

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

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2019
(The figures have not been audited)

		Individual Quarter		Change		Period-to-Date		Change	
		30.09.19	30.09.18	(Unfavourable)/ Favourable	%	30.09.19	30.09.18	(Unfavourable)/ Favourable	%
		RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	4	2,574	2,348	226	10	2,574	2,348	226	10
Other income		1	1	-	-	1	1	-	-
Changes in inventories		301	597	(296)	-50	301	597	(296)	-50
Staff costs		(509)	(594)	85	14	(509)	(594)	85	14
Depreciation		(526)	(85)	(441)	-519	(526)	(85)	(441)	-519
fertilizer									
and chemical costs		(2,766)	(543)	(2,223)	-409	(2,766)	(543)	(2,223)	-409
Foreign exchange (loss)/gain		(2,351)	235	(2,586)	-1100	(2,351)	235	(2,586)	-1100
Other expenses		(1,102)	(1,382)	280	20	(1,102)	(1,382)	280	20
Fair value gain on biological		17	20	(3)	-15	17	20	(3)	-15
Fair value loss on investments		(205)	(1,108)	903	81	(205)	(1,108)	903	81
Finance lease expense		(38)	-	(38)	N.M.	(38)	-	(38)	N.M.
Loss from operations	4	(4,604)	(511)	(4,093)	-801	(4,604)	(511)	(4,093)	-801
Share of loss of associates		(1,462)	(2,833)	1,371	48	(1,462)	(2,833)	1,371	48
Loss before tax	20	(6,066)	(3,344)	(2,722)	-81	(6,066)	(3,344)	(2,722)	-81
Income tax (expense)/credit	21	(20)	1	(21)	-2100	(20)	1	(21)	-2100
Loss after tax		(6,086)	(3,343)	(2,743)	-82	(6,086)	(3,343)	(2,743)	-82
<u>Other Comprehensive Loss</u>									
Investments:									
- Fair value loss		(16,433)	(8,640)	(7,793)	-90	(16,433)	(8,640)	(7,793)	-90
Foreign currency translation		3,171	6,892	(3,721)	-54	3,171	6,892	(3,721)	-54
Share of other comprehensive									
income of associates		194	-	194	N.M.	194	-	194	N.M.
Other comprehensive loss for									
the period , net of tax		(13,068)	(1,748)	(11,320)	-648	(13,068)	(1,748)	(11,320)	-648
Total comprehensive loss for									
the period		(19,154)	(5,091)	(14,063)	-276	(19,154)	(5,091)	(14,063)	-276
Loss per share attributable									
to equity holders									
Basic (Sen)	26(a)	(9.17)	(5.04)			(9.17)	(5.04)		
Diluted (Sen)	26(b)	(9.17)	(5.04)			(9.17)	(5.04)		

* N.M = Not Meaningful

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 2019

	(Unaudited)	(Audited)
	As at	As at
	30.09.19	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	106,258	106,121
Bearer plants	35,226	35,403
Right-of-use asset	3,201	-
Investment property	37,028	36,577
Investment in associates	78,598	79,095
Investments	201,017	210,820
	<u>461,328</u>	<u>468,016</u>
Current assets		
Inventories	319	18
Biological assets	151	134
Trade and other receivables	576	1,720
Prepayments	780	431
Tax recoverable	148	294
Cash and bank balances	132,967	141,176
	<u>134,941</u>	<u>143,773</u>
TOTAL ASSETS	<u>596,269</u>	<u>611,789</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	74,978	74,978
Reserves	503,721	522,875
	<u>578,699</u>	<u>597,853</u>
Non-current liabilities		
Other payables	471	461
Provision for retirement benefits	60	57
Deferred tax liability	10,667	10,667
Lease liabilities	2,843	-
	<u>14,041</u>	<u>11,185</u>
Current liabilities		
Trade and other payables	3,244	2,695
Tax payable	35	56
Lease liabilities	250	-
	<u>3,529</u>	<u>2,751</u>
Total liabilities	<u>17,570</u>	<u>13,936</u>
TOTAL EQUITY AND LIABILITIES	<u>596,269</u>	<u>611,789</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 2019**

(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	Retained Earnings RM'000	Total Equity RM'000
Opening balance at 1 July 2019	74,978	-	101,191	141,713	44,930	235,041	597,853
Total comprehensive income/(loss) for the period	-	-	194	(16,433)	3,171	(6,086)	(19,154)
Closing balance at 30 September 2019	<u>74,978</u>	<u>-</u>	<u>101,385</u>	<u>125,280</u>	<u>48,101</u>	<u>228,955</u>	<u>578,699</u>
Opening balance at 1 July 2018	66,333	8,645	101,191	153,734	38,422	267,636	635,961
Total comprehensive (loss)/income for the period	-	-	-	(8,640)	6,892	(3,343)	(5,091)
Dividends	-	-	-	-	-	-	-
As at 30 September 2018	<u>66,333</u>	<u>8,645</u>	<u>101,191</u>	<u>145,094</u>	<u>45,314</u>	<u>264,293</u>	<u>630,870</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 2019
(The figures have not been audited)

	3 months period	
	30.09.19	30.09.18
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(6,066)	(3,344)
Adjustments for:		
Depreciation	526	85
Provision for retirement benefit	13	15
Unrealised foreign exchange gain	2,356	(238)
Dividend income	(526)	(520)
Interest income	(513)	(422)
Fair value gain on biological assets	(17)	(20)
Fair value loss on other investments	205	1,108
Finance lease expense	38	-
Share of loss of associates	1,462	2,833
Operating cash flows before working capital changes	<u>(2,522)</u>	<u>(503)</u>
Receivables	(70)	4
Prepayments	163	143
Inventories	(301)	(597)
Payables	550	305
Cash flows used in operations	<u>(2,180)</u>	<u>(648)</u>
Taxes paid	(64)	(40)
Taxes refunded	168	-
Net cash flows used in operating activities	<u>(2,076)</u>	<u>(688)</u>
INVESTING ACTIVITIES		
Uplift of/(placement in) fixed deposits	10,333	(9,642)
Dividends received	527	520
Interest received	1,039	615
Purchase of investments	(6,343)	-
Addition to bearer plants	(241)	-
Purchase of property, plant and equipment	(204)	(2,050)
Cash flows generated from/(used in) investing activities	<u>5,111</u>	<u>(10,557)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,035	(11,245)
EFFECTS OF EXCHANGE RATE CHANGES	(909)	3,029
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>63,228</u>	<u>75,419</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	<u><u>65,354</u></u>	<u><u>67,203</u></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 MFRS 134

1. Basis of Preparation

The interim financial statements of the Group for the financial period ended 30 September 2019 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), including MFRS 16: Leases.

The interim financial statements have been prepared on a historical cost basis, except for investment properties, certain 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 accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statement for the financial year ended 30 June 2019 except for the adoption of the amended FRSs and annual improvements which are relevant to the Group's operations with effect from 1 July 2019 as set out below:

Amendments to MFRS 9: Prepayment Features with Negative Compensation

MFRS 17 Insurance Contracts

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

IC Interpretation 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 2019 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

	3 months ended	
	30.09.19	30.09.18
	RM'000	RM'000
Segment Revenue		
Plantation	1,373	1,239
Investment	1,040	942
Rental	161	167
Total	<u>2,574</u>	<u>2,348</u>
Segment results		
Plantation	(2,493)	565
Investment	(1,383)	1,082
Rental	66	105
	<u>(3,810)</u>	<u>1,752</u>
Unallocated corporate expenses	(794)	(2,263)
Loss from operations	<u>(4,604)</u>	<u>(511)</u>
Segment assets		
Plantation	166,560	169,798
Investment	<u>429,709</u>	<u>471,349</u>
Total assets	<u>596,269</u>	<u>641,147</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 2019.

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 oil palms.

SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)
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Part A - Explanatory Notes Pursuant to MFRS 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 for the financial period ended 30 September 2019.

10. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 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 September 2019.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 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	
	30.09.19	30.09.18	30.09.19	30.09.18
	RM'000	RM'000	RM'000	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)	-	33	-	33
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)	254	254	254	254
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)	50	43	50	43
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)	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)
(Incorporated in Malaysia)

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
30.09.19				
Investment in financial instruments	148,682	29,579	-	178,261
Investment in precious metal - gold bullion	22,756	-	-	22,756
Investment property	-	-	37,028	37,028
Biological assets	-	-	151	151
	<u>171,438</u>	<u>29,579</u>	<u>37,179</u>	<u>238,196</u>
30.06.19				
Investment in financial instruments	166,010	29,423	-	195,433
Investment in precious metal - gold bullion	15,387	-	-	15,387
Investment property	-	-	36,577	36,577
Biological assets	-	-	134	134
	<u>181,397</u>	<u>29,423</u>	<u>36,711</u>	<u>247,531</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 recorded revenue of RM2.57 million for the 1st quarter of financial year ending 30 June 2020. This was slightly higher than last year's corresponding quarter of RM2.35 million due to increase in crop sales on account of higher tonnage of fresh fruit bunches ("FFB") harvested despite weakening of FFB prices. Dividend and interest income were higher than last year's corresponding quarter's.

For the current quarter, the Group reported an after-tax loss of RM6.09 million which was higher than last year corresponding's quarter's after-tax loss of RM3.34 million . This was mainly due to:-

- 1) Depreciation was higher due to the amortisation of the Bearer Plants from the Kuala Pergau plantation and recognition of depreciation from Right-of-use asset which commenced from 1 July 2019.
- 2) Subcontract labour costs, fertilizer and chemical costs of RM2.77 million was substantially higher than last year's corresponding quarter's cost of RM543,000 due to increased use of fertilizers on the newly matured plants.
- 3) The foreign exchange difference for the current quarter was a loss of RM2.35 million while it was a gain of RM235,000 a year ago.

However, share of loss of the associates of RM1.46 million for the current quarter was lower than last year corresponding's quarter's loss of RM2.83 million. In addition, fair value loss on the Group's investment of RM205,000 for the current quarter was lower than last year's corresponding quarter's loss of RM1.11 million.

The Group's total other comprehensive loss for the current period was RM13.07 million while last year's period was RM1.75 million. The higher loss was due to:-

- 1) Fair value revaluation on investment at FVTOCI was a loss of RM16.43 million for the current period. This was higher than last year's RM8.64 million due to the adverse market conditions.
- 2) Foreign currency translation for the current quarter was a gain of RM3.17 million but was lower than last year's corresponding quarter's gain of RM6.89 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**

	Current	Preceding	Favourable/(Unfavourable)	
	Quarter	Quarter		
	30.09.19	30.06.19	RM'000	%
	RM'000	RM'000		
Revenue	2,574	4,519	(1,945)	-43
Operating (Loss)/Profit	(4,604)	1,189	(5,793)	-487
Share of (Loss)/Profit of associate	(1,462)	518	(1,980)	-382
(Loss)/Profit before tax	(6,066)	1,707	(7,773)	-455
Loss after tax	(6,086)	(2,157)	(3,929)	-182
Loss attributable to the equity holders of the company	(6,086)	(2,157)	(3,929)	-182

For the current quarter under review, the Group's revenue of RM2.57 million was significantly lower than the immediate preceding quarter's of RM4.52 million. This was mainly due to the lower dividend income of RM527,000 as compared to the immediate preceding quarter's dividend income of RM2.89 million. However, crop sales of RM1.37 million for the current quarter was higher than immediate preceding quarter's of RM980,000 on the account of higher tonnage harvested and higher FFB prices.

The Group reported a pre-tax loss of RM6.07 million for the current quarter as compared to the immediate preceding quarter's profit of RM1.71 million. This was mainly due to :-

- 1) Revenue achieved for the current quarter was lower than the immediate preceding quarter.
- 2) The substantial increase in the subcontract labour, fertilizer and chemical costs of RM2.77 million as compared to the immediate preceding quarter's RM1.58 million.
- 3) The foreign exchange loss of RM2.35 million for the current quarter was significantly higher than the immediate preceding quarter's loss of RM944,000.
- 4) Share of Associates' financial results was a loss of RM1.46 million for the current quarter while it was a profit of RM518,000 for the immediate preceding quarter.

18. Commentary on Prospects

For the remaining nine (9) months period of financial year ending 30 June 2020 (October 2019 – June 2020), the Company expects FFB production for the current financial year to be higher than the financial year ended 30 June 2019.

Challenges faced by the plantation operation include adverse weather conditions, supply of labour, pest attacks and FFB prices.

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. Loss before Tax

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

	Individual Quarter		Year-To-Date	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Interest income	(514)	(421)	(514)	(421)
Other income including investment income	(687)	(687)	(687)	(687)
Depreciation	526	85	526	85
Fair value gain on biological assets	(17)	(20)	(17)	(20)
Realised foreign exchange (gain)/loss	(5)	4	(5)	4
Unrealised foreign exchange loss/(gain)	2,356	(239)	2,356	(239)

21. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended 30.09.19 RM'000	3 months ended 30.09.18 RM'000	3 months ended 30.09.19 RM'000	3 months ended 30.09.18 RM'000
Current tax:				
Malaysian income tax	-	14	-	14
Foreign income tax	20	20	20	20
Over provision of Malaysian income tax in prior years	-	(35)	-	(35)
Total income tax expense/(credit)	20	(1)	20	(1)

For the current quarter, there was no Malaysian tax liability as the taxable income was offsetted by the current trading loss. When comparing to last year's corresponding's quarter, certain expenses were not deductible for tax purposes, thus tax liability resulted.

The foreign income taxes of RM20,000 for the current quarter and last year's corresponding quarter arose from the rental income from the Group's investment property in London.

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 September 2019.

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**

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. 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 financial period.

	Individual Quarter		Year-To-Date	
	3 months ended		3 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
Loss attributable to ordinary equity holders (RM'000)	<u>(6,086)</u>	<u>(3,343)</u>	<u>(6,086)</u>	<u>(3,343)</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>(9.17)</u>	<u>(5.04)</u>	<u>(9.17)</u>	<u>(5.04)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as there are no dilutive potential ordinary shares outstanding as at 30 September 2019.

27. Cash and cash equivalents

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

	3 months period	
	30.09.19	30.09.18
	RM'000	RM'000
Cash and bank balances	132,967	145,407
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(67,613)	(78,204)
Cash and cash equivalents	<u>65,354</u>	<u>67,203</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 28 November 2019.