

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

Condensed Consolidated Income Statements
For the Six-Month Period Ended 31 December 2006
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 6 months ended	
		31.12.2006 RM'000	31.12.2005 RM'000 (restated)	31.12.2006 RM'000	31.12.2005 RM'000 (restated - refer Note 3)
Revenue	5	3,886	3,229	6,608	6,144
Other Income		-	1	2	1
Changes in Inventories		(131)	99	(6)	151
Staff Costs		(211)	(189)	(396)	(384)
Depreciation		(6)	(54)	(12)	(107)
Subcontract Labour Costs, Fertilizer and Chemical Costs		(569)	(477)	(1,294)	(1,242)
Foreign Exchange Gain / (Loss)		2,525	(12)	2,405	(475)
Other Expenses		(195)	(429)	(763)	(829)
Provision for Diminution In Value of Investment		(189)	(1,477)	-	(2,764)
Profit from Operations	5	5,110	691	6,544	495
Share of Profit of Associates		571	920	4,040	2,141
Profit before Taxation		5,681	1,611	10,584	2,636
Income tax expense	20	(215)	(480)	(526)	(771)
Net profit for the period		5,466	1,131	10,058	1,865
Earnings per share attributable to equity holders:					
Basic (Sen)	28	9.04	1.87	16.63	3.08

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 31 December 2006

	Note	As at 31.12.2006 RM'000	As at 30.6.2006 RM'000 (restated - refer Note 3)
ASSETS			
Non-current assets			
Property, plant and equipment		1,500	1,512
Investment properties		16,320	5,539
Investment in associates		71,875	54,663
Other investments	22	-	26,207
Available-for-sale investments	22	109,318	-
Deferred tax assets		135	135
		<u>199,148</u>	<u>88,056</u>
Current assets			
Inventories		29	35
Trade and other receivables		1,899	1,116
Current tax recoverable		20	103
Cash and bank balances		122,129	121,120
		<u>124,077</u>	<u>122,374</u>
TOTAL ASSETS		<u>323,225</u>	<u>210,430</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital		60,492	60,492
Reserves		256,298	146,773
		<u>316,790</u>	<u>207,265</u>
Non-current liabilities			
Retirement benefit obligations		363	352
Deferred tax liabilities		3,432	-
		<u>3,795</u>	<u>352</u>
Current liabilities			
Trade and other payables		2,640	2,813
		<u>2,640</u>	<u>2,813</u>
Total liabilities		<u>6,435</u>	<u>3,165</u>
TOTAL EQUITY AND LIABILITIES		<u>323,225</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 Six-Month Period Ended 31 December 2006

	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	
At 1 July 2006	60,492	40,255	-	14,053	7,364	11,000	208,716
As previously stated	-	-	-	(1,451)	-	-	(1,451)
Prior year adjustments:							
- effects of adopting FRS 121 (revised)	2(b)	-	-	(1,451)	-	-	(1,451)
At 1 July 2006 (restated)	60,492	40,255	-	12,602	7,364	11,000	207,265
Effects of adopting:							
FRS 139	2(c)	10,405	68,800	-	-	-	79,205
FRS 140	2(d)	-	-	-	-	-	11,513
	60,492	50,660	68,800	12,602	7,364	11,000	297,983
Share of associated companies' reserve	-	886	-	-	-	-	886
Foreign currency translation	-	-	-	(5,577)	-	-	(5,577)
Available-for-sale financial assets:							
Fair value gain	-	-	14,311	-	-	-	14,311
Profit for the period	-	-	-	-	-	10,058	10,058
Dividend	-	-	-	-	-	(871)	(871)
Total recognised income and expense for the period	-	886	14,311	(5,577)	-	-	9,187
At 31 December 2006	60,492	51,546	83,111	7,025	7,364	11,000	316,790

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Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the Six-Month Period Ended 31 December 2006

Note	Non-Distributable		Distributable		Total Equity RM'000			
	Share Capital 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	Retained Earnings RM'000
At 1 July 2005	60,492	43,894	-	17,015	7,500	11,000	59,960	199,861
Transfer (to)/from reserves	-	(2,765)	-	-	-	-	2,765	-
Foreign currency translation	-	-	-	(500)	-	-	-	(500)
Profit for the period	-	-	-	-	-	-	1,865	1,865
Dividend	-	-	-	-	-	-	(871)	(871)
Total recognised income and expense for the period	-	(2,765)	-	(500)	-	-	3,759	494
At 31 December 2005	60,492	41,129	-	16,515	7,500	11,000	63,719	200,355

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 Six-Month Period Ended 31 December 2006

	6 months ended	
	31.12.2006	31.12.2005
	RM'000	RM'000 (restated)
Net cash generated from operating activities	499	322
Net cash generated from investing activities	2,278	2,167
Net cash used in financing activities	(871)	(871)
Net increase in cash and cash equivalents	<u>1,906</u>	<u>1,618</u>
Effects of exchange rate changes	(897)	(939)
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>122,129</u>	<u>118,520</u>

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

	As at	As at
	31.12.2006	31.12.2005
	RM'000	RM'000
Cash and bank balances	<u>122,129</u>	<u>118,520</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.

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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:

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

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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:

	As at 1.7.2006 RM'000
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 for the current quarter by RM3.760 million and RM14.311 million for the financial period ended 31 December 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:

	As at 1.7.2006 RM'000
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:

	Previously stated RM'000	Adjustment FRS 121 (Note 2(b)) RM'000	Restated RM'000
At 30 June 2006			
ASSETS			
Investment in associates	56,114	(1,451)	54,663
EQUITY AND LIABILITIES			
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)):

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

	← Adjustment →			
	Previously stated RM'000	FRS 121 RM'000	FRS on associates RM'000	Restated RM'000
6 months ended 31 December 2005				
Share of profit of associates	2,214	-	(73)	2,141
Share of associates taxation	<u>(73)</u>	<u>-</u>	<u>73</u>	<u>-</u>

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Part A - Explanatory Notes Pursuant to FRS 134

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.

5. Segmental Information

	6 months ended	
	31.12.2006	31.12.2005
	RM'000	RM'000
Segment Revenue		
Plantation	3,539	3,612
Investment	3,069	2,532
Total	<u>6,608</u>	<u>6,144</u>
Segment results		
Plantation	985	2,047
Investment	6,243	(886)
	<u>7,228</u>	<u>1,161</u>
Unallocated corporate expenses	<u>(684)</u>	<u>(666)</u>
Profit from operations	<u>6,544</u>	<u>495</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 31 December 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 and year-to-date 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.

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Part A - Explanatory Notes Pursuant to FRS 134

9. Dividends Paid

The amount of dividends paid during the financial period ended 31 December 2006 were as follows:

In respect of the financial year ended 30 June 2006, as reported in the directors' report of that year:

	Amount RM'000	Net Dividend per share (Sen)
First and final ordinary dividend of 2% less 28% taxation	<u>871</u>	<u>1.4</u>

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 other than the adjustment for fair value in respect of investment properties.

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 and 6 months to-date.

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 31 December 2006.

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

14. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 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 for the current quarter of RM3.886 million and RM6.608 million for the financial period ended 31 December 2006 were higher as compared to the corresponding quarter and period ended 31 December 2005. This was due to higher sales and interest income achieved during the current quarter while the year-to-date's better performance was mainly due to higher interest income.

The after-tax profits of RM5.466 million and RM10.058 million for the current quarter and financial year-to-date respectively were significantly higher as compared to last year's quarter of RM1.131 million and year-to-date of RM1.865 million. This was due to unrealised exchange gain of RM2.405 million attained for the current financial period as compared to last year's unrealised exchange loss of RM475,000. Share of associate's profit of RM4.04 million for the financial period ended 31 December 2006 was also higher as compared to RM2.141 million for the corresponding period ended 31 December 2005.

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 period's profit. Prior to 1 July 2006, any provisions for diminution in value are recognised through profit and loss. For the financial period ended 31 December 2005, such provision for diminution in value of investment of RM2.764 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 RM5.681 million as compared to the immediate preceding quarter's pre-tax profit of RM4.903 million. The better performance was due to higher revenue, lower operating expenses and unrealised exchange gain of RM2.525 million as compared to the unrealised exchange loss of RM120,000 incurred for the immediate preceding quarter. This was however, partially offset by lower 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 due to the higher demand for bio-diesel. However, production is expected to be lower especially from older palms, replanting and recent floods. Floods have affected the harvesting/evacuation of oil palm FFB works. The results of the associated companies may be further affected by the market valuation of their investments and currency fluctuations.

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**

19. Profit Forecast or Profit Guarantee

There is no profit forecast and profit guarantee.

20. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended		6 months ended	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Current tax:				
Malaysian income tax	215	299	430	497
Foreign tax	-	126	96	219
	<u>215</u>	<u>425</u>	<u>526</u>	<u>716</u>
Under provision of Malaysian income tax in prior years	-	55	-	55
Total income tax expense	<u>215</u>	<u>480</u>	<u>526</u>	<u>771</u>

The effective tax rate for the current quarter and financial period ended 31 December 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 and financial period ended 31 December 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.

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**

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:

	As at 31.12.2006 RM'000
At cost	26,207
At carrying value / market value	<u>109,318</u>

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 31 December 2006.

25. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 22 February 2007.

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

No interim dividend has been declared for the financial period ended 31 December 2006.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

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.

	Individual Quarter		Year-To-Date	
	3 months ended		6 months ended	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Profit attributable to ordinary equity holders (RM'000)	<u>5,466</u>	<u>1,131</u>	<u>10,058</u>	<u>1,865</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>9.04</u>	<u>1.87</u>	<u>16.63</u>	<u>3.08</u>

(b) Diluted

Diluted earnings per share is not presented as there is no dilutive potential ordinary shares outstanding as at 31 December 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 22 February 2007.