

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

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 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.

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

9. Segmental information

For the period ended 30 June 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	103,352	6,727	110,079	28,899
- Palm oil plantation	105,354	-	105,354	11,841
- Retrofitting special purpose vehicles	48,522	-	48,522	1,834
- Refinery	86,550	-	86,550	(11,038)
Elimination		(6,727)	(6,727)	-
	343,778	-	343,778	31,336
Share of results of associates				1,605
Share of result of joint ventures				(544)
Total	338,533	-	338,533	32,597

For the period ended 30 June 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	124,524	6,500	131,024	29,741
- Palm oil plantation	72,760	-	72,760	(6,393)
- Retrofitting special purpose vehicles	40,174	-	40,174	2,441
- Refinery	156,127	-	156,127	3,045
Elimination		(6,500)	(6,500)	-
	393,585	-	393,585	28,834
Share of results of associates				(1,130)
Share of result of joint ventures				(248)
Total	393,585	-	393,585	27,456

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 2023.

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

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 for the financial period ended 30 June 2024 decreased by 13% while the profit before taxation for the financial period ended 30 June 2024 increased by 19% 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 and palm oil equipment and engineering segment. The increase in the Group's profit before taxation was mainly due to palm oil plantation and milling segment posted a higher 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 17% and 3% 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 21%.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 Profit before taxation of RM105.4 million and RM11.8 million respectively as compared to the same financial period last year. 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 RM11.04 million with a decrease in revenue by 45% as compared to the same financial period last year. The segment was impacted by lower billing generation with operation losses during the current financial period.

The associates and joint venture recovered a combined share of loss of RM1.4 million in the last same financial period last year to a profit of RM 1.1 million in the current financial period. 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 30/06/2024 RM'000	Preceding quarter 31/03/2024 RM'000	Changes %
Revenue	170,441	173,337	-1.7%
Profit/(Loss) from operations	26,466	11,080	138.9%
Profit/(Loss) before taxation	25,041	7,556	231.4%
Profit/(Loss) after taxation	22,393	4,908	356.3%
Profit/(Loss) attributable to owners of the parent	21,604	4,119	424.5%

The Group's reported higher profit before taxation for the current quarter despite an decrease in revenue as compared to the immediate preceding quarter.

The marginal 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.

The increase in the Group's profits before taxation was mainly due to improvement in the refinery with a lower loss incurred as compared to preceding quarter. In addition, palm oil equipment and engineering, and the palm oil plantation and milling segments posted a higher profits in current quarter.

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

(Incorporated in Malaysia)

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 other than the following:-

On 29 July 2024, the Company and TPG Oil & Gas Sdn. Bhd. (“TPG”), a wholly owned subsidiary of the Company entered into the following shares sale and purchase agreements with Green Resources Malaysia Ltd (“GRML”) for disposal of shares in its subsidiaries (“Disposal of Shares”):-

- (a) Share sale and purchase agreement between the Company, TPG and GRML for the disposal of 100,000,000 ordinary shares in Gulf Lubes Malaysia Sdn. Bhd. (“GLM”), representing 100% of the total issued share capital of GLM for a total cash consideration of RM10,283,500.00; and
- (b) Share sale and purchase agreement between the Company and GRML for the disposal of 16,100,000 ordinary shares in TPG Oil & Gas Sdn. Bhd. (“TPG”), representing 100% of the total issued share capital of TPGOG for a total cash consideration of RM10,283,500.00.

The Disposal of Shares are pending the fulfilment of the conditions precedent as stated in the agreements. For further details, please refer to our announcement to Bursa Securities on 29 July 2024.

17. Taxation

	Individual quarter 30/06/2024 RM'000	Cumulative period 30/06/2024 RM'000
Malaysian taxation	7,405	7,100
Foreign taxation	1,819	175
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	9,224	7,275

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	49,218	26,635	75,853
Rupiah	6,178	5,279	11,457
US Dollar	16,002	89,580	105,582
Total	71,398	121,494	192,892

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.

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

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21. Material litigation

There were no material litigations 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	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Interest income	(2,011)	(1,268)	(2,283)	(1,407)
Interest expense	2,601	3,210	5,831	6,393
Depreciation/Amortization	4,062	6,714	9,362	12,559
Bad debts recovered/ Reversal of impairment loss on receivables	-	-	-	(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	-	(303)	-	(303)
Other investment (income)/loss	(34)	2,329	(158)	(161)
Fair value (gain)/loss on :-				
- Biological assets	-	(141)	-	(422)
(Gain)/Loss on Derivative	-	(1,005)	-	(1,005)
(Gain)/Loss on foreign exchange	(1,465)	(974)	(1,321)	169

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	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Weighted average number of ordinary shares in issue ('000)	468,658	477,955	468,658	477,955
Basic earnings per share (sen)	3.67	1.37	4.55	3.95
Diluted earnings per share (sen)	3.67	1.37	4.55	3.95

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 29 August 2024.