

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

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2016
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 3months ended	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Revenue	4	2,583	2,404	2,583	2,404
Other Income		1	1	1	1
Changes in inventories		21	382	21	382
Staff costs		(282)	(361)	(282)	(361)
Depreciation		(15)	(7)	(15)	(7)
Subcontract labour costs, fertilizer and chemical costs		(589)	(956)	(589)	(956)
Foreign exchange loss		(1,064)	(5,701)	(1,064)	(5,701)
Other expenses		(824)	(923)	(824)	(923)
Loss from operations	4	(169)	(5,161)	(169)	(5,161)
Share of loss of associates		(978)	(1,649)	(978)	(1,649)
Loss before tax	20	(1,147)	(6,810)	(1,147)	(6,810)
Income tax expense	21	(174)	(80)	(174)	(80)
Loss after tax		(1,321)	(6,890)	(1,321)	(6,890)
<u>Other Comprehensive Income</u>					
Available-for-sale investments:					
Gain/(Loss) on fair value changes		3,793	(9,521)	3,793	(9,521)
Foreign currency translation		7,730	42,101	7,730	42,101
Share of other comprehensive income/(loss) of associates		5,740	(13,422)	5,740	(13,422)
Other comprehensive income for the period, net of tax		17,263	19,158	17,263	19,158
Total comprehensive income for the period		15,942	12,268	15,942	12,268
Loss per share attributable to equity holders					
Basic (Sen)	26(a)	(1.99)	(10.39)	(1.99)	(10.39)
Diluted (Sen)	26(b)	(1.99)	(10.39)	(1.99)	(10.39)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)

(Incorporated in Malaysia)

Consolidated Statement of Financial Position**As at 30 September 2016**

	(Unaudited) As at 30.09.16 RM'000	(Audited) As at 30.06.16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	103,537	102,943
Biological assets	13,035	10,089
Investment property	38,692	37,544
Investment in associates	86,632	79,520
Available-for-sale investments	190,161	185,380
Deferred tax asset	205	205
	<u>432,262</u>	<u>415,681</u>
Current assets		
Inventories	244	223
Trade and other receivables	1,105	1,673
Prepayments	404	535
Tax recoverable	370	363
Cash and bank balances	151,240	150,907
	<u>153,363</u>	<u>153,701</u>
TOTAL ASSETS	<u>585,625</u>	<u>569,382</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	66,333	66,333
Reserves	511,269	495,327
	<u>577,602</u>	<u>561,660</u>
Non-current liabilities		
Trade and other payables	306	301
Provision for retirement benefits	36	34
Deferred tax liability	5,060	5,060
	<u>5,402</u>	<u>5,395</u>
Current liabilities		
Trade and other payables	2,559	2,327
Tax payable	62	-
	<u>2,621</u>	<u>2,327</u>
Total liabilities	<u>8,023</u>	<u>7,722</u>
TOTAL EQUITY AND LIABILITIES	<u>585,625</u>	<u>569,382</u>

The consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)

(Incorporated in Malaysia)

**Consolidated Statement of Changes in Equity
For the Financial Period Ended 30 September 2016**

(The figures have not been audited)

	← Non-Distributable →					← Distributable →				
	Share Capital RM'000	Share Premium RM'000	Capital Reserves RM'000	Fair Value Reserve RM'000	Foreign Exchange Fluctuation Reserves RM'000	Cultivation and Replacement Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000	
Opening balance at 1 July 2016	66,333	8,645	133,270	123,736	47,831	5,956	11,000	164,889	561,660	
Total comprehensive income/(loss) for the period	-	-	5,740	3,793	7,730	-	-	(1,321)	15,942	
Closing balance at 30 September 2016	<u>66,333</u>	<u>8,645</u>	<u>139,010</u>	<u>127,529</u>	<u>55,561</u>	<u>5,956</u>	<u>11,000</u>	<u>163,568</u>	<u>577,602</u>	
Opening balance at 1 July 2015	66,333	8,645	146,681	140,665	32,571	5,956	11,000	168,095	579,946	
Total comprehensive income/(loss) for the period	-	-	(13,422)	(9,521)	42,101	-	-	(6,890)	12,268	
Closing balance at 30 September 2015	<u>66,333</u>	<u>8,645</u>	<u>133,259</u>	<u>131,144</u>	<u>74,672</u>	<u>5,956</u>	<u>11,000</u>	<u>161,205</u>	<u>592,214</u>	

The consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

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

Consolidated Statement of Cash Flows
For the Financial Period Ended 30 September 2016
(The figures have not been audited)

	3 months period	
	30.09.16	30.09.15
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before taxation	(1,147)	(6,810)
Adjustments for:		
Depreciation	15	7
Provision for retirement benefit	7	6
Unrealised foreign exchange loss	1,059	5,701
Dividend income	(527)	(541)
Interest income	(320)	(475)
Share of loss of associates	978	1,649
	<hr/>	<hr/>
Operating cash flows before working capital changes	65	(463)
Receivables	265	112
Prepayments	131	47
Inventories	(21)	(382)
Payables	231	216
	<hr/>	<hr/>
Cash flows from/(used in) operations	671	(470)
Taxes paid	(119)	(120)
	<hr/>	<hr/>
Net cash flows from/(used in) operating activities	<u>552</u>	<u>(590)</u>
INVESTING ACTIVITIES		
Withdrawal from fixed deposits	594	2,776
Dividends received	845	-
Interest received	304	417
Addition to biological assets	(3,495)	(2,282)
Purchase of property, plant and equipment	(60)	-
	<hr/>	<hr/>
Cash flows (used in)/from investing activities	<u>(1,812)</u>	<u>911</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(1,260)	321
EFFECTS OF EXCHANGE RATE CHANGES		
	2,187	10,710
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	143,169	123,737
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	<u>144,096</u>	<u>134,768</u>

The consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

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

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements have been prepared on a historical cost basis, except for freehold land included within property, plant and equipment, investment properties and available-for-sale investments that have been measured at their fair values.

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 of the Group for the year ended 30 June 2016. 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 2016.

2. Significant accounting policies

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Group's audited financial statements for the financial year ended 30 June 2016.

Revised FRSs issued and not yet effective

The Group has not early adopted the following revised FRSs which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

	Effective date for financial periods beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 15 Revenue from Contracts with Customers	1 January 2018
FRS 9 Financial Instruments	1 January 2018
FRS 16 Leases	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

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

Part A - Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (cont'd)

Revised FRSs issued and not yet effective (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards ("FRS") as its financial reporting framework until the MFRS is mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively against opening retained earnings.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2016 was not qualified.

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

4. Segmental Information

	3months ended	
	30.09.16	30.09.15
	RM'000	RM'000
Segment Revenue		
Plantation	1,681	1,388
Investment	902	1,016
	<u>2,583</u>	<u>2,404</u>
Segment results		
Plantation	901	134
Investment	(452)	(4,761)
	<u>449</u>	<u>(4,627)</u>
Unallocated corporate expenses	(618)	(534)
	<u>(169)</u>	<u>(5,161)</u>
Segment assets		
Plantation	159,295	155,790
Investment	426,125	443,623
	<u>585,420</u>	<u>599,413</u>
Unallocated corporate asset	205	53
	<u>585,625</u>	<u>599,466</u>
Total assets	<u>585,625</u>	<u>599,466</u>

5. 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 2016.

6. Changes in Estimates

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

7. 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.

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

8. Dividends Paid

No dividend was paid during the current quarter.

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter.

10. Changes in Composition of the Group

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

11. Capital Commitments

There are no commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 September 2016.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2016.

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

Part A - Explanatory Notes Pursuant to FRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Estate agency fee payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	36	45	36	45
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	276	175	276	175
Administration and support services payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	48	39	48	39
Land lease rental payable to Kuala Pergau Rubber Plantations Plc, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	63	63	63	63

14. 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 A - Explanatory Notes Pursuant to FRS 134

15. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all assets and liabilities carried at fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30.09.16				
Available-for-sale financial assets	165,741	24,420	-	190,161
Freehold land	-	-	102,134	102,134
Investment property	-	-	38,692	38,692
	<u>165,741</u>	<u>24,420</u>	<u>140,826</u>	<u>330,987</u>
30.06.16				
Available-for-sale financial assets	163,269	22,111	-	185,380
Freehold land	-	-	102,134	102,134
Investment property	-	-	37,544	37,544
	<u>163,269</u>	<u>22,111</u>	<u>139,678</u>	<u>325,058</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial period and the comparative period. There were no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

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 recorded revenue of RM2.58 million for the 1st quarter of financial year ending 30 June 2017. This was better than last year's corresponding quarter of RM2.40 million by about 7.5% despite lower tonnage of fresh fruit bunches ("FFB") harvested, lower dividend income and interest income. The higher revenue was mainly due to the increase in FFB prices by about 44% and the investment property in London was tenanted in September 2016.

For the current quarter, the Group reported an after-tax loss of RM1.32 million which was significantly lower than the after-tax loss of RM6.89 million recorded during last year's corresponding quarter. This was due to:-

- 1) Revenue achieved for the current quarter was higher than a year ago.
- 2) Lower operating expenses incurred for the current quarter.
- 3) The unrealised foreign exchange loss of RM1.06 million for the current quarter was significantly lower than last year's corresponding quarter's loss of RM5.70 million. This was due to the weakening of Singapore Dollar against United States Dollar was 1.08% for the current quarter while it was 5.6% a year ago.
- 4) Share of loss of associates for the current quarter was RM978,000. This was lower than last year's corresponding quarter's RM1.65 million.

**17. Comment on Material Change in Profit Before Taxation for the Current Quarter as
Compared with the Immediate Preceding Quarter**

For the quarter under review, the Group's revenue of RM2.58 million was lower than the immediate preceding quarter (4Q2016) of RM4.50 million despite higher crop sales and rental income from the tenancy of its investment property in London. This was mainly due to lower dividend and interest income.

The Group reported a pre-tax loss of RM1.15 million for the current quarter. This was lower than the immediate preceding quarter's loss of RM4.67 million despite lower revenue and share of the financial results of the associates was a loss of RM978,000 while it was a profit of RM151,000 in the immediate preceding quarter. This was mainly due to:-

- 1) Lower operating expenses incurred for the current quarter.
- 2) The unrealised foreign exchange loss of RM1.06 million for the current quarter was lower than the immediate preceding quarter's RM5.70 million.

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

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

**17. Comment on Material Change in Profit Before Taxation for the Current Quarter as
Compared with the Immediate Preceding Quarter (Cont'd)**

- 3) The immediate preceding quarter reported a fair value loss of RM944,000 arising from the revaluation of its investment property while there was none for the current quarter.

18. Commentary on Prospects

For the rest of the financial year ending 30 June 2017, the Group expects its Plantation operations to generate a higher crop tonnage as more replanted areas will be producing FFB during the current financial year. However, this may be affected by the following challenges -

- 1) Increased costs in the labour market
- 2) Increasingly unpredictable weather conditions such as heavy rainfalls may hamper the harvesting of FFB.
- 3) Increased cost of production

In spite of the above challenges, the Group continues to remain positive on the long term fundamentals of the oil palm industry.

The Group's results are also dependent on dividend income receivable from its investments, market valuation of its publicly listed investments and the effect of currency fluctuations.

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 or profit guarantee.

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

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

20. Loss before tax

Loss for the period is arrived after charging/(crediting):

	Individual Quarter		Year-To-Date	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Interest income	(320)	(475)	(320)	(475)
Other income including investment income	(583)	(542)	(583)	(542)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	15	7	15	7
Provision for and write off of receivables	n/a	n/a	n/a	n/a
Provision for and write off of inventories	n/a	n/a	n/a	n/a
Gain or loss on disposal of quoted or unquoted investments or properties	n/a	n/a	n/a	n/a
Impairment of assets	n/a	n/a	n/a	n/a
Foreign exchange loss	1,064	5,701	1,064	5,701
(Gain) / Loss on derivatives	n/a	n/a	n/a	n/a
Exceptional items	-	-	-	-

n/a : Not applicable

21. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended		3months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	101	12	101	12
Foreign income tax	73	68	73	68
Total income tax expense	<u>174</u>	<u>80</u>	<u>174</u>	<u>80</u>

The effective tax rate for the current quarter and last year's corresponding quarter were higher as certain expenses were not deductible for tax purposes.

22. Corporate Proposals

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

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. Borrowings

There were no borrowings and debt securities as at 30 September 2016.

24. Changes in Material Litigation

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

25. Dividend Payable

The directors do not recommend any dividend for the current quarter under review.

26. Loss Per Share

(a) Basic

Basic loss per share amounts are calculated by dividing loss 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		3 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
Loss attributable to ordinary equity holders (RM'000)	<u>(1,321)</u>	<u>(6,890)</u>	<u>(1,321)</u>	<u>(6,890)</u>
Weighted average number of ordinary shares in issue ('000)	<u>66,333</u>	<u>66,333</u>	<u>66,333</u>	<u>66,333</u>
Basic loss per share (Sen)	<u>(1.99)</u>	<u>(10.39)</u>	<u>(1.99)</u>	<u>(10.39)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as there is no dilutive potential ordinary shares outstanding as at 30 September 2016.

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**

27. Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	3 months period	
	30.09.16	30.09.15
	RM'000	RM'000
Cash and bank balances	151,240	155,681
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(7,144)	(20,913)
Cash and cash equivalents	<u>144,096</u>	<u>134,768</u>

28. Disclosure of Realised and Unrealised Profits

The disclosure of realised and unrealised profits mentioned above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown of retained profits of the Group, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 30.09.16 RM'000	As at 30.06.16 RM'000
Total retained profits of the Group and its subsidiaries:		
- Realised	149,020	148,456
- Unrealised	10,845	11,752
	159,865	160,208
Total share of retained profits from associated companies:		
- Realised	45,463	46,441
- Unrealised	1,418	1,418
	46,881	47,859
	<u>206,746</u>	<u>208,067</u>
Less: Consolidation adjustments	(43,178)	(43,178)
	<u>163,568</u>	<u>164,889</u>

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 29 November 2016.