

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 2023. 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 2023.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023. 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 2023 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.

6. Dividends paid

A second interim single tier dividend of 2 sen per ordinary share amounting to RM9,402,491 in respect of the financial year ended 31 December 2023 was paid on 26 February 2024.

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 2023.

8. 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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9. Segmental information

For the period ended 31 March 2024				
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	51,724	3,531	55,255	11,845
- Palm oil plantation	53,384	-	53,384	3,848
- Retrofitting special purpose vehicles	22,190	-	22,190	403
- Refinery	46,039	-	46,039	(8,570)
Elimination	-	(3,531)	(3,531)	-
	173,337	-	173,337	7,526
Share of results of associates				462
Share of result of joint ventures				(432)
Total	173,337	-	173,337	7,556

For the period ended 31 March 2023				
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	60,746	2,786	63,532	16,371
- Palm oil plantation	35,214	-	35,214	(2,879)
- Retrofitting special purpose vehicles	20,322	-	20,322	1,891
- Refinery	67,054	-	67,054	3,468
Elimination	-	(2,786)	(2,786)	-
	183,336	-	183,336	18,851
Share of results of associates				(881)
Share of result of joint ventures				246
Total	183,336	-	183,336	18,216

10. 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 30 May 2023, 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 3,292,800 of its issued ordinary shares from the open market at an average price of RM1.341 per share. The total consideration paid for the repurchase including transaction costs was RM4,415,975 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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 2023.

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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 31 March 2024 decreased by 5% and 59% respectively as compared to the same financial period last year.

The decrease in the Group's revenue was mainly due to lower revenue generated by the refinery segment. The decrease in the Group's profit before taxation was mainly due to losses incurred by the refinery segment and joint venture. In addition, the special purpose vehicles, palm oil equipment and engineering segments also posted lower profit as compared to the same financial period last year.

The palm oil equipment and engineering segment reported lower revenue and profit before taxation by 13% and 28% respectively as compared to the last financial period last year. The decrease was mainly due to decrease in projects billing and implementation during the current financial period.

The special purpose vehicles segment reported lower profit before taxation despite increase in revenue by 9%.as compared to the same financial period last year. The increase in revenue was mainly due to higher projects billing during the current financial period whereas the lower profit was mainly due to higher operating expenses incurred in the current financial period.

The palm oil plantations segment reported higher revenue and recovered from a loss in the last financial period to a profit of RM3.8 million in the current financial period. The improvement in performance mainly due to higher production by plantation as well as milling operations during the current financial period.

The refinery segment reported a loss of RM8.6 million with a decrease in revenue by 31% as compared to the same financial period last year. The segment was impacted by operation and trading losses during the current financial period.

The associates and joint venture reported a marginal combined share of profit as compared to a combined loss of RM0.6 million in the last same financial period last year. The improvement was mainly due to increase in production of palm products during the current financial period.

14. Comparison with preceding quarter's result

	Current quarter 31/03/2024 RM'000	Preceding quarter 31/12/2023 RM'000	Changes %
Revenue	173,337	211,823	-18.2%
Profit/(Loss) from operations	11,080	47,879	-76.9%
Profit/(Loss) before taxation	7,556	45,748	-83.5%
Profit/(Loss) after taxation	4,908	38,471	-87.2%
Profit/(Loss) attributable to owners of the parent	4,119	38,046	-89.2%

Both the Group's revenue and profit before taxation for the current quarter decreased as compared to the immediate preceding quarter.

The decrease in the Group's revenue was mainly due to lower revenue generated by the refinery segment resulting from decrease in production and trading operations during the current quarter. In addition, the special purpose vehicles, palm oil equipment and engineering segments also reported decrease in revenue mainly due to lower projects billing and implementation as compared to the preceding quarter.

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The decrease in the Group's profits before taxation was mainly due to a loss incurred by the refinery segment resulting from its operation and trading losses during the current quarter. In addition, the palm oil equipment and engineering, associates and joint venture also posted lower profits as compared to the preceding quarter.

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 2024.

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 31/03/2024 RM'000	Cumulative period 31/03/2024 RM'000
Malaysian taxation	2,473	2,473
Foreign taxation	175	175
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	2,648	2,648

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	35,961	18,440	54,401
Rupiah	6,010	13,637	19,647
US Dollar	16,002	95,567	111,569
Total	57,973	127,644	185,617

19. Derivative financial instruments

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

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

The Board of Directors proposed a first interim single tier dividend of 2 sen per ordinary share in respect of the financial year ending 31 December 2024. 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	
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
Interest income	(272)	(139)	(272)	(139)
Interest expense	3,230	3,183	3,230	3,183
Depreciation/Amortization	5,300	5,157	5,300	5,157
Bad debts recovered/ Reversal of impairment loss on receivables	-	(49)	-	(49)
Allowance for impairment loss on receivables/Bad debts written off	-	-	-	-
Allowance for impairment loss on assets	-	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	-	-
Other investment (income)/loss	(124)	(2,490)	(124)	(2,490)
Fair value (gain)/loss on :-				
- Biological assets	-	(281)	-	(281)
(Gain)/Loss on Derivative	103	-	103	-
(Gain)/Loss on foreign exchange	144	805	144	805

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	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
Weighted average number of ordinary shares in issue (*000)	468,658	477,955	468,658	477,955
Basic earnings per share (sen)	0.88	2.58	0.88	2.58
Diluted earnings per share (sen)	0.88	2.58	0.88	2.58

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 30 May 2024.