

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
**(Incorporated in Malaysia)**

**Condensed Consolidated Income Statements**  
**For the Three-Month Period Ended 30 September 2006**  
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 3 months ended	
		30.9.2006 RM'000	30.9.2005 RM'000 (restated)	30.9.2006 RM'000	30.9.2005 RM'000 (restated)
<b>Revenue</b>	5	2,722	2,915	2,722	2,915
Other Operating Income		2	-	2	-
Changes in Inventories		125	52	125	52
Staff Costs		(185)	(195)	(185)	(195)
Depreciation		(6)	(53)	(6)	(53)
Subcontract Labour Costs, Fertilizer and Chemical Costs		(725)	(765)	(725)	(765)
Foreign Exchange Loss		(120)	(463)	(120)	(463)
Other Operating Expenses		(568)	(400)	(568)	(400)
Write-back of Provision / (Provision) for Diminution In Value of Investment		189	(1,287)	189	(1,287)
<b>Profit/(Loss) from Operations</b>	5	1,434	(196)	1,434	(196)
Share of Profit of Associates		3,469	1,221	3,469	1,221
<b>Profit before Taxation</b>		4,903	1,025	4,903	1,025
Income tax expense	20	(311)	(291)	(311)	(291)
<b>Net profit for the period</b>		4,592	734	4,592	734
<b>Earnings per share attributable to equity holders:</b>					
Basic (Sen)	28	7.59	1.21	7.59	1.21

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet**  
**As at 30 September 2006**

	Note	As at 30.9.2006 RM'000	As at 30.6.2006 RM'000 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,505	1,512
Investment properties		17,037	5,539
Investment in associates		71,091	54,663
Other investments	22	-	26,207
Available-for-sale investments	22	105,559	-
Deferred tax assets		135	135
		<u>195,327</u>	<u>88,056</u>
<b>Current assets</b>			
Inventories		159	35
Trade and other receivables		873	1,116
Current tax recoverable		40	103
Cash and bank balances		122,910	121,120
		<u>123,982</u>	<u>122,374</u>
<b>TOTAL ASSETS</b>		<u>319,309</u>	<u>210,430</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders</b>			
Share capital		60,492	60,492
Reserves		251,854	146,773
		<u>312,346</u>	<u>207,265</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		360	352
Deferred tax liabilities		3,432	-
		<u>3,792</u>	<u>352</u>
<b>Current liabilities</b>			
Trade payables		141	215
Other payables		3,030	2,598
		<u>3,171</u>	<u>2,813</u>
<b>Total liabilities</b>		<u>6,963</u>	<u>3,165</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>319,309</u>	<u>210,430</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Condensed Consolidated Statement of Changes in Equity  
For the Three-Month Period Ended 30 September 2006**

Note	Share Capital RM'000	Non-Distributable		Distributable			Total Equity RM'000
		Capital Reserves RM'000	Fair Value Reserve RM'000	Foreign Fluctuation Reserves RM'000	Cultivation and Replacement Reserves RM'000	General Reserve RM'000	
<b>At 1 July 2006</b>							
As previously stated	60,492	40,255	-	14,053	7,364	11,000	208,716
Prior year adjustments:							
- effects of adopting FRS 121 (revised)	-	-	-	(1,451)	-	-	(1,451)
<b>At 1 July 2006 (restated)</b>	60,492	40,255	-	12,602	7,364	11,000	207,265
Effects of adopting:							
FRS 139	-	10,405	68,800	-	-	-	79,205
FRS 140	-	-	-	-	-	-	11,513
	60,492	50,660	68,800	12,602	7,364	11,000	297,983
Share of associated companies' reserve	-	(1,291)	-	-	-	-	(1,291)
Foreign currency translation	-	-	-	511	-	-	511
Available-for-sale financial assets:							
Fair value gain	-	-	10,551	-	-	-	10,551
Profit for the period	-	-	-	-	-	4,592	4,592
Total recognised income and expense for the period	-	(1,291)	10,551	511	-	4,592	14,363
<b>At 30 September 2006</b>	60,492	49,369	79,351	13,113	7,364	11,000	312,346

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity (Cont'd)**  
**For the Three-Month Period Ended 30 September 2006**

Note	Share Capital RM'000	Non-Distributable		Distributable			Total Equity RM'000
		Capital Reserves RM'000	Fair Value Reserve RM'000	Foreign Fluctuation Reserves RM'000	Cultivation and Replacement Reserves RM'000	General Reserve RM'000	
<b>At 1 July 2005</b>	60,492	43,894	-	17,015	7,500	11,000	199,861
Transfer (to)/from reserves	-	(1,287)	-	-	-	-	1,287
Foreign currency translation Profit for the period	-	-	-	(688)	-	-	(688)
Total recognised income and expense for the period	-	(1,287)	-	(688)	-	-	2,021
<b>At 30 September 2005</b>	60,492	42,607	-	16,327	7,500	11,000	199,907

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Condensed Consolidated Cash Flow Statement**  
**For the Three-Month Period Ended 30 September 2006**

	<b>3 months ended</b>	
	<b>30.9.2006</b>	<b>30.9.2005</b>
	<b>RM'000</b>	<b>RM'000</b> (restated)
Net cash generated from operating activities	376	352
Net cash generated from investing activities	1,232	1,002
Net increase in cash and cash equivalents	<u>1,608</u>	<u>1,354</u>
Effects of exchange rate changes	182	(1,077)
Cash and cash equivalents at beginning of financial period	<u>121,120</u>	<u>117,841</u>
Cash and cash equivalents at end of financial period	<u>122,910</u>	<u>118,118</u>

Cash and cash equivalents at the end of the financial period comprise the following :

	<b>As at</b>	<b>As at</b>
	<b>30.9.2006</b>	<b>30.9.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	<u>122,910</u>	<u>118,118</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part A - Explanatory Notes Pursuant to FRS 134**

**1. Basis of Preparation**

The interim financial statements have been prepared under the historical cost convention except for the assets and liabilities that are stated at fair values: available-for-sale investments and investment properties.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2006.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 July 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

and early adoption of FRS 139 Financial Instruments: Recognition and Measurement.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part A - Explanatory Notes Pursuant to FRS 134**

**2. Changes in Accounting Policies (Cont'd)**

The adoption of the above-mentioned FRS does not have any significant financial impact on the Group except for the following:

**(a) FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of share of net after-tax results of associate and other disclosures.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

**(b) FRS 121: The Effects of Changes in Foreign Exchange Rates**

Items included in the financial statements of the Group's are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's presentation currency.

Under the revised FRS 121, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are to be recognised in profit or loss in the consolidated financial statements. Previously, such exchange differences were taken to equity. This change in accounting policy has been accounted for retrospectively and has resulted in the following:

	<b>As at</b>	<b>As at</b>
	<b>1.7.2006</b>	<b>1.7.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Decrease in investment in associated companies	(1,451)	-
Decrease in exchange fluctuation reserve	(1,451)	-

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part A - Explanatory Notes Pursuant to FRS 134**

**2. Changes in Accounting Policies (Cont'd)**

As disclosed in Note 3, certain comparatives have been restated due to this change in accounting policy.

In addition, as of 1 July 2006, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are now treated as assets and liabilities of the foreign operation and translated at the closing date. In accordance with the transitional provisions of FRS 121, this change is applied prospectively. Goodwill acquired in business combinations prior to 1 July 2006 and fair value adjustments arising on those acquisitions are deemed to be assets and liabilities of the parent company and were translated using the exchange rate at the dates of acquisitions.

**(c) FRS 139: Financial Instruments: Recognition and Measurement**

This FRS sets out the new requirements for the recognition, derecognition and measurement of the Group's financial instruments and hedge accounting. All financial assets are required to be classified into appropriate categories at initial recognition and the categorisations are re-evaluated at every reporting date. The categories are:

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value including transaction costs and subsequently accounted for at amortised cost less impairment. Prior to 1 July 2006, loans and receivables were stated at the gross proceeds receivable less provision for doubtful debts.

**(ii) Available-for-sale ("AFS") financial assets**

AFS financial assets are those non-derivative financial assets that are designated as available-for-sale. Such assets are initially recognised at its fair value including transaction costs and subsequently measured at fair value at the balance sheet date with all gains and losses other than impairment loss taken to equity. Impairment losses are recognised in profit or loss in the period it arises. On disposal, gains and losses previously taken to equity are recognised in profit or loss. Any reversal of an impairment loss in respect of a debt instrument classified as AFS financial assets is recognised in profit or loss. An impairment loss in respect of an investment in an equity instrument classified as AFS financial assets is not reversed through profit or loss. Prior to 1 July 2006, such investments were accounted for at cost less provision for diminution in value that was other than temporary, which was recognised in profit or loss when they arose. Any reversal of the provision for diminution in value was also recognised in profit or loss.



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**Part A - Explanatory Notes Pursuant to FRS 134**

**2. Changes in Accounting Policies (Cont'd)**

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 30 June 2006 are not restated. Instead, the changes have been accounted for by restating the following opening balance in the balance sheet as at 1 July 2006:

	<b>As at 1.7.2006 RM'000</b>
Increased in investment in associates	10,405
Increased in capital reserves	10,405
Increased in available-for-sale investments	68,800
Increase in fair value reserve	<u>68,800</u>

In addition, this change in accounting policy has the effect of increasing the equity by RM10.551 million for the current quarter ended 30 September 2006.

**(d) FRS 140: Investment Property**

The adoption of this new FRS has resulted in a retrospective reclassification of the investment properties from property, plant and equipment. Investment properties are now stated at fair value, representing open-market value determined by external valuers. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise. Prior to 1 July 2006, investment properties were stated at cost less accumulated depreciation. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 30 June 2006 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 July 2006:

	<b>As at 1.7.2006 RM'000</b>
Increase in retained earnings	11,513
Increase in deferred tax liabilities	3,432
Increase in investment properties	11,437
Increase in investment in associates	<u>3,508</u>

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**Part A - Explanatory Notes Pursuant to FRS 134**

**3. Comparatives**

The following comparative amounts have been restated due to the adoption of new and revised FRSS:

	<b>Previously stated RM'000</b>	<b>Adjustment FRS 121 (Note 2(b)) RM'000</b>	<b>Restated RM'000</b>
<b>At 30 June 2006</b>			
<b>ASSETS</b>			
Investment in associates	56,114	(1,451)	54,663
<b>EQUITY AND LIABILITIES</b>			
Exchange fluctuation reserves	<u>14,053</u>	<u>(1,451)</u>	<u>12,602</u>

The following amounts as at 30 June 2006 have been reclassified due to the adoption of FRS 140 (Note 2(d)):

	<b>Previously stated RM'000</b>	<b>classification FRS 140 RM'000</b>	<b>Restated RM'000</b>
Property, plant and equipment	7,051	(5,539)	1,512
Investment properties	<u>-</u>	<u>5,539</u>	<u>5,539</u>

**4. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 30 June 2006 was not qualified.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part A - Explanatory Notes Pursuant to FRS 134**

**5. Segmental Information**

	<b>3 months ended</b>	
	<b>30.9.2006</b>	<b>30.9.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Plantation	1,443	1,792
Investment	1,279	1,123
Total	<u>2,722</u>	<u>2,915</u>
<b>Segment results</b>		
Plantation	551	853
Investment	1,208	(720)
	<u>1,759</u>	<u>133</u>
Unallocated corporate expenses	(325)	(329)
Profit from operations	<u>1,434</u>	<u>(196)</u>

**6. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2006 except as disclosed in Note 2.

**7. Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**8. Comments about Seasonal or Cyclical Factors**

The revenue and earnings are impacted by the production of fresh fruit bunches and volatility of the selling price of crude palm oil. The production of fresh fruit bunches is influenced by weather conditions, production cycle and age of palms.

**9. Dividends Paid**

No dividend was paid since the last quarter.

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**Part A - Explanatory Notes Pursuant to FRS 134**

**10. Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 30 June 2006.

**11. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares in the current quarter.

**12. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**13. Capital Commitments**

There are no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2006.

**14. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets as at 30 September 2006.

**15. Subsequent Events**

There were no material events subsequent to the end of the current quarter.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
Bursa Malaysia Securities Berhad**

**16. Performance Review**

The Group's revenue of RM2.722 million for the quarter ended 30 September 2006 was lower by RM193,000 as compared to that of the quarter ended 30 September 2005. This was due to lower sales and dividend income partially offset by higher interest income. The after-tax profit of RM4.592 million was significantly higher than the corresponding quarter's RM732,000. This was mainly due to current quarter's increased share of associate's profit of RM3.469 million as compared to RM1.221 million for the corresponding quarter. The early adoption of FRS 139 Financial Instruments: Recognition and Measurement with all fair value gains and losses arising from the revaluation of the Group's available-for-sale investments taken to equity (Note 2(c)(ii)) has also affected the current quarter's profit. Prior to 1 July 2006, any provisions for diminution in value are recognised through profit and loss. For the quarter ended 30 September 2005, such provision for diminution in value of investment of RM1.287 million was included in the condensed income statements.

**17. Comment on Material Change in Profit Before Taxation**

For the quarter under review, the Group achieved a pre-tax profit of RM4.903 million as compared to the immediate preceding quarter's pre-tax profit of RM8.355 million. The significant shortfall was due to lower dividend income, higher operating expenses and unrealised exchange loss of RM120,000 as compared to the unrealised exchange gain of RM3.065 million attained for the immediate preceding quarter. This shortfall was partially offset by higher sales and share of profit of associates.

**18. Commentary on Prospects**

The plantation performance for the rest of the financial year will very much depend on the price movement, which is anticipated to appreciate in the near future. This is due to the strong demand from large population countries such as China and India and an increase in usage of palm oil as bio-diesel. However, production is expected to be lower especially from older palms and replanting and recent droughts. The results of the associated companies may be further affected by the market valuation of their investments and currency fluctuations.

**19. Profit Forecast or Profit Guarantee**

There is no profit forecast and profit guarantee.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
 Bursa Malaysia Securities Berhad**

**20. Income Tax Expense**

	<b>Individual Quarter</b>		<b>Year-To-Date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30.9.2006</b>	<b>30.9.2005</b>	<b>30.9.2006</b>	<b>30.9.2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>		<b>(restated)</b>
Current tax:				
Malaysian income tax	215	198	215	198
Foreign tax	96	93	96	93
Total income tax expense	<u>311</u>	<u>291</u>	<u>311</u>	<u>291</u>

The effective tax rate for the current quarter ended 30 September 2006 was lower than the statutory tax rate principally due to certain income exempted for tax purposes while it was higher in the previous quarter ended 30 September 2005 due to certain expenses not deductible for tax purposes.

**21. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties.

**22. Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter and year to-date.

Details of investments in quoted securities classified as available-for-sale financial assets:

	<b>As at</b>
	<b>30.9.2006</b>
	<b>RM'000</b>
At cost	26,207
At carrying value / market value	<u>105,559</u>

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
Bursa Malaysia Securities Berhad**

**23. Corporate Proposals**

There was no corporate proposal announced by the Company as at the date of the issue of this quarterly report.

**24. Borrowings**

There were no borrowings and debt securities as at 30 September 2006.

**25. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 27 November 2006.

**26. Changes in Material Litigation**

There was no pending material litigation as at the date of the issue of this quarterly report.

**27. Dividend Payable**

A first and final dividend in respect of the financial year ended 30 June 2006, of 2% less 28% taxation on 60,491,552 ordinary shares, amounting to a dividend payable of RM871,078 (1.4 sen net per ordinary share) has been approved by the shareholders at the annual general meeting on 27 November 2006.

**SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)**  
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
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**28. Earnings Per Share**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

	<b>Individual Quarter</b>		<b>Year-To-Date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30.9.2006</b>	<b>30.9.2005</b>	<b>30.9.2006</b>	<b>30.9.2005</b>
Profit attributable to ordinary equity holders (RM'000)	<u>4,592</u>	<u>734</u>	<u>4,592</u>	<u>734</u>
Weighted average number of ordinary shares in issue	<u>60,492</u>	<u>60,492</u>	<u>60,492</u>	<u>60,492</u>
Basic earnings per share (Sen)	<u>7.59</u>	<u>1.21</u>	<u>7.59</u>	<u>1.21</u>

**(b) Diluted**

Diluted earnings per share is not presented as there is no dilutive potential ordinary shares outstanding as at 30 September 2006.

**29. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 November 2006.