

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Accounting policies and method of computation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 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 2021. 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 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021. 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 independent auditors reported the following qualified opinion on the audited financial statements for the year ended 31 December 2021:-

Audit of joint venture - Gulf Lubes Malaysia Sdn. Bhd. (“GLM”)

The audited financial statements and auditors’ report of GLM are not available and the Group has not performed a Purchase Price Allocation for the acquisition of the joint venture. The audited financial statements of the Group have been consolidated using the unaudited management accounts of the joint venture for the financial year ended 31 December 2021.

Further, the total advances to GLM as at 31 December 2020 amounted to RM51.0 million which has been classified as other receivables. The Group is unable to reliably perform impairment assessment on the said other receivables.

Investment in GLM – Company Level

No impairment assessment has been performed on the carrying amount of the investment in GLM amounting to RM4.0 million and receivables totaling RM8.5 million in respect of advances made to GLM.

**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**

There were no dividends paid during the current quarter.

**7. 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 2021.

**8. Segmental information**

For the period ended 30 September 2022				
Revenue			Profit/(loss) before tax	
External	Inter- segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment and engineering works	186,268	8,540	194,808	34,477
- Palm oil plantation	117,531	-	117,531	(1,642)
- Retrofitting special purpose vehicles	37,222	-	37,222	4,085
- Refinery	297,272	-	297,272	(31,364)
Elimination	-	(8,540)	(8,540)	-
	638,293	-	638,293	5,556
Share of results of associates				10,945
Share of result of joint ventures				3,694
Total	638,293	-	638,293	20,195

For the period ended 30 September 2021				
Revenue			Profit/(loss) before tax	
External	Inter- segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment and engineering works	160,136	4,694	164,830	34,535
- Palm oil plantation	103,850	-	103,850	(1,936)
- Retrofitting special purpose vehicles	18,242	-	18,242	1,723
- Refinery	114,422	-	114,422	7,778
Elimination	-	(4,694)	(4,694)	-
	396,650	-	396,650	42,100
Share of results of associates				10,737
Share of result of joint ventures				6,409
Total	396,650	-	396,650	59,246

**9. Material subsequent events**

There were no material subsequent events after the end of the current quarter that have not been reflected in the interim financial statements

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**10. Debt and equity securities**

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

**11. Changes in composition of the Group**

There were no significant 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 2021.

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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 30 September 2022 decreased by 74% despite an increase in revenue by 61 % as compared to the last financial period.

The increase in the Group's revenue was mainly due to higher revenue generated by the refinery segment. The decrease in the Group's profit before taxation was mainly due to loss incurred by the refinery segment, along with a drop in share of contribution by the associates and joint venture.

The palm oil equipment and engineering segment reported a comparable profit before taxation despite an increase in revenue by 16% as compared to the last financial period. The increase in revenue was mainly due to the higher projects billing and implementation during the current financial period. The profit was lessened by a loss incurred resulting from the poor performance of its other investments during the current financial period.

The special purpose vehicles segment reported higher revenue by 104% and profit before taxation by 137% as compared to the last financial period. The improved performance was mainly due to increase in project billing and implementation during the current financial period.

The palm oil plantations segment reported higher revenue with a lower loss as compared to the last financial period. The increases were mainly due to higher revenue resulting from higher prices of palm products.

The refinery segment reported a loss of RM31.3 million despite an increase in revenue as compared to a profit of RM7.8 million in the last financial period. The segment's result was impacted by operation and trading losses resulting from a dip in crude palm oil price, further undermined by a loss on derivative of RM16.8 million incurred during the current financial period.

The associates and joint venture reported a combined share of profit of RM14.6 million as compared to a profit of RM17.1 million in the last financial period. The decrease was mainly due to lower production of palm products and higher production costs during the current financial period.

#### 14. Comparison with preceding quarter's result

	Current quarter 30/09/2022 RM'000	Preceding quarter 30/06/2022 RM'000	Changes %
Revenue	207,333	245,885	-15.7%
Profit/(Loss) from operations	(24,211)	16,972	-242.7%
Profit/(Loss) before taxation	(25,039)	21,323	-217.4%
Profit/(Loss) after taxation	(24,035)	17,831	-234.8%
Profit/(Loss) attributable to owners of the parent	(24,172)	15,973	-251.3%

The Group's reported a loss for the current quarter with a lower revenue as compared to a profit in the immediate preceding quarter.

The decrease in the Group's revenue was mainly due to lower project billings and implementation by the palm oil equipment and engineering segment during the current quarter. In addition, the plantation segment also reported lower revenue resulting from lower prices of palm products in the current quarter.

The loss incurred during the current quarter was mainly due to losses reported by the refinery segment resulting from operation and derivative hedging losses. The result was further undermined by loss posted by the plantation segment due to lower production of palm products during the current quarter.

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### 15. Commentary on prospects

Considering the progress of the projects secured in hand and the current challenging environment, the Board is optimistic that the Group will be able to achieve satisfactory results mainly driven by the palm oil equipment and engineering segment for the financial year ending 31 December 2022.

### 16. Corporate proposals

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

### 17. Taxation

	Individual quarter 30/09/2022 RM'000	Cumulative period 30/09/2022 RM'000
Malaysian taxation	(718)	5,171
Foreign taxation	(286)	1,114
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	(1,004)	6,285

### 18. Borrowings and debt securities

Group borrowings as at the date of issue of these interim financial statements:-

	Current RM'000	Non-current RM'000	Total RM'000
Ringgit Malaysia	51,972	3,701	55,673
Rupiah	2,808	15,700	18,508
US Dollar	7,904	102,221	110,125
Total	62,684	121,622	184,306

### 19. Derivative financial instruments

There were no outstanding derivative financial instruments as at the date of issue of these interim financial statements other than the following:-

	Contract/Notional value RM'000	Fair value assets/(liabilities) RM'000
Commodity Future contracts - Less than 1 year	2,492	3

### 20. Profit forecast and profit guarantee

No profit forecast and profit guarantee were issued by the Company during the current quarter.

### 21. Material litigation

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

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**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	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Interest income	(76)	(2,687)	(1,558)	(3,776)
Interest expense	2,682	1,830	7,269	6,052
Depreciation/Amortization	5,686	7,312	17,091	16,752
Bad debts recovered/ Reversal of impairment loss on receivables	(1,755)	(38)	(3,263)	(280)
Allowance for impairment loss on receivables/Bad debts written off	32	-	32	-
Allowance for impairment loss on assets	-	5,742	-	5,742
(Gain)/Loss on disposal of property, plant and equipment	(427)	70	(673)	(495)
Other investment (income)/loss	4,946	(1,919)	11,933	(4,117)
Fair value (gain)/loss on :-				
- Biological assets	-	(202)	(527)	(288)
(Gain)/Loss on Derivative	3,729	(1,653)	16,850	(2,179)
(Gain)/Loss on foreign exchange	(1,163)	(421)	(2,613)	(1,046)

**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	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Weighted average number of ordinary shares in issue ('000)	477,955	483,793	477,955	483,793
Basic earnings per share (sen)	(5.06)	3.35	2.13	10.38
Diluted earnings per share (sen)	(5.06)	3.35	2.13	10.38

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.

**25. 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 24 November 2022.