

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 first interim single tier dividend of 2 sen per ordinary share amounting to RM9,373,163 in respect of the financial year ending 31 December 2024 was paid on 28 August 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 30 September 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	152,118	12,597	164,715	36,266
- Palm oil plantation	153,239	-	153,239	20,819
- Retrofitting special purpose vehicles	76,411	-	76,411	3,564
- Refinery	137,408	-	137,408	(28,639)
Elimination		(12,597)	(12,597)	-
	519,176	-	519,176	32,010
Share of results of associates				3,217
Share of result of joint ventures				(478)
Total	519,176	-	519,176	34,749

For the period ended 30 September 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	207,497	9,889	216,386	44,201
- Palm oil plantation	110,114	-	110,114	(7,069)
- Retrofitting special purpose vehicles	62,707	-	62,707	6,849
- Refinery	249,899	-	249,899	5,229
Elimination	-	(9,889)	(9,889)	-
	629,217	-	629,217	49,210
Share of results of associates				1,019
Share of result of joint ventures				443
Total	629,217	-	629,217	50,672

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 2024, 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 222,000 of its issued ordinary shares from the open market at an average price of RM1.358 per share. The total consideration paid for the repurchase including transaction costs was RM301,431 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 for the financial period ended 30 September 2024 decreased by 17% while the profit before taxation for the financial period ended 30 September 2024 decreased by 31% 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 decrease in the Group's profit before taxation was mainly due to loss incurred by the refinery segment as compared to the same financial period last year.

The palm oil equipment and engineering segment reported lower revenue and profit before taxation by 26% and 18% 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 22% 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 production and operating costs incurred in the current financial period.

The palm oil plantations segment reported higher revenue and profit before taxation of RM153 million and RM21 million respectively as compared to the same financial period last year. The improvement in performance mainly due to higher production by plantation and milling operations. In addition, the increase in profit was also assisted by higher prices of palm products during the current quarter.

The refinery segment reported a loss of RM28 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 posted a combined share of gain of RM2.7 million in the current financial period as compared to a profit of RM1.5 million in the same financial period last year. The improvement was mainly due to increase in prices and production of palm products during the current financial period.

14. Comparison with preceding quarter's result

	Current quarter 30/09/2024 RM'000	Preceding quarter 30/06/2024 RM'000	Changes %
Revenue	175,398	170,441	-2.9%
Profit/(Loss) from operations	3,484	26,466	-86.8%
Profit/(Loss) before taxation	2,152	25,041	-91.4%
Profit/(Loss) after taxation	(1,317)	18,465	-107.1%
Profit/(Loss) attributable to owners of the parent	(2,872)	17,205	-116.7%

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

The increase in the Group's revenue was mainly due to higher revenue generated by the Refinery segment as well as special purpose vehicles segment resulting from increase in project implementation during the current quarter.

The decrease in the Group's profits before taxation was mainly due to higher loss incurred by refinery segment and lower contribution posted by palm oil equipment and engineering segment.

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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 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 30/09/2024 RM'000	Cumulative period 30/09/2024 RM'000
Malaysian taxation	3,164	10,569
Foreign taxation	305	2,124
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	3,469	12,693

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	33,950	27,991	61,941
Rupiah	6,178	3,106	9,284
US Dollar	16,002	86,368	102,370
Total	56,130	117,465	173,595

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.

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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

The Board of Directors proposed a second 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	
	30/09/2024 RM'000	30/09/2023 RM'000	30/09/2024 RM'000	30/09/2023 RM'000
Interest income	-	(8)	(1,205)	(1,415)
Interest expense	2,804	3,877	8,635	10,270
Depreciation/Amortization	3,846	4,755	13,208	17,314
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	6	66	6	(237)
Other investment (income)/loss	-	(599)	(158)	(760)
Fair value (gain)/loss on :-				
- Biological assets	-	(422)	-	(844)
(Gain)/Loss on Derivative	-	(49)	-	(1,054)
(Gain)/Loss on foreign exchange	2,224	(1,554)	903	(1,723)

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	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
Weighted average number of ordinary shares in issue ('000)	468,436	475,503	468,436	475,503
Basic earnings per share (sen)	(0.61)	2.94	3.94	6.91
Diluted earnings per share (sen)	(0.61)	2.94	3.94	6.91

The potential conversion of warrants is anti-dilutive as their exercise prices are lower 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 28 November 2024.