144)	4,788

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	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Weighted average number of ordinary shares in issue ('000)	524,124	524,664	524,124	524,664
Basic earnings per share (sen)	4.69	1.78	4.69	1.78
Diluted earnings per share (sen)	4.69	1.78	4.69	1.78

The potential conversion of warrants is anti-dilutive as their exercise prices are higher than the average market price of the Company's shares during the current financial period. Accordingly, the exercise of warrants has been ignored in the calculation of diluted earnings per share.

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25. Discontinued operations

Note 10 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:-

	31/03/2017 RM'000
<u>Assets</u>	
Plantation development expenditure	31,571
Cash and bank balances	542
Assets classified as held for sale	32,113
<u>Liabilities</u>	
Other payables	-
Liabilities classified as held for sale	-

26. Realized and unrealized profits/losses

	31/03/2017 RM'000	31/03/2016 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realized	549,839	457,602
- Unrealized	2,142	(7,192)
	551,981	450,410
Total share of retained profits from associated companies:-		
- Realized	57,545	47,214
- Unrealized	(5,886)	(5,507)
	51,659	41,707
Total share of accumulated losses from a joint venture:-		
- Realized	7,498	3,206
- Unrealized	(237)	(339)
	7,261	2,867
Less : Consolidation adjustments	(108,154)	(77,697)
Total group retained profits as per consolidated accounts	502,747	417,287

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 30 May 2017.