

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

Consolidated Statement Of Comprehensive Income
For the Financial Year Ended 30 June 2019

(The figures have not been audited)

		Individual Quarter		Change		Year-to-Date		Change	
		30.06.19	30.06.18	(Unfavourable)/	Favourable	30.06.19	30.06.18	(Unfavourable)/	Favourable
		RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
			Restated*	RM'000	%		Restated*	RM'000	%
Revenue	4	4,519	4,981	(462)	-9	12,241	14,193	(1,952)	-14
Other income		4	131	(127)	100	6	154	(148)	-96
Changes in inventories		(247)	(35)	(212)	-606	(7)	(16)	9	-56
Staff costs		(388)	(591)	203	34	(1,881)	(1,767)	(114)	-6
Depreciation		(337)	(113)	(224)	-198	(1,225)	(330)	(895)	-271
Subcontract labour costs, fertilizer and chemical costs		(1,575)	(746)	(829)	-111	(3,918)	(2,936)	(982)	-33
Foreign exchange (loss)/gain		(944)	(3,873)	2,929	-76	106	215	(109)	-51
Other expenses		(613)	(778)	165	21	(3,304)	(2,939)	(365)	-12
Fair value gain/(loss) on investments property		941	(212)	1,153	-544	941	(212)	1,153	-544
Fair value gain/(loss) on biological assets		31	(72)	103	-143	16	(10)	26	-260
Fair value (loss)/gain on Investments		(202)	(1,927)	1,725	-90	(709)	2,998	(3,707)	-124
Profit/(Loss) from operations	4	1,189	(3,235)	4,424	-137	2,266	9,350	(7,084)	-76
Share of profit/(loss) of associates		518	(6,989)	7,507	-107	(5,005)	(2,121)	(2,884)	136
Profit/(Loss) before tax	20	1,707	(10,224)	11,931	-117	(2,739)	7,229	(9,968)	-138
Income tax	21	(3,864)	(277)	(3,587)	-1295	(3,923)	(433)	(3,490)	-806
(Loss)/Profit after tax		(2,157)	(10,501)	8,344	-79	(6,662)	6,796	(13,458)	-198
<u>Other Comprehensive Income/(Loss)</u>									
Investments:									
- Fair value gain/(loss)		8,800	(9,227)	18,027	-195	(18,931)	24,946	(43,877)	-176
Foreign currency translation		3,279	18,323	(15,044)	82	6,508	(9,258)	15,766	170
Other comprehensive income/(loss) for the period , net of tax		12,079	9,096	2,983	-33	(12,423)	15,688	(28,111)	-179
Total comprehensive income/(loss) for the period		9,922	(1,405)	11,327	-806	(19,085)	22,484	(41,569)	-185
(Loss)/Profit per share attributable to equity holders									
Basic (Sen)	26(a)	(2.88)	(15.83)			(8.89)	10.25		
Diluted (Sen)	26(b)	(2.88)	(15.83)			(8.89)	10.25		

* Prior year figures were restated upon adoption of MFRS.

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 June 2019

	(Unaudited)	Restated*	Restated*
	As at	As at	As at
	30.06.19	30.06.18	01.07.17
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	106,121	104,241	103,309
Bearer plants	35,403	30,902	24,731
Investment property	36,577	35,980	38,225
Investment in associates	79,095	84,331	85,164
Investments	210,820	244,428	218,805
	<u>468,016</u>	<u>499,882</u>	<u>470,234</u>
Current assets			
Inventories	18	26	42
Biological assets	134	118	128
Trade and other receivables	1,021	797	348
Prepayments	1,130	1,031	1,016
Tax recoverable	294	101	474
Cash and bank balances	141,176	143,980	150,821
	<u>143,773</u>	<u>146,053</u>	<u>152,829</u>
TOTAL ASSETS	<u>611,789</u>	<u>645,935</u>	<u>623,063</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	74,978	66,333	66,333
Reserves	522,876	569,628	548,471
	<u>597,854</u>	<u>635,961</u>	<u>614,804</u>
Non-current liabilities			
Other payables	460	387	336
Provision for retirement benefits	57	51	41
Deferred tax liability	10,667	6,708	6,463
	<u>11,184</u>	<u>7,146</u>	<u>6,840</u>
Current liabilities			
Trade and other payables	2,695	2,695	1,357
Tax payable	56	133	62
	<u>2,751</u>	<u>2,828</u>	<u>1,419</u>
Total liabilities	<u>13,935</u>	<u>9,974</u>	<u>8,259</u>
TOTAL EQUITY AND LIABILITIES	<u>611,789</u>	<u>645,935</u>	<u>623,063</u>

* Prior year figures were restated upon adoption of MFRS.

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 Year Ended 30 June 2019**

(The figures have not been audited)

	← Non-Distributable →					← Distributable →				Total Equity RM'000
	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		
Opening balance at 1 July 2018 (as previously stated)	66,333	8,645	136,581	186,429	55,541	5,956	11,000	162,471	632,956	
Prior year adjustments	-	-	(195)	(32,695)	-	-	-	35,895	3,005	
Opening balance at 1 July 2018 (as restated)	66,333	8,645	136,386	153,734	55,541	5,956	11,000	198,366	635,961	
Total comprehensive (loss)/income for the period	-	-	-	(18,931)	6,508	-	-	(6,662)	(19,085)	
Transition to no-par regime (Note a)	8,645	(8,645)	-	-	-	-	-	-	-	
Dividend in specie distributed	-	-	-	-	-	-	-	(15,042)	(15,042)	
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	6,910	-	-	-	(6,910)	-	
Cash dividend paid	-	-	-	-	-	-	-	(3,980)	(3,980)	
Closing balance at 30 June 2019	74,978	-	136,386	141,713	62,049	5,956	11,000	165,772	597,854	
Opening balance at 1 July 2017	66,333	8,645	139,051	158,322	64,799	5,956	11,000	157,460	611,566	
Profit/(Loss) before tax	66,333	8,645	139,051	158,322	64,799	5,956	11,000	157,460	611,566	
Prior year adjustments	-	-	(2,665)	(29,534)	-	-	-	35,437	3,238	
Opening balance at 1 July 2017 (as restated)	66,333	8,645	136,386	128,788	64,799	5,956	11,000	192,897	614,804	
Total comprehensive income/(loss) for the period (as restated)	-	-	-	24,946	(9,258)	-	-	6,796	22,484	
Dividends	-	-	-	-	-	-	-	(1,327)	(1,327)	
As at 30 June 2018 (as restated)	66,333	8,645	136,386	153,734	55,541	5,956	11,000	198,366	635,961	

Note a

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. The Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM8,645,000 for purposes as set out in Section 618(3). On 31 January 2019, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

* The opening balances were restated upon adoption of MFRS.

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 Year Ended 30 June 2019
(The figures have not been audited)

	12 months period	
	30.06.19	30.06.18
	RM'000	RM'000
		(Restated)
OPERATING ACTIVITIES		
(Loss)/Profit before tax	(2,739)	7,229
Adjustments for:		
Depreciation	1,225	330
Provision for retirement benefit	87	60
Unrealised foreign exchange gain	(115)	(215)
Dividend income	(5,074)	(4,478)
Interest income	(1,829)	(1,271)
Fair value (gain)/loss on biological assets	(16)	10
Fair value loss/(gain) on other investments	709	(2,998)
Fair value (gain)/loss on investment property	(941)	212
Loss on disposal of property, plant and equipment	-	103
Share of loss of associates	5,005	2,121
Operating cash flows before working capital changes	(3,688)	1,103
Receivables	1,126	986
Prepayments	(1,131)	(1,031)
Inventories	7	16
Payables	(1)	1,342
Cash flows (used in)/from operations	(3,687)	2,416
Taxes refunded	-	455
Taxes paid	(245)	(168)
Retirement benefit paid	(8)	-
Net cash flows (used in)/from operating activities	(3,940)	2,703
INVESTING ACTIVITIES		
Addition to fixed deposits	(1,905)	(74,170)
Dividends received	6,493	5,495
Proceed from sale of investment	611	-
Interest received	1,511	852
Purchase of property, plant and equipment	(2,135)	(7,288)
Addition to bearer plants	(5,471)	(247)
Cash flows used in investing activities	(896)	(75,358)
FINANCING ACTIVITY		
Dividends paid, representing net cash used in financing activity	(3,980)	(1,327)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,816)	(73,982)
EFFECTS OF EXCHANGE RATE CHANGES	4,106	(7,029)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	67,938	148,949
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 27)	63,228	67,938

* The opening balances were restated upon adoption of MFRS.

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 MFRS 134

1. Basis of Preparation

The interim financial statements of the Group for the financial year ended 30 June 2019 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), including MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, MFRS 141: Agriculture, MFRS 15: Revenue from Contracts with Customers and MFRS 9: Financial Instruments.

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

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

2. Significant accounting policies

Changes in accounting policies

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to these changes and the financial impact on transition from Financial Reporting Standards in Malaysia to MFRS are disclosed as follows:-

i) Bearer plants

Prior to the adoption of MFRS 141 Agriculture, new planting expenditure incurred were capitalized and were not depreciated while replanting expenditure were recognised in profit or loss in the year the expenditures are incurred. Under MFRS 116, new planting expenditure and replanting expenditures are capitalized as bearer plants. On maturity, these expenditures are amortised over the useful life of the bearer plants.

ii) Biological assets

Prior to the adoption of MFRS 141 Agriculture, agricultural produce growing on the bearer plants ("biological assets") were not recognised. With the adoption of the MFRS 141, biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets are recognised in profit or loss.

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

Part A - Explanatory Notes Pursuant to MFRS 134

2. Significant accounting policies (cont'd)

Changes in accounting policies (cont'd)

iii) Financial instruments

Under MFRS 139, the Group's equity and debt instruments were classified as AFS financial assets. With the adoption of MFRS 9, investments in debt instruments are measured at FVTPL and investments in equity instruments which are classified as FVOCI are not subject to an impairment assessment. The fair value changes for investments in debt instruments are transferred out from other comprehensive income or fair value reserve to profit or loss or retained earnings. The impairment losses made earlier on the equity instruments are transferred out from profit or loss or retained earnings to other comprehensive income or fair value reserve.

Condensed Consolidated Statement of Financial Position

	Previously Stated RM'000	Increase/ (Decrease) RM'000	Restated RM'000
As at 1 July 2017			
Bearer plants	-	24,731	24,731
Biological assets	20,563	(20,435)	128
Reserves	545,232	3,239	548,471
As at 30 June 2018			
Bearer plants	-	30,902	30,902
Biological assets	26,650	(26,532)	118
Reserves	566,622	4,370	570,992

Condensed Consolidated Statement of Comprehensive Income

	Previously Stated RM'000	(Decrease)/ Increase RM'000	Restated RM'000
For 3 months ended 30 June 2018			
Depreciation	(72)	(41)	(113)
Fair value loss on investments	-	(212)	(212)
Subcontract labour costs, fertilizer and chemical costs	(821)	75	(746)
Fair value loss on biological assets	-	(72)	(72)
Share of loss of associates	(2,219)	(4,770)	(6,989)
Loss before tax	(3,652)	(6,572)	(10,224)
Loss after tax	(3,622)	(6,879)	(10,501)
Other comprehensive income	7,527	1,569	9,096

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

Part A - Explanatory Notes Pursuant to MFRS 134

2. Significant accounting policies (cont'd)

Changes in accounting policies (cont'd)

Condensed Consolidated Statement of Comprehensive Income (cont'd)

	Previously Stated RM'000	(Decrease)/ Increase RM'000	Restated RM'000
For 12 months ended 30 June 2018			
Depreciation	(166)	(164)	(330)
Subcontract labour costs, fertilizer and chemical costs	(3,183)	247	(2,936)
Fair value (loss)/gain on investments	(212)	-	(212)
Fair value gain on biological assets	-	(10)	(10)
Share of profit/(loss) of associates	350	(2,471)	(2,121)
Profit before tax	6,466	763	7,229
Profit after tax	6,339	457	6,796
Other comprehensive income	16,378	(690)	15,688

Standards and interpretations issued but not yet effective

Amendments to MFRS 3: Definition of Business

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and
or Joint Venture

MFRS 16 Leases

MFRS 17 Insurance Contracts

Amendments to MFRS 101 and MFRS 128: Definition of Material

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

IC 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015–2017 Cycle: Amendments to MFRS 3, MFRS 11,
MFRS 112 and MFRS 123

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2018 was not qualified.

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

Part A - Explanatory Notes Pursuant to MFRS 134

4. Segmental Information

	12 months ended	
	30.06.19	30.06.18
	RM'000	RM'000
Segment Revenue		
Plantation	4,670	7,758
Investment	6,903	5,749
Rental	668	686
Total	<u>12,241</u>	<u>14,193</u>
Segment results		
Plantation	(2,035)	7,000
Investment	8,816	5,092
Rental	110	483
	<u>6,891</u>	<u>12,575</u>
Unallocated corporate expenses	<u>(4,625)</u>	<u>(3,225)</u>
Profit from operations	<u>2,266</u>	<u>9,350</u>
Segment assets		
Plantation	165,352	164,668
Investment	<u>446,437</u>	<u>476,796</u>
Total assets	<u>611,789</u>	<u>641,464</u>

5. Unusual Items due to their Nature, Size or Incidence

During the financial year ended 30 June 2019, the Company reported the following unusual items:-

- 1) Prior year figures were restated due to adoption of MFRS.
- 2) Sungei Bagan Rubber Company (Malaya) Berhad distributed 3,837,181 ordinary shares in Kluang Rubber Company (Malaya) Berhad ("Kluang Rubber") by way of dividend in-specie to the shareholders of the Company. The Company has also received 193,018 shares in Kluang Rubber by way of dividend in-specie from its other investments.

Other than the above, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 30 June 2019.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter and year-to-date results.

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

Part A - Explanatory Notes Pursuant to MFRS 134

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 oil palms.

8. Cash Dividends Paid

In respect of the financial year ended 30 June 2018, as reported in the directors' report of that year, the following cash dividends were paid during the financial year ended 30 June 2019:

	Amount RM	Net dividend per share Sen
First and final tax exempt (single-tier) dividend	1,326,653	2.00
Special tax exempt (single-tier) dividend	2,653,306	4.00
	<u>3,979,959</u>	<u>6.00</u>

9. Debt and Equity Securities

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

10. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial year ended 30 June 2019.

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 June 2019.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2019.

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

Part A - Explanatory Notes Pursuant to MFRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	30.06.19 RM'000	30.06.18 RM'000	30.06.19 RM'000	30.06.18 RM'000
Estate agency fee payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	31	28	125	169
Administration and accounting support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	204	24	914	759
Administration and support services payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	51	71	295	225
Land lease rental payable to Kuala Pergau Rubber Plantations Plc, a company in which a director, Lee Chung-Shih Justin, has an interest and Balaraman A/L Annamaly is a common director (recurrent)	62	62	250	250
	<u>62</u>	<u>62</u>	<u>250</u>	<u>250</u>

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 MFRS 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
30.06.19				
Investment in financial instruments	166,010	29,423	-	195,433
Investment in precious metal - gold bullion	15,387	-	-	15,387
Investment held for distribution	-	-	-	-
Freehold land	-	-	102,134	102,134
Investment property	-	-	36,577	36,577
Biological assets	-	-	134	134
	<u>181,397</u>	<u>29,423</u>	<u>138,845</u>	<u>349,665</u>
30.06.18				
Investment in financial instruments	201,697	29,405	-	231,102
Investment in precious metal - gold bullion	13,326	-	-	13,326
Freehold land	-	-	102,134	102,134
Investment property	-	-	35,980	35,980
Biological assets	-	-	118	118
	<u>215,023</u>	<u>29,405</u>	<u>138,232</u>	<u>382,660</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 changes 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's revenue of RM4.52 million for the current quarter ended 30 June 2019 was lower than last year's corresponding quarter of RM4.98 million.

Crop sales were lower despite higher tonnage harvested. This was mainly due to the continuous decline in the fresh fruit bunch ("FFB") prices and lower dividend income. However, interest income was higher.

For the current quarter, the Group reported an after-tax loss of RM2.16 million which was lower than last year's corresponding quarter's after-tax loss of RM10.50 million. This was mainly due to:-

- 1) The foreign exchange loss of RM944,000 for the current quarter was significantly lower than last year's corresponding quarter's loss of RM3.87 million.
- 2) Fair value loss on its investments of RM202,000 reported for the current quarter was significantly lower than last year's corresponding quarter's fair value loss of RM1.93 million.
- 3) The revaluation of the Group's investment property was a gain of RM941,000 while it was a loss of RM212,000 reported for the quarter of a year ago.
- 4) Share of the financial results of the associates for the current quarter was a profit of RM518,000 while it was a loss of RM6.99 million for last year's corresponding quarter.

The Group's revenue achieved for the current financial year was RM12.24 million which was lower than last year's RM14.19 million. The decline in current financial year's revenue was mainly due to the weakening of FFB prices and lower tonnage harvested. However, dividend and interest income were higher. The Group also received rental income of RM668,000 during the current financial year which was slightly lower than last year's of RM688,000 due to adverse foreign currency exchange difference.

The Group ended the current financial year with after-tax loss of RM6.66 million which was a negative turnaround from last year's profit of RM6.80 million. This was attributed by the following:-

- 1) Revenue achieved for the current financial year was lower than a year ago.
- 2) Depreciation of RM1.23 million was significantly higher than last year's RM330,000, mainly due to the amortisation of RM760,000 in respect of the Bearer Plants from the Kuala Pergau plantation which matured in the month of February 2019.
- 3) The foreign exchange gain of RM106,000 for the current period-to-date was lower than last year's gain of RM215,000.
- 4) The valuation on its investments was a fair value loss of RM709,000 for the current financial year as compared to the fair value gain of RM3 million reported a year ago.
- 5) Share of the financial results of the associates' for the current financial year ended 30 June 2019 was a loss of RM5.01 million and this was significantly higher than the loss of RM2.12 million reported a year ago.
- 6) Income tax expense of RM3.92 million for the current financial year was higher than last financial year's RM433,000 mainly due to the increase in Real Property Gain Tax rate in Malaysia from 5% to 10%.

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**

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

	Current Quarter 30.06.19 RM'000	Preceding Quarter 31.03.19 RM'000 (Restated)	Favourable/(Unfavourable)	
			RM'000	%
Revenue	4,519	1,881	2,638	140
Operating Profit/(Loss)	1,189	(1,096)	2,285	-208
Share of Profit/(Loss) of associate	518	4,089	(3,571)	87
Profit/(Loss) before tax	1,707	2,993	(1,286)	43
(Loss)/Profit after tax	(2,157)	2,963	(5,120)	173
(Loss)/Profit attributable to the equity holders of the company	(2,157)	2,963	(5,120)	173

For the quarter under review, the Group's revenue of RM4.52 million was higher than the immediate preceding quarter's of RM1.88 million. This was mainly contributed by higher dividend income of RM2.89 million as compared to the immediate preceding quarter's dividend income of RM23,000. However, crop sales of RM980,000 for the current quarter was lower than immediate preceding quarter's of RM1.21 million on the account of lower tonnage harvested and lower FFB prices.

The Group reported a pre-tax profit of RM1.71 million for the current quarter which was lower than the immediate preceding quarter's RM2.99 million. This was mainly due to:-

- 1) The substantial increase in the subcontract labour, fertilizer and chemical costs of RM1.58 million as compared to the immediate preceding quarter's RM827,000.
- 2) The foreign exchange difference was a loss of RM944,000 for the current quarter which was a negative turnaround from the immediate preceding quarter's gain of RM543,000.
- 3) Share of Associates' profit of RM518,000 was significantly lower than the immediate preceding quarter's RM4.09 million.

18. Commentary on Prospects

For the financial year ending 30 June 2020, the Company expects FFB production to be higher than the financial year ended 30 June 2019.

However, with Kuala Pergau estate just achieving maturity, the Group expects performance from the plantation segment for financial year ending 30 June 2020 to be challenging.

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 affected by the market valuations of its investments and currency fluctuations.

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**

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Profit/(Loss) before Tax

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

	Individual Quarter		Year-To-Date	
	30.06.19 RM'000	30.06.18 RM'000	30.06.19 RM'000	30.06.18 RM'000
Interest income	(480)	(325)	(1,829)	(1,271)
Other income including investment income	(3,059)	(3,533)	(5,742)	(5,164)
Depreciation	337	113	1,225	330
Fair value (gain)/loss on biological assets	(31)	72	(16)	10
Realised foreign exchange loss	5	-	9	-
Unrealised foreign exchange loss/(gain)	939	3,873	(115)	(215)

21. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended 30.06.19 RM'000	3 months ended 30.06.18 RM'000	12 months ended 30.06.19 RM'000	12 months ended 30.06.18 RM'000
Current tax:				
Malaysian income tax	(29)	18	-	86
Foreign income tax	22	(4)	87	85
(Over)/Under provision of Malaysian income tax in prior years	(88)	18	(123)	18
	<u>(95)</u>	<u>32</u>	<u>(36)</u>	<u>189</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	3,959	245	3,959	244
	<u>3,959</u>	<u>245</u>	<u>3,959</u>	<u>244</u>
Total income tax expense	<u>3,864</u>	<u>277</u>	<u>3,923</u>	<u>433</u>

For the current quarter, the Malaysian income tax credit of RM29,000 was a reversal of income tax expenses provided up to the period ended 31 March 2019. For the current financial year, there is no tax liability as the taxable income was offsetted by the current trading loss. In addition, certain other income were not subject to income tax.

During the current year, additional deferred tax of RM3.96 million was provided in respect of the capitalisation of the development expenditure from the leased land and revision of Real Property Gain Tax rate being increased from 5% to 10%.

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**

22. Corporate Proposals

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

23. Borrowings

There were no borrowings and debt securities as at 30 June 2019.

24. Changes in Material Litigation

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

25. Dividend Payables

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

26. Earnings/(Loss) Per Share

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the financial year.

	Individual Quarter		Period-To-Date	
	3 months ended		12 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
(Loss)/Profit attributable to ordinary equity holders (RM'000)	<u>(2,157)</u>	<u>(10,501)</u>	<u>(6,662)</u>	<u>6,796</u>
Weighted average number of ordinary shares in issue ('000)	<u>74,978</u>	<u>66,333</u>	<u>74,978</u>	<u>66,333</u>
Basic (loss)/earnings per share (Sen)	<u>(2.88)</u>	<u>(15.83)</u>	<u>(8.89)</u>	<u>10.25</u>

(b) Diluted

Diluted (loss)/earning per share is the same as basic (loss)/earnings per share as there are no dilutive potential ordinary shares outstanding as at 30 June 2019.

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**

27. Cash and cash equivalents

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

	12 months period	
	30.06.19	30.06.18
	RM'000	RM'000
Cash and bank balances	141,176	143,980
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(77,948)	(76,042)
Cash and cash equivalents	<u>63,228</u>	<u>67,938</u>

28. 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 21 August 2019.