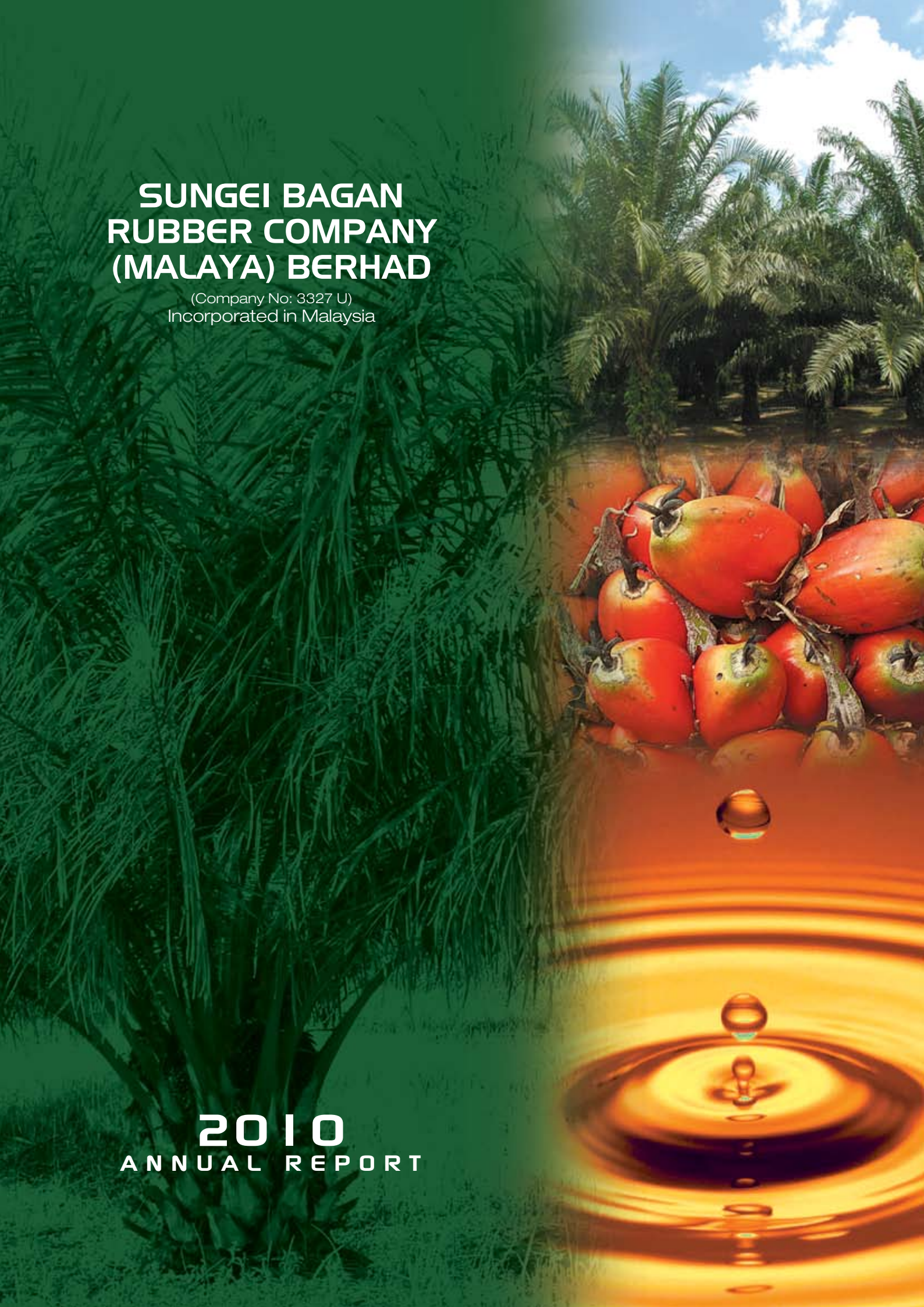


SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD

(Company No: 3327 U)
Incorporated in Malaysia

2010
ANNUAL REPORT



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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Second Annual General Meeting of SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD will be held at Sri Panti 2, 2nd Floor, Mutiara Johor Bahru, Jalan Dato Sulaiman, Taman Century, 80990 Johor Bahru, Johor, Malaysia on Monday, 29 November 2010 at 10.00 a.m. to transact the following businesses:-

Agenda

ORDINARY BUSINESS

- | | |
|--|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Directors' and Auditors' Reports thereon. | RESOLUTION 1 |
| 2. To approve the payment of a first and final dividend of 2% less 25% income tax for the financial year ended 30 June 2010. | RESOLUTION 2 |
| 3. To approve the payment of Directors' Fees of up to the maximum amount of RM350,000 for the financial year ending 30 June 2011. | RESOLUTION 3 |
| 4. To re-elect the following Directors who retire during the year in accordance with the Company's Article of Association and being eligible, offer themselves for re-election : | |
| a) Lee Chung-Shih - Article 84 | RESOLUTION 4 |
| b) Liew Chuan Hock - Article 84 | RESOLUTION 5 |
| 5. To consider, and if thought fit, to pass the following resolution: | |
| "THAT pursuant to Section 129(6) of the Companies Act, 1965, Cecil V R Wong be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." | RESOLUTION 6 |
| 6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorize the Directors to fix their remuneration. | RESOLUTION 7 |

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following Ordinary Resolutions:

ORDINARY RESOLUTION 1

AUTHORITY TO ALLOT SHARES - SECTION 132D

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

RESOLUTION 8

ORDINARY RESOLUTION 2

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH KLUANG ESTATE (1977) SDN. BHD., PURSUANT TO PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

RESOLUTION 9

“**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries be and are hereby authorized to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Kluang Estate (1977) Sdn. Bhd., as set out in section 2.1.1 of the Circular to Shareholders dated 29 October 2010 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.”

ORDINARY RESOLUTION 3

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH THE NYALAS RUBBER ESTATES LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

RESOLUTION 10

“**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries be and are hereby authorized to enter into and give effect to recurrent related party transactions of a revenue and trading nature with The Nyalas Rubber Estates Limited, as set out in section 2.1.1 of the Circular to Shareholders dated 29 October 2010 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.”

**SPECIAL RESOLUTION
AMENDMENTS TO ARTICLES OF ASSOCIATION**

RESOLUTION 11

“**THAT** the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be hereby approved.”

8. To transact any other business of which due notice has been given.

**NOTICE OF DIVIDEND ENTITLEMENT
A FIRST AND FINAL DIVIDEND OF 2% LESS 25% INCOME TAX**

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifty-Second Annual General Meeting, a first and final dividend of 2% less 25% income tax in respect of the financial year ended 30 June 2010 will be payable on 22 December 2010 to Depositors registered in the Record of Depositors at the close of business on 10 December 2010.

A Depositor shall qualify for entitlement only in respect of:-

- a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 8 December 2010 in respect of shares which are exempted from mandatory deposits;
- b) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 10 December 2010 in respect of transfers; and
- c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA NO. 7003178)
LEONG SIEW FOONG (MAICSA NO. 7007572)
Company Secretaries
Johor Bahru
29 October 2010

NOTES :

- a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.
- b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
- f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

(i) Ordinary Resolution 1

The Ordinary Resolution 1, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

(ii) Ordinary Resolutions 2 and 3

Please refer to the Circular to Shareholders dated 29 October 2010.

(iii) Special Resolution

This Resolution is to amend the Company's Articles of Association in line with the amendments in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company proposes to implement the amendments to the Articles of Association of the Company (for which additions are underlined and deletions are strike through below under the columns “Existing Article” and “Amended Article” respectively) in the following manner: -

Article No.	Existing Article	New Article
Article 2 – Definition for Approved Market Place	A Stock Exchange which is specified to be an Approved Market Place in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order 1998 or any statutory modification, amendment or re-enactment thereof for the time being in force.	To be deleted entirely.
Article 6 (2)	<p>Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened in each of the following circumstances: -</p> <p>(a) when the dividend or part of the dividend on the shares is in arrears for more than six (6) months;</p> <p>(b) on a proposal to reduce the Company’s share capital;</p> <p>(c) on a proposal for the disposal of the whole of the Company’s property, business and undertaking;</p> <p>(d) on a proposal that affects rights attached to the share;</p> <p>(e) on a proposal to wind up the Company; and</p> <p>(f) during the winding up of the Company.</p>	<p>Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts <u>financial statements</u>, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened in each of the following circumstances: -</p> <p>(a) when the dividend or part of the dividend on the shares is in arrears for more than six (6) months;</p> <p>(b) on a proposal to reduce the Company’s share capital;</p> <p>(c) on a proposal for the disposal of the whole of the Company’s property, business and undertaking;</p> <p>(d) on a proposal that affects rights attached to the share;</p> <p>(e) on a proposal to wind up the Company; and</p> <p>(f) during the winding up of the Company.</p>
Article 31	The transfer books and registers of Members and debenture holders and debenture stock holders (if any) may be closed during such time as the Directors think fit not exceeding in the whole thirty (30) days in each year. Any notice of intention to fix a books closing date and the reason therefor shall be published or advertised in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and shall also be given to the Stock Exchange; such notice shall state the books closing date, which	The transfer books and registers of Members and debenture holders and debenture stock holders (if any) may be closed during such time as the Directors think fit not exceeding in the whole thirty (30) days in each year. Any notice of intention to fix a books closing date and the reason therefor shall be published or advertised in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and shall also be given to the Stock Exchange; such notice shall state the books closing date, which shall be at least ten (10) clear market

APPENDIX A (Cont'd)

Article No.	Existing Article	New Article
	<p>shall be at least ten (10) clear market days or such other period as may be prescribed by the Exchange from time to time after the date of notification to the Stock Exchange, and the address of share registry at which documents will be accepted for registration. At least three (3) market day prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) market days prior notice shall be given to the Central Depository.</p>	<p>days or such other period as may be prescribed by the Exchange from time to time after the date of notification to the Stock Exchange, and the address of share registry at which documents will be accepted for registration. At least three (3) market day prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) market days prior notice shall be given to the Central Depository. <u>In relation to the closure, the Company shall give written notice, in accordance with the Rules of Depository, to the Depository to prepare the appropriate Record of Depositors.</u></p>
Article 52 (b)	<p>Notwithstanding Article 53(a) above but subject to the Act, the Company may apply to the Stock Exchange for waiver of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued capital.</p>	<p>Notwithstanding Article 53(a) above but subject to the Act, the Company may apply to the Stock Exchange for waiver of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued capital.</p>
Article 58	<p>The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders and any other persons as authorised under the provisions of these Articles entitled to receive such notice from the Company at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting of every such meeting, shall be given by advertisement in at least one (1)</p>	<p>The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders and any other persons as authorised under the provisions of these Articles entitled to receive such notice from the Company at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting of every such meeting, shall <u>must</u> be given by advertisement in at least one (1) nationally circulated Bahasa</p>

APPENDIX A (Cont'd)

Article No.	Existing Article	New Article
	nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. The accidental omission to give notice to or the non-receipt of a notice by any person entitled thereto shall not invalidate the proceedings at the general meeting.	Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. The accidental omission to give notice to or the non-receipt of a notice by any person entitled thereto shall not invalidate the proceedings at the general meeting.
Article 59 (b)	The Company shall also request Central Depository in accordance with the Rules of Depository to issue a Record of Depositors, as at a date not less than three (3) market days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting (hereinafter referred to as the “General Meeting Record of Depositors”).	The Company shall also request Central Depository in accordance with the Rules of Depository to issue a Record of Depositors, as at a date not less than three (3) market days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting (hereinafter referred to as the “General Meeting Record of Depositors”).
Article 60	Subject always to the provisions of Section 151 of the Act no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets and the report of the Directors and auditors, the election of Directors, Directors’ fees, re-appointment of Directors pursuant to Section 129 of the Act and the appointment and fixing of the remuneration of the auditors.	Subject always to the provisions of Section 151 of the Act no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets and the report of the Directors and auditors, the election of Directors, Directors’ fees, re-appointment of Directors pursuant to Section 129 of the Act and the appointment and fixing of the remuneration of the auditors.
Article 71	Subject to Article 58 (a), 58 (b) and 58 (c) and any special terms as to voting upon which any shares may be issued or may for the time being held, on a show of hands every Member present in person shall have one vote and upon a poll every Member present in person or by proxy shall have one vote in respect of any share or shares upon which all calls due to the Company have been paid.	Subject to Article 58 ⁵⁸⁹ (a), 58 ⁵⁸⁹ (b) and 58 ⁵⁸⁹ (c) and any special terms as to voting upon which any shares may be issued or may for the time being held, on a show of hands every Member present in person shall have one vote and upon a poll every Member present in person or by proxy shall have one vote in respect of any share or shares upon which all calls due to the Company have been paid.

APPENDIX A (Cont'd)

Article No.	Existing Article	New Article
Article 86	No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.	No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to <u>before</u> the meeting at which the election is to take place.
Article 102 (c)	Subject to the provisions of the Act and the Listing Requirements, the Directors shall not acquire or dispose of an undertaking or property of a substantial value or dispose of a substantial portion of the Company's undertaking or property without the approval of the Company in general meeting.	Subject to the provisions of the Act and the Listing Requirements, the Directors shall not acquire or dispose <u>carry into effect any proposal or execute any transaction for the acquisition</u> of an undertaking or property of a substantial value, or the disposal or dispose of a substantial portion of <u>or a controlling interest in the</u> Company's undertaking or property without the approval of the Company in general meeting.
Article 159	On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by shareholders. The amount of such payment shall be notified to all shareholders at least seven (7) days prior to the meeting at which it is to be considered.	On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by shareholders. The amount of such payment shall be notified to all shareholders at least seven (7) days prior to <u>before</u> the meeting at which it is to be considered.

CORPORATE INFORMATION

DIRECTORS

CECIL V R WONG
LEE CHUNG-SHIH
LEE SOO HOON
LIEW CHUAN HOCK
HUANG YUAN CHIANG

SECRETARIES

CHIN NGEOK MUI
LEONG SIEW FOONG

AUDIT COMMITTEE MEMBERS

LEE SOO HOON
Chairman
Independent Non-Executive Director

CECIL V R WONG
Independent Non-Executive Director

LIEW CHUAN HOCK
Independent Non-Executive Director

HUANG YUAN CHIANG
Independent Non-Executive Director

NOMINATION COMMITTEE MEMBERS

HUANG YUAN CHIANG
Chairman
Independent Non-Executive Director

LEE SOO HOON
Independent Non-Executive Director

CECIL V R WONG
Independent Non-Executive Director

LIEW CHUAN HOCK
Independent Non-Executive Director

REMUNERATION COMMITTEE MEMBERS

LIEW CHUAN HOCK
Chairman
Independent Non-Executive Director

CECIL V R WONG
Independent Non-Executive Director

LEE SOO HOON
Independent Non-Executive Director

HUANG YUAN CHIANG
Independent Non-Executive Director

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

INVESTMENT COMMITTEE MEMBERS

HUANG YUAN CHIANG

Chairman

Independent Non-Executive Director

LEE CHUNG-SHIH

Executive Director

LIEW CHUAN HOCK

Independent Non-Executive Director

AUDITORS

ERNST & YOUNG

Chartered Accountants

REGISTERED OFFICE

SUITE 6.1A, LEVEL 6, MENARA PELANGI,
JALAN KUNING, TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR
TEL: 07-3323536 FAX: 07-3324536

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)
LEVEL 6, SYMPHONY HOUSE,
PUSAT DAGANGAN DANA 1,
JALAN PJU 1A/46,
47301 PETALING JAYA, SELANGOR.
TEL: 03-78418000 FAX: 03-78418008

BANKER

OCBC BANK (MALAYSIA) BERHAD

STOCK EXCHANGE

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

WEBSITE

www.sungeibagan.com

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have great pleasure in presenting to you the Annual Report of the Group and the Company for the financial year ended 30 June 2010.

Overview

The Group's total revenue of RM10,025,778 for the financial year ended 30 June 2010 was lower as compared to RM10,882,579 for 2009 despite higher crop sales and dividend income. This was due to lower interest income.

Crop sales from the Estate Operations were higher on account of the 12% increase of Fresh Fruit Bunches ("FFB") prices.

The Group achieved after-tax profit of RM12,655,566 for the current financial year ended 30 June 2010 as compared to the after-tax loss of RM13,403,319 suffered during 2009. This was mainly due to the following reasons:-

1. Current financial year's exchange loss of RM4,469,357 was lower than last financial year's RM6,826,817.
2. The revaluation of its investment property resulted in a fair value gain of RM3,149,265 as compared to the fair value loss of RM9,373,061 suffered during the financial year ended 30 June 2009 and
3. Share of its associates' result was a profit of RM10,656,821 for the current financial year as compared to previous financial year's loss of RM3,990,103.

Prospects

The performance of the plantation for the next financial year ending 30 June 2011 is not expected to improve significantly as a result of the La Nina weather patterns that the region is currently experiencing. For the 1st half of the next financial year, we reported earlier that the effect of La Nina was likely to have a major impact on oil palm production as heavier rainfall typically hampers harvesting. However, to-date, it is still too early to gauge the full extent of the impact of La Nina on production at the plantation.

For the 2nd half of the financial year ending 30 June 2011, production is expected to increase as La Nina recedes while prices are expected to remain stable.

The results of the associated companies may be further affected by the market valuation of their investments and currency fluctuations.

Dividend

The Board proposes a first and final dividend of 2% less tax on 60,491,552 ordinary shares for the year ended 30 June 2010 subject to the approval of shareholders at the forthcoming Annual General Meeting.

Acknowledgement

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Directors, the management and staff at all levels for their continuing efforts and immense contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their unwavering and continuous support.

On behalf of the Board of Directors

CECIL V R WONG
Chairman

STATEMENT OF CORPORATE GOVERNANCE

THE CODE OF CORPORATE GOVERNANCE

The Board of Sungei Bagan Rubber Company (Malaya) Berhad (“the Company”) recognizes the practice of good corporate governance is fundamental to the Company’s and its subsidiaries’ (“the Group”) continued success. The Board remains fully committed to ensuring the highest standards of corporate governance are applied in all aspects of the Group’s business with the objective of safeguarding and enhancing long-term shareholders value and investors’ interests.

The Board is pleased to report on the application of the principles of corporate governance contained in the Malaysian Code of Corporate Governance (“the Code”) and the extent of compliance with the best practices of the Code as required under the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) by the Group. These principles and best practices have been applied by the Group throughout the financial year ended 30 June 2010.

The only area of non-compliance with the Code is with regards to recommended disclosure of details of the remuneration of each director. Details of the Directors’ remuneration are set out in Note 6 to the financial statements by applicable bands of RM50,000, which complies with the disclosure requirements under the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Listing Requirements. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors’ remuneration are appropriately served by the band disclosure made.

DIRECTORS

The Board

The Board’s responsibilities are for setting the strategic direction of the Group, establishing goals for the management and continuously improving its performance so as to protect and enhance shareholders’ value in the Company. They are hence responsible for the overall standards of conduct, risk management, succession planning, strategic planning as well as the system of internal controls within the Group.

Board Composition and Balance

The Board comprises five (5) members; of whom one (1) is Executive Director and four (4) are Independent Non-Executive Directors. The Board composition complies with the Listing Requirements of Bursa Securities that requires a minimum of 2 or 1/3 of the Board to be Independent Directors. A brief profile of each Director is presented on pages 26 to 29 of the Annual Report.

The Board has a good balance of members who are Executive and Non-Executive Independent Directors such that no one individual or a small group of individuals can dominate the Board’s decision-making process. With their different backgrounds and specialization, the Directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties in managing the business affairs of the Group.

Board Committees

To assist the Board in fulfilling its roles, the Board has four (4) committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Investment Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and terms of reference of the Board committees as well as authority delegated to these Board committees have been defined by the Board. The Committees report and make recommendations to the Board on matters delegated to them for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board.

Audit Committee

Details of Audit Committee are presented on pages 22 to 25.

Nomination Committee

The Board has established a Nomination Committee which is to ensure that the Directors of the Board bring characters to the Board which should provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, and contribution of each individual Director including Independent Non-Executive Directors and Committee of the Board. Such assessment has been properly documented and recorded.

Where a vacancy exists or when it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination Committee will select one or more candidates with the appropriate expertise and experience.

The Nomination Committee that was set up on 18 February 2002, consist of at least two (2) members and shall exclusively comprise Non-Executive Directors with a majority of Independent Directors.

The members are as follows:

Chairman

Huang Yuan Chiang

Members

Cecil V R Wong

Liew Chuan Hock

Lee Soo Hoon

The responsibilities of the Nomination Committee are as follows:

- (a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.
- (b) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- (c) Assess annually the effectiveness of the Board as a whole, the committee of the Board and the contribution of each individual Director based on the process implemented by the Board.
- (d) Assess and recommend to the Board, the re-election by rotation or re-appointment of Directors in accordance with the Company's Articles of Association or other prevailing law.

The Nomination Committee met two (2) times for the financial year ended 30 June 2010. All its members attended the meetings.

Remuneration Committee

The Board has established a Remuneration Committee which is responsible in assessing the appropriate remuneration of the senior management. The Remuneration Committee that was set up on 18 February 2002, consists of at least three (3) members, all of which are Independent Non-Executive Directors.

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The members are as follows:

Chairman

Liew Chuan Hock

Members

Cecil V R Wong

Lee Soo Hoon

Huang Yuan Chiang

The responsibilities of Remuneration Committee are as follows:

- (a) Review and recommend to the Board the remuneration of the Executive and Non-Executive Directors, and key senior management.
- (b) Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
- (c) Assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

The Remuneration Committee met three (3) times during the financial year ended 30 June 2010. All its members attended the meetings.

Investment Committee

The Investment Committee was set up on 3 December 2007. The primary objective is to oversee the Company's investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines.

The members are as follows:

Chairman

Huang Yuan Chiang

Members

Liew Chuan Hock

Lee Chung-Shih

The Investment Committee consisting of two (2) Independent Non-Executive Directors and one (1) Executive Director, met four (4) times during the financial year ended 30 June 2010. Except for Mr Lee Chung-Shih who attended three (3) times, all other members attended all the meetings.

Amongst the responsibilities of Investment Committee, Investment Committee shall review any investment of the Company, policies and guidelines governing the Company's investment portfolio and monitor compliance with the policies.

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Board Meetings

Board meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance record of each Director since the last financial year is as follows:

Name of Directors	Attendance of meetings
Cecil V R Wong	5/5
Lee Chung-Shih	4/5
Lee Soo Hoon	5/5
Han Teng Juan*	5/5
Liew Chuan Hock	5/5
Huang Yuan Chiang	5/5

* Retired on 8 October 2010.

Supply of Information

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed, in a timely manner. Relevant Directors will provide explanation to pertinent issues when necessary. Company Secretary attends all board meetings whereby all proceedings and conclusion from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 156 of the Companies Act, 1965.

All Directors have unrestricted access to all information and the advice as well as services of the Company Secretaries and external auditors whether as a full Board or in their individual capacity, in the furtherance of their duties. They may obtain independent professional advice at their discretion at the Company's expense.

Appointment to the Board

The Company has a transparent and formal procedure for the appointment of new Directors to the Board.

The Nomination Committee of the Company comprises four (4) Independent Non-Executive Directors. The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

The Board, through the Nomination Committee annually reviews its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board.

The Board has implemented a process, to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual member of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

Re-election

In accordance with the Company's Articles of Association, the newly appointed Directors will retire at the first Annual General Meeting ("AGM") and are eligible for re-election by shareholders. The Articles also provide that at least one third of the Board including Executive Directors is subject to re-election annually and each Director shall stand for re-election at least once every 3 (three) years.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme and Continuing Education Programme prescribed by Bursa Securities. Training needs as deemed appropriate by individual Board members are provided. Board members keep abreast with general economic, industry and technical developments by their attendances at various appropriate conferences, seminars and briefings.

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During the financial year, all the Directors have attended the following training to keep themselves abreast with relevant changes whilst discharging their duties: -

Date	Seminar/Workshop	Conducted by	Attended by
19 May 2010	GST Awareness and IAS41	Ernst & Young	All Directors except Mr Huang Yuan Chiang
25 May 2010	Understanding the Regulatory Environment in Singapore: What Every Director Ought To Know	Singapore Exchange Ltd and Singapore Institute of Directors	Mr Huang Yuan Chiang

DIRECTORS' REMUNERATION

The Remuneration Committee, consisting of four (4) Independent Non-Executive Directors, ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval. Fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

Details of the remuneration of each Director for the financial year are as follows:

(i) Aggregate remuneration of Directors categorised into appropriate components:

	<u>Salaries and Allowances</u> RM	<u>Fees</u> RM	<u>Total</u> RM
Executive Directors	188,940	50,000	238,940
Non-Executive Directors	-	223,000	223,000
Total	188,940	273,000	461,940

The remuneration of the Executive Directors was remunerated according to their performance whilst the fees paid to all Directors were approved in advance by the shareholders at the Annual General Meeting.

(ii) Number of Directors whose remuneration falls into the following bands:

<u>Range of remuneration</u>	<u>Number of Directors</u>	
	<u>Executive</u>	<u>Non-Executive</u>
RM50,001 to RM100,000	1	4
RM150,001 to RM200,000	1	-

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS POLICY

Dialogue Between the Company and Investors

The Board recognizes the importance of accurate and timely dissemination of information to shareholders on all material business affecting the Group. The Company makes quarterly announcements of the financial results of the Company and the Group within the time frame prescribed in the Listing Requirements of Bursa Securities, accompanied by a balanced and comprehensive assessment of the performance and position of the Company and the Group. The Company's Annual Report, containing the Financial Statements of the Company and the Group for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

Annual General Meeting

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Notice of the AGM and the Company's Annual Report at least 21 days before the date of the meeting. Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunities to seek clarification on any matters pertaining to the Group's affairs and performance as the Directors and the representatives of the external auditors are present to answer any questions that they may have.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible for taking reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year under review.

In preparing the financial statements of the Group and the Company for the year ended 30 June 2010, the Board of Directors has adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable that are reasonable and prudent and ensured that applicable accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Securities well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the Audit Committee.

The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control of the Group. The Audit Committee comprises four (4) Directors, all of whom are Independent Non-Executive. The term of references and activities of the Audit Committee are detailed in the Audit Committee Report of pages 22 to 25 of this Annual Report.

Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls to safeguard the shareholders' investment and the Company's assets. The Board also recognises its overall responsibility for continuous reviewing and maintenance of the system of internal controls of the Group.

The Statement of Internal Control in this Annual Report herein details the state of internal controls within the Company.

Relationship with Auditors

The Board of Directors has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The Audit Committee communicated directly and independently with the auditors once (1) a quarter where necessary and without the presence of the Executive Directors at twice (2) a year.

The role of the Audit Committee in relation to the external auditors is stated on pages 23 to 24.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The Group is committed to Corporate Social Responsibility (“CSR”) by integrating it into the way the business is run.

The Group continues to focus on safety and health of our employees and workers by conducting regular briefings on safety and health. Recreational activities were organised for the employees and community. Financial assistance was given to the children of the employees. The Group also provides its employees and families in our estates with quality facilities and amenities to live and work comfortably. Small plots of land were allocated for employees and workers to do vegetable and fruit tree farming. The Group was one of the sponsors for a primary school’s sports day.

The Group is aware of the importance of conserving and preserving our natural environment. To minimise chemical sprayings, turnera sabulata are planted to prevent predators of bagworms which feed on plants and tree leaves.

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of Related Party Transactions

The details of the shareholders’ mandate are reflected in the Circular to Shareholders dated 29 October 2010.

Utilisation of Proceeds

There were no issuance of new shares and right issue carried out during the financial year ended 30 June 2010 to raise any cash proceeds.

Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

Exercise of Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2010.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programmes for the financial year ended 30 June 2010.

Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties during the financial year.

Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors to the Group and the Company for the financial year ended 30 June 2010 amounted to RM42,000.

Variation in Results

There is no material variance between the results for the financial year ended 30 June 2010 and the unaudited results previously announced by the Company.

Profit Guarantee, Profit Estimate, Forecast or Projection

During the financial year, there was no Profit Guarantee, Profit Estimate, Forecast or Projection given by the Company.

Revaluation of Landed Properties

The Company had adopted a policy on annual revaluations on its investment properties in accordance with FRS 140. Details are reflected in page 76.

Material Contracts

There is no material contract involving the Company and its subsidiaries with directors and major shareholders of the Company either still subsisting at the end of the financial year ended 30 June 2010 or entered into since the end of that financial year.

Contracts Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries during the financial year.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, which outlines the Group’s key elements of internal control system for the financial year ended 30 June 2010.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders’ investment and the Group’s assets, and for reviewing the adequacy and integrity of the system. However, the Board recognizes that reviewing of the Group’s system of internal controls is a concerted and on-going process whereby such system is designed to manage rather than eliminate the risk of failure to achieve the Group’s business objectives. In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

Risk Management Framework

The Board regards risk management as an integral part of the business operations. The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group’s business objectives on an informal basis via its Board and Audit Committee meetings with the assistance of the outsourced Internal Auditors.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Group’s Annual Report.

Internal Audit

The Audit Committee with the assistance of the outsourced Internal Auditors annually reviews the Group’s system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.

Other Key Elements of Internal Control

Other key elements of the system of internal control of the Group are as follows:-

- The Group has an appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- Responsibilities are clearly defined and delegated to the committees of the Board.
- Key processes of the Group are governed by policies and procedures.
- The estate prepares budgets for the coming year which are approved by the Board.
- Information covering the financial performance against the budget of the estate is provided to the Board on quarterly basis together with key operational performance indicators.
- Quarterly and annual financial statements with detailed analysis of financial results are reviewed by the Audit Committee who then recommended to the Board for approval prior to submission to Bursa Securities.
- The Investment Committee was set up to oversee the Group’s investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines. The Investment Committee ultimately reports the overall investment results to the Board.

Board's Conclusion

Overall, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance. The Group will strive to ensure that the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal as well as external auditors.

In consideration of the Internal Auditors' report, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed.

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement of Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

AUDIT COMMITTEE REPORT

MEMBERS

Chairman

Lee Soo Hoon

Members

Cecil V R Wong

Liew Chuan Hock

Huang Yuan Chiang

COMPOSITION AND TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

- a) the audit committee must be composed of no fewer than 3 members of whom a majority of the Audit Committee must be Independent Directors;
- b) all members of the Audit Committee should be Non-Executive Directors and financially literate; and
- c) at least one (1) member of the Committee;
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
 - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

Procedure of the Audit Committee meetings

- a) The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director.
- b) The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.
- c) The Committee shall meet not less than four (4) times a year and report to the Board of Directors.

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- d) Written notice of the meeting together with the agenda shall be given to the members of the Committee; the external auditors and any other person invited to attend the meeting, where applicable.
- e) The quorum for meetings of the Committee shall be two (2) members and shall comprise of Independent Directors.
- f) A representative of the external and internal auditors and the Senior Finance Manager should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
- g) The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.
- h) The Committee should meet with the external auditors without Executive Board members present at least twice a year.

Rights of the Committee

The Committee shall:

- (a) have explicit authority to investigate any matter within its term of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

Function of the Committee

The functions of the Audit Committee shall be:

- (a) To review the following and report the same to the Board of Directors -
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, his evaluation of the system of internal controls;
 - (iii) with the external auditors, his audit report;
 - (iv) the assistance given by the employees of the Company to the external auditors;
 - (v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or the implementation of major accounting policy changes;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements;

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- (vi) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (vii) any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
 - (viii) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- (b) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (c) To recommend the nomination of a person or persons as external auditors and the external audit fee.
- (d) To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.
- (e) To verify the criteria for allocation of options pursuant to a share scheme for employee.

Summary Of Activities Of The Audit Committee For The Financial Year

During the financial year ended 30 June 2010, the main activities undertaken by the Audit Committee were as follows:

1. Reviewed the unaudited quarterly financial results of the Group prior to the Board's approval and subsequent announcements.
2. Reviewed the external auditors' scope of work and their audit plan and discuss results of their examination and recommendations.
3. Reviewed with the external auditors the audited financial statements for the financial year ended 30 June 2010, the results of the audit, audit report and recommendation prior to the approval of the Board and subsequent announcements.
4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the Group's and Company's financial statements.
5. Reviewed the internal audit plan and programme for the financial year under review.
6. Reviewed the reports prepared by the outsourced internal auditors on the state of internal controls of the Group.
7. Reviewed the related party transactions and conflict of interest situations that arose within the Group for compliance with the Listing Requirements of Bursa Securities.
8. Reviewed the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Listing Requirements of Bursa Securities.

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Meetings and Minutes

The Committee shall meet not less than four times a year and report to the Board of Directors. The Committee's meetings shall be planned to coincide with the audit cycle and the timing of publication of financial statements. In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. Prior to each Audit Committee meeting, all Directors are given a full set of Audit Committee papers with due notice of issues to be discussed, in a timely manner. All meetings are attended by the Company Secretary whereby all proceedings and conclusion from the Audit Committee Meetings are minuted and signed by the Chairman. The quorum for meetings of the Committee shall be two (2).

The Committee in carrying out its duties and responsibilities has in principle full, free and unrestricted access to the Company's records, properties and personnel. The Committee in the course of investigation of any matter is permitted to use the services of professional firm, seek independent professional advice or request attendance of an outsider with relevant experience at the expense of the Company.

A representative of the external and internal auditors and the Senior Finance Manager should normally attend meetings. However, the Committee may invite any person to be in attendance to assist in its deliberations. Any other Directors and employees shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

The auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

Upon the request of the auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the auditors believe should be brought to the attention of the Directors or shareholders.

The Committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

During the financial year ended 30 June 2010, five (5) Audit Committee meetings were held. The record of attendance of its members during their membership was as follows:

Name of Audit Committee Members	Attendance of meetings
Lee Soo Hoon	5/5
Cecil V R Wong	5/5
Liew Chuan Hock	5/5
Huang Yuan Chiang	5/5

The details of training attended by the Audit Committee who are also the Board members are set out on page 16 of the Annual Report.

Internal Audit Function

The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm has been engaged to handle this function and would report directly to the Audit Committee. Their report has been received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures. The internal audit fee for services provided by the outsourced internal auditors for the financial year amounted to RM11,000.

PROFILE OF DIRECTORS

CECIL V R WONG

Position	Independent Non-Executive Chairman
Age	88
Nationality	Singaporean
Work Experience/Occupation	a) Partner, Public Accounting Firm, Singapore (1953 - 1983) b) Director, Public Limited Companies listed on the Bursa Securities and SGX (1969 to present)
Qualification	a) F.C.A., Institute of Chartered Accountants of England & Wales b) C.P.A., Singapore
Date of Appointment	29 November 1969
Details of any board committee to which Director belongs	a) Member of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other listed companies	a) British & Malayan Trustees Limited b) Bukit Sembawang Estates Limited c) CK Tang Limited d) Pan-United Corporation Ltd e) Venture Manufacturing (Singapore) Ltd f) Kluang Rubber Company (Malaya) Berhad g) Kuchai Development Berhad
Securities holding in the Company (as at 30 June 2010)	Direct interest of 40,800 shares in the Company equivalent to 0.07%
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

LEE CHUNG-SHIH

Position	Executive Director
Age	48
Nationality	Singaporean
Work Experience/Occupation	a) Managing Director, The Emerald Hill Group of Companies b) Executive Director, Public Unlisted Real Estate Investment Company c) Director, Public Unlisted Licenced Trust Company
Qualification	B. Sc., International Business
Date of Appointment	19 February 1990

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Details of any board committee to which Director belongs	Member of Investment Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2010)	Direct interest of 32,000 shares and deemed interest of 35,170,752 shares in the Company equivalent to 0.05% and 58.14% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih
Conflict of interest with the Company	Nil

LEE SOO HOON

Position	Independent Non-Executive Director
Age	68
Nationality	Malaysian
Work Experience/Occupation	a) Partner of Ernst & Young, Singapore (1978 - 1997) b) Independent Director of Singapore Public Companies c) Provides management and financial consultancy services
Qualification	a) F.C.A. Institute of Chartered Accountants in England and Wales b) Member of Singapore Institute of Certified Public Accountants c) Member of Malaysian Institute of Certified Public Accountants d) Member of Malaysian Institute of Accountants e) Member of Singapore Institute of Directors
Date of Appointment	19 October 2001
Details of any board committee to which Director belongs	a) Chairman of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other listed companies	a) IPC Corporation Ltd b) CSE Global Ltd c) Transview Holdings Limited d) Kuchai Development Berhad e) Kluang Rubber Company (Malaya) Berhad f) G.K. Goh Holdings Limited
Securities holding in the Company (as at 30 June 2010)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

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LIEW CHUAN HOCK

Position	Independent Non-Executive Director
Age	49
Nationality	Malaysian
Work Experience/Occupation	a) Vice President Institutional Sales, HwangDBS Investment Bank Berhad Holds dealers representative licence b) Executive Director, Britac Bhd c) Head of Institutional Sales, Sime Securities Sdn Bhd d) Head of Institutional Sales, HLG Securities Bhd
Qualification	a) Masters in Business Administration, University of Manchester b) B.Sc. (Eng.) Hons
Date of Appointment	18 November 2002
Details of any board committee to which Director belongs	a) Chairman of Remuneration Committee b) Member of Audit Committee c) Member of Nomination Committee d) Member of Investment Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2010)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

HUANG YUAN CHIANG

Position	Independent Non-Executive Director
Age	51
Nationality	Malaysian
Work Experience/Occupation	Mr Huang is a lawyer by training and an investment banker by vocation. His career in investment banking spanned 12 years and he has held senior management positions with various international banks including Standard Chartered Bank, HSBC, Bankers Trust and Deutsche Bank. His last position at Bankers Trust was Managing Director, overseeing the Mergers & Acquisitions Division of Bankers Trust for Singapore, Malaysia, Thailand, Indonesia, Philippines and India
Qualification	a) Bachelor of Laws (LL.B) Monash University b) Bachelor of Economics (B.Ec) Monash University
Date of Appointment	18 November 2003

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

Details of any board committee to which Director belongs	a) Chairman of Nomination Committee b) Chairman of Investment Committee c) Member of Audit Committee d) Member of Remuneration Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad c) MTQ Corporation Limited d) Mercator Lines (Singapore) Limited e) Omega Navigation Enterprises Inc
Securities holding in the Company (as at 30 June 2010)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the year	12,655,566	(4,218,694)
Attributable to :		
Equity holders of the Company	12,655,566	(4,218,694)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend paid by the Company since 30 June 2009 was as follows :

	Amount RM	Net dividend per share Sen
In respect of the financial year ended 30 June 2009 on 60,491,552 ordinary shares, declared on 30 October 2009 and paid on 22 December 2009 :		
First and final ordinary dividend of 2% less 25% taxation	907,373	1.5

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2010 of 2% less 25% taxation on 60,491,552 ordinary shares, amounting to a dividend payable of RM907,373 (1.5 sen per ordinary share), will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2011.

DIRECTORS' REPORT

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Cecil V R Wong
Lee Chung-Shih
Lee Soo Hoon
Liew Chuan Hock
Huang Yuan Chiang
Han Teng Juan (retired on 8 October 2010)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	←—Number of Ordinary Shares of RM1 Each—→			30 June 2010
	1 July 2009	Bought	Sold	
Direct interest				
Cecil V R Wong	40,800	-	-	40,800
Deemed interest				
Lee Chung-Shih				
- Direct interest	32,000	-	-	32,000
- Indirect interest	35,170,752	-	-	35,170,752

Lee Chung-Shih by virtue of his interest in the Company is deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Cont'd)

- (b) At the date of this report, the directors are not aware of any circumstances which would render :
- (i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2010.

Cecil V R Wong

Lee Chung-Shih

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

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Cecil V R Wong and Lee Chung-Shih, being two of the directors of Sungei Bagan Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 71 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2010.

Cecil V R Wong

Lee Chung-Shih

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Corinna Foo Kim Joke, being the Officer primarily responsible for the financial management of Sungei Bagan Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Corinna Foo Kim Joke)
at Johor Bahru in the State of Johor)
on 8 October 2010.)

Corinna Foo Kim Joke

Before me,

No. J075
Hj Bahari Hj Mahadi
Pesuruhjaya Sumpah
Johor Bahru

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Sungei Bagan Rubber Company (Malaya) Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 71.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD
(Incorporated in Malaysia)**

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Abraham Verghese A/L T.V. Abraham
1664/10/10(J)
Chartered Accountant

Johor Bahru, Malaysia
8 October 2010

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

**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	3	10,025,778	10,882,579	9,840,206	9,399,546
Other income		66,736	95,128	66,736	95,128
Changes in inventories		101,097	25,612	101,097	25,612
Employee benefits expenses	4	(730,631)	(952,557)	(730,631)	(952,557)
Depreciation		(23,465)	(34,739)	(23,465)	(34,739)
Subcontract labour cost, fertilizer and chemical costs		(3,048,025)	(3,674,308)	(3,048,025)	(3,674,308)
Foreign exchange (loss)/gain		(4,469,357)	(6,826,817)	(8,377,615)	8,585,644
Other expenses		(1,612,480)	(1,660,582)	(1,442,824)	(1,499,208)
Fair value gain/(loss) - Investment property		3,149,265	(9,373,061)	-	-
Profit/(loss) from operations	5	3,458,918	(11,518,745)	(3,614,521)	11,945,118
Share of profit/(loss) of associates	13	10,656,821	(3,990,103)	-	-
Profit/(loss) before taxation		14,115,739	(15,508,848)	(3,614,521)	11,945,118
Income tax (expense)/credit	7	(1,460,173)	2,105,529	(604,173)	(555,471)
Profit/(loss) for the year		12,655,566	(13,403,319)	(4,218,694)	11,389,647
Attributable to : Equity holders of the Company		12,655,566	(13,403,319)	(4,218,694)	11,389,647
Earnings/(loss) per share (Sen)					
Basic	8(a)	20.9	(22.2)		
Diluted	8(b)	20.9	(22.2)		

The accompanying notes form an integral part of the financial statements.

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

**BALANCE SHEETS
AS AT 30 JUNE 2010**

	Note	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
Assets					
Non-current assets					
Property, plant and equipment	9	953,206	974,471	953,206	974,471
Biological assets	10	549,154	549,154	549,154	549,154
Investment properties	11	22,139,303	20,602,302	-	-
Investment in subsidiaries	12	-	-	10	10
Investment in associates	13	89,570,547	63,414,811	188,753	188,753
Due from subsidiaries	14	-	-	84,993,987	91,753,986
Available-for-sale investments	15	103,630,127	74,022,639	100,003,443	70,627,392
Deferred tax asset	16	28,000	28,000	28,000	28,000
		216,870,337	159,591,377	186,716,553	164,121,766
Current assets					
Inventories	17	178,043	76,946	178,043	76,946
Tax recoverable		852,806	845,442	852,806	845,442
Trade and other receivables	18	13,527,147	644,471	20,603,532	22,381,311
Cash and bank balances	19	122,303,615	143,585,566	30,806,008	27,735,685
		136,861,611	145,152,425	52,440,389	51,039,384
Total assets		353,731,948	304,743,802	239,156,942	215,161,150
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	60,491,552	60,491,552	60,491,552	60,491,552
Reserves	21 & 22	286,818,344	238,104,303	177,137,100	152,887,116
		347,309,896	298,595,855	237,628,652	213,378,668
Non-current liabilities					
Provision for retirement benefits	23	178,830	188,630	178,830	188,630
Deferred tax liability	16	4,819,000	4,277,000	-	-
		4,997,830	4,465,630	178,830	188,630
Current liabilities					
Trade and other payables	24	1,424,222	1,682,317	1,349,460	1,593,852
		1,424,222	1,682,317	1,349,460	1,593,852
Total liabilities		6,422,052	6,147,947	1,528,290	1,782,482
TOTAL EQUITY AND LIABILITIES		353,731,948	304,743,802	239,156,942	215,161,150

The accompanying notes form an integral part of the financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	<----->	Non-distributable	----->	Foreign exchange fluctuation reserve	Fair value reserve	Cultivation and replacement reserves	General reserve	Retained earnings	Total equity
	Share capital	Capital reserve	Fair value reserve	Foreign exchange fluctuation reserve	Fair value reserve	Cultivation and replacement reserves	General reserve	Retained earnings	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM
2009	Note	Note 21(a)	Note 21(b)	Note 21(c)	Note 21(d)	Note 21(e)	Note 21(f)	Note 21(g)	Note 21(h)
At 1 July 2008		60,491,552	54,474,756	78,425,676	(3,880,693)	6,997,804	11,000,000	136,082,114	343,591,209
Transfer (to)/from reserves		-	-	-	-	(528,671)	-	528,671	-
Share of associated companies' reserve		-	(8,381,026)	-	-	-	-	-	(8,381,026)
Foreign currency translation		-	-	12,970,941	-	-	-	-	12,970,941
Fair value loss : - Available-for-sale investments		-	(34,140,361)	-	-	-	-	-	(34,140,361)
Net income and expense recognised directly in equity		-	(8,381,026)	12,970,941	(528,671)	-	-	528,671	(29,550,446)
Loss for the year		-	-	-	-	-	-	(13,403,319)	(13,403,319)
Total recognised income and expense for the year		-	(8,381,026)	12,970,941	(528,671)	-	-	(12,874,648)	(42,953,765)
Dividends	25	-	-	-	-	-	-	(2,041,589)	(2,041,589)
At 30 June 2009		60,491,552	46,093,730	44,285,315	9,090,248	6,469,133	11,000,000	121,165,877	298,595,855

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	<----->	Non-distributable	----->	Foreign exchange fluctuation reserve	RM	<----->	Cultivation and replacement reserves	RM	----->	Distributable	----->
	Share capital	Capital reserve	Fair value reserve	Note 21(a)	Note 21(b)	Note 21(c)	General reserve	Note 21(d)	Retained earnings	Total equity	
2010	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1 July 2009	60,491,552	46,093,730	44,285,315	9,090,248	6,469,133	11,000,000	121,165,877	298,595,855			
Transfer (to)/from reserves	-	-	-	-	(513,428)	-	513,428	-		-	
Share of associated companies' reserve	-	19,150,857	-	-	-	-	-	-		19,150,857	
Foreign currency translation	-	-	-	(12,042,643)	-	-	-	-		(12,042,643)	
Fair value gain : - Available-for-sale investments	-	-	29,857,634	-	-	-	-	-		29,857,634	
Net income and expense recognised directly in equity	-	19,150,857	29,857,634	(12,042,643)	(513,428)	-	513,428	-		36,965,848	
Profit for the year	-	-	-	-	-	-	12,655,566	-		12,655,566	
Total recognised income and expense for the year	-	19,150,857	29,857,634	(12,042,643)	(513,428)	-	13,168,994	-		49,621,414	
Dividend	-	-	-	-	-	-	(907,373)	-		(907,373)	
At 30 June 2010	60,491,552	65,244,587	74,142,949	(2,952,395)	5,955,705	11,000,000	133,427,498	347,309,896			

The accompanying notes form an integral part of the financial statements.

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

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	<----->	Non-distributable	----->	Foreign exchange fluctuation reserve	Fair value reserve	Cultivation and replacement reserves	General reserve	Retained earnings	Total equity
2009	Note	Capital reserve	Fair value reserve	Foreign exchange fluctuation reserve	Fair value reserve	Cultivation and replacement reserves	General reserve	Retained earnings	Total equity
		Note 21(a)	Note 21(b)	Note 21(c)	Note 21(d)	Note 21(c)	Note 21(d)		
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2008		60,491,552	40,255,121	78,420,464	17,118,486	6,997,804	11,000,000	23,747,496	238,030,923
Transfer to/(from) reserves		-	-	-	-	(528,670)	-	528,670	-
Fair value loss :		-	-	(34,000,313)	-	-	-	-	(34,000,313)
- Available-for-sale investments		-	-	(34,000,313)	-	(528,670)	-	528,670	(34,000,313)
Net income and expense recognised directly in equity		-	-	-	-	-	-	11,389,647	11,389,647
Profit for the year		-	-	-	-	-	-	11,389,647	11,389,647
Total recognised income and expense for the year		-	-	(34,000,313)	-	(528,670)	-	11,918,317	(22,610,666)
Dividends	25	-	-	-	-	-	-	(2,041,589)	(2,041,589)
At 30 June 2009		60,491,552	40,255,121	44,420,151	17,118,486	6,469,134	11,000,000	33,624,224	213,378,668

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

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	<----->	Non-distributable	----->	Foreign exchange fluctuation reserve	Fair value reserve	Cultivation and replacement reserves	General reserve	Retained earnings	Total equity
2010	Note	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2009		60,491,552	40,255,121	44,420,151	17,118,486	6,469,134	11,000,000	33,624,224	213,378,668
Transfer to/(from) reserves									
Fair value gain :		-	-	-	-	(513,428)	-	513,428	-
- Available-for-sale investments		-	-	29,376,051	-	-	-	-	29,376,051
Net income and expense recognised directly in equity		-	-	29,376,051	-	(513,428)	-	513,428	29,376,051
Loss for the year		-	-	-	-	-	-	(4,218,694)	(4,218,694)
Total recognised income and expense for the year		-	-	29,376,051	-	(513,428)	-	(3,705,266)	25,157,357
Dividend	25	-	-	-	-	-	-	(907,373)	(907,373)
At 30 June 2010		60,491,552	40,255,121	73,796,202	17,118,486	5,955,706	11,000,000	29,011,585	237,628,652

The accompanying notes form an integral part of the financial statements.

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

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	14,115,739	(15,508,848)	(3,614,521)	11,945,118
Adjustments for :				
Depreciation	23,465	34,739	23,465	34,739
Provision for retirement benefits, net	(5,389)	24,959	(5,389)	24,959
Unrealised foreign exchange loss/(gain)	2,015,499	6,821,961	8,366,836	(8,590,500)
Dividend income	(2,641,811)	(2,235,607)	(2,641,811)	(2,235,607)
Interest income	(712,413)	(2,239,841)	(526,841)	(756,808)
Gain on disposal of property, plant and equipment	-	(7,628)	-	(7,628)
Fair value (gain)/loss				
- Investment property	(3,149,265)	9,373,061	-	-
Share of (profit)/loss of associates	(10,656,821)	3,990,103	-	-
Operating (loss)/profit before working capital changes	(1,010,996)	252,899	1,601,739	414,273
Receivables	(13,080,048)	301,918	(7,254)	283,550
Inventories	(101,097)	(25,612)	(101,097)	(25,612)
Payables	(251,577)	(30,420)	(245,125)	27,435
Cash (used in)/generated from operations	(14,443,718)	498,785	1,248,263	699,646
Retirement benefit paid	(4,411)	(211,754)	(4,411)	(211,754)
Tax paid	(611,537)	(1,649,529)	(585,563)	(1,649,529)
Net cash (used in)/generated from operating activities	(15,059,666)	(1,362,498)	658,289	(1,161,637)

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	2,640,989	2,182,919	2,615,015	2,182,919
Interest received	907,551	2,178,368	706,592	697,313
Purchase of property, plant and equipment	(2,200)	(93,179)	(2,200)	(93,179)
Proceed from sale of property, plant and equipment	-	7,629	-	7,629
	<u>-</u>	<u>7,629</u>	<u>-</u>	<u>7,629</u>
Net cash generated from investing activities	3,546,340	4,275,737	3,319,407	2,794,682
	<u>3,546,340</u>	<u>4,275,737</u>	<u>3,319,407</u>	<u>2,794,682</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Dividends paid	(907,373)	(2,041,589)	(907,373)	(2,041,589)
	<u>(907,373)</u>	<u>(2,041,589)</u>	<u>(907,373)</u>	<u>(2,041,589)</u>
Net cash used in financing activity	(907,373)	(2,041,589)	(907,373)	(2,041,589)
	<u>(907,373)</u>	<u>(2,041,589)</u>	<u>(907,373)</u>	<u>(2,041,589)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,420,699)	871,650	3,070,323	(408,544)
EFFECTS OF EXCHANGE RATE CHANGES	(8,861,252)	750,505	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	143,585,566	141,963,411	27,735,685	28,144,229
	<u>143,585,566</u>	<u>141,963,411</u>	<u>27,735,685</u>	<u>28,144,229</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 19)	122,303,615	143,585,566	30,806,008	27,735,685
	<u><u>122,303,615</u></u>	<u><u>143,585,566</u></u>	<u><u>30,806,008</u></u>	<u><u>27,735,685</u></u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

1. CORPORATE INFORMATION

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6-1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru. The principal place of business is located at Suite 233, 2nd Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 July 2009 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also 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 financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's income statement in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available management or audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain landed properties of the Company have not been revalued since they were first revalued in 1959. The directors have not adopted a policy of revaluation of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) 16 (Revised): Property, Plant and Equipment which was the applicable accounting standards when the first revaluation was done, these assets continue to be stated at their 1959 valuation less accumulated depreciation.

Surplus arising from revaluation is credited to the revaluation reserve account included within equity. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property and the balance thereafter is recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Buildings	4% - 10%
Plant and machinery	10%
Furniture and fittings	10% - 50%
Vehicles and agricultural equipment	25% - 33.3%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Biological assets

Biological assets represents oil palms which are initially recorded at cost. Certain biological assets were not revalued since 1959 and continue to be stated at their 1959 valuation.

- (i) **New planting**
New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under estates costs and are not depreciated.
- (ii) **Replanting expenditure**
Replanting expenditure consists of expenses incurred from the point of clearing of planted areas to the point of harvesting and is charged to income statement in the year that it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gain or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than investment properties, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(f) Impairment of non-financial assets (cont'd)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Inventories

Inventories comprise spare parts, fertilizers and chemicals and are stated at the lower of cost (determined on weighted average basis) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completed and the estimated costs necessary to make the sale.

(h) Investments and other financial assets

Financial assets in the scope of FRS 139 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace, are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

- (i) **Financial assets at fair value through profit or loss**
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains and losses on investments held for trading are recognised in the income statement.
- (ii) **Held-to-maturity investments**
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are in an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(h) Investments and other financial assets (cont'd)

(iii) 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 carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(j) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(k) Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(l) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been computed on the retirement benefits provision, as the amount is deemed to be insignificant to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(p) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Company’s net investment in foreign operation are recognised in the income statement in the Company’s financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated in RM as follows :

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(q) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statement.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement.

Impairment losses on available-for-sale equity investments are not reversed in the income statement in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in equity. For available-for-sale debt investments, impairment losses are subsequently reversed in the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2.2 Summary of significant accounting policies (cont'd)

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Sale of goods
Revenue relating to sale of fresh oil palm fruit bunches is recognised net of sales taxes and discounts upon the transfer of risks and rewards.
- (ii) Interest income
Interest is recognised on a time proportion basis that reflect the effective yield on the assets.
- (iii) Dividend income
Dividend income is recognised when the right to receive payment is established.
- (iv) Replanting cess refund
Replanting cess refund is accounted for on a receipt basis.

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on their business segments which are independently managed by the Board of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.3 Changes in accounting standards

On 1 July 2009, the Group adopted FRS 8 which is mandatory for annual financial periods beginning on and after 1 July 2009.

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 28.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2. Significant accounting policies (cont'd)

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs ‘Improvements to FRSs (2009)’
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issue

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1: Limited exemption for comparative FRS 7: Disclosures for First-time Adopters
Amendments to FRS 7: Improving disclosures about Financial Instruments
Amendment to FRS 1: Additional exemptions for First-Time Adopters
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
IC Interpretation 4: Determining whether an Arrangement contains a Lease
IC Interpretation 18: Transfers of Assets from Customers
TR 3 Guidance on Disclosures of Transaction to IFRSs
TR i-4 Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15: Agreements for the Construction of Real Estate

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2. Significant accounting policies (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

(i) *FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)*

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(ii) *FRS 101: Presentation of Financial Statements (revised)*

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(iii) *FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures*

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and the Company's exposure to risks, enhanced disclosure regarding components of the Group's and the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the transitional provisions, the Group and the Company are exempted from disclosing the comparatives disclosures upon the initial application.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

2. Significant accounting policies (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

(iv) Amendments to FRSs 'Improvements to FRSs (2009)

- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

- FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

2.5 Changes in estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group reviewed the residual values and remaining useful life of its property, plant and equipment and found that no revisions to the residual values and remaining useful life of its property, plant and equipment were necessary.

2.6 Significant accounting estimates and judgements

Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investment in associates

The Group determines whether investment in associates is impaired at least on an annual basis by comparing the carrying amount with the recoverable amount of the investment in associates. This requires an estimation of the fair value less costs to sell and the value-in-use of the cash-generating units ("CGU") of the investment in associates. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

3. REVENUE

Revenue of the Group and of the Company consist of the following :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of fresh oil palm fruit bunches	6,671,554	6,407,131	6,671,554	6,407,131
Dividend income				
- Quoted shares in Malaysia	103,896	214,476	103,896	214,476
- Quoted shares outside Malaysia	2,537,915	2,021,131	2,537,915	2,021,131
Interest income	712,413	2,239,841	526,841	756,808
	10,025,778	10,882,579	9,840,206	9,399,546

4. EMPLOYEE BENEFITS EXPENSES

	Group and Company	
	2010 RM	2009 RM
Wages and salaries	619,695	799,806
Contributions to defined contribution plan	36,356	38,420
Social security contributions	4,215	4,047
Retirement benefits		
- Current year	11,729	24,959
- Overprovided in prior year	(17,118)	-
Other benefits	75,754	85,325
	730,631	952,557

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM238,940 (2009 : RM296,440) as further disclosed in Note 6.

5. PROFIT/(LOSS) FROM OPERATIONS

The following amounts have been included in arriving at profit/(loss) from operations :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration				
- Current year	33,000	33,000	33,000	33,000
- Of subsidiaries, borne by the Company	6,000	6,000	6,000	6,000
- Other services	42,000	70,000	42,000	70,000
Fees of subsidiaries' directors	12,415	4,460	-	-
Foreign exchange loss/(gain)				
- Realised	2,453,858	4,856	10,779	4,856
- Unrealised	2,015,499	6,821,961	8,366,836	(8,590,500)
Rental of premises	4,392	4,392	4,392	4,392
Replanting cost	513,428	528,671	513,428	528,671

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

6. DIRECTORS' REMUNERATION

	Group and Company	
	2010	2009
	RM	RM
Directors of the Company		
Executive :		
Salaries and allowances	188,940	246,440
Fees	50,000	50,000
	<hr/> 238,940	<hr/> 296,440
Non-Executive :		
Fees	223,000	220,000
	<hr/> 461,940	<hr/> 516,440
Total	<hr/> 461,940	<hr/> 516,440

The number of directors of the Company whose total remuneration during the year fall within the following bands are as follows:

	Number of Directors	
	2010	2009
Executive directors		
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	1	1
Non-Executive directors		
RM50,001 to RM100,000	4	4

7. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Tax expense for the year :				
Malaysian income tax	612,000	418,000	612,000	418,000
(Over)/underprovision in prior years :				
Malaysian income tax	(7,827)	30,471	(7,827)	30,471
	<hr/> 604,173	<hr/> 448,471	<hr/> 604,173	<hr/> 448,471
Deferred tax (Note 16) :				
Relating to origination and reversal of temporary differences	856,000	(2,662,000)	-	(1,000)
Underprovision in prior years	-	108,000	-	108,000
	<hr/> 856,000	<hr/> (2,554,000)	<hr/> -	<hr/> 107,000
Total income tax expense/(credit)	<hr/> 1,460,173	<hr/> (2,105,529)	<hr/> 604,173	<hr/> 555,471

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

7. INCOME TAX EXPENSE/(CREDIT) (Cont'd)

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit/(loss) for the year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2010	2009
	RM	RM
Group		
Profit/(loss) before taxation	14,115,739	(15,508,848)
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	3,528,935	(3,877,212)
Effects of income not subject to tax	(634,479)	(311,788)
Effects of expenses not deductible for tax purposes	1,018,892	135,552
Effects of profits in subsidiaries not subject to tax	150,173	1,129,657
Effects of share of results of associates	(2,664,205)	997,526
Deferred tax recognised at different tax rate	68,684	(317,735)
Underprovision of deferred tax in prior years	-	108,000
(Over)/underprovision of tax expense in prior years	(7,827)	30,471
Total income tax expense/(credit)	1,460,173	(2,105,529)
Company		
(Loss)/profit before taxation	(3,614,521)	11,945,118
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	(903,630)	2,986,280
Effects of income not subject to tax	(634,479)	(2,652,908)
Effects of expenses not deductible for tax purposes	2,150,109	83,628
Underprovision of deferred tax in prior year	-	108,000
(Over)/underprovision of tax expense in prior years	(7,827)	30,471
Tax expense for the year	604,173	555,471

8. EARNINGS/(LOSS) PER SHARE

(a) Basic

	2010	Group 2009
	RM	RM
Profit/(loss) for the year	12,655,566	(13,403,319)
Number of ordinary shares in issue	60,491,552	60,491,552
Earnings/(loss) per share (Sen)	20.9	(22.2)

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there is no dilutive potential ordinary shares outstanding as at 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

9. PROPERTY, PLANT AND EQUIPMENT

Group and Company	At Valuation	← At Cost →			Total
	Freehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	
2010					
Cost/Valuation					
At 1 July 2009	815,967	604,324	168,627	372,997	1,961,915
Additions	-	-	-	2,200	2,200
At 30 June 2010	815,967	604,324	168,627	375,197	1,964,115
Accumulated depreciation					
At 1 July 2009	-	549,904	141,852	295,688	987,444
Depreciation charge for the year	-	1,599	6,684	15,182	23,465
At 30 June 2010	-	551,503	148,536	310,870	1,010,909
Net carrying amount					
At 30 June 2010	815,967	52,821	20,091	64,327	953,206
2009					
Cost/Valuation					
At 1 July 2008	815,967	604,324	168,627	328,235	1,917,153
Additions	-	-	-	93,179	93,179
Disposals	-	-	-	(48,417)	(48,417)
At 30 June 2009	815,967	604,324	168,627	372,997	1,961,915
Accumulated depreciation					
At 1 July 2008	-	542,504	134,431	324,186	1,001,121
Depreciation charge for the year	-	7,400	7,421	19,918	34,739
Disposals	-	-	-	(48,416)	(48,416)
At 30 June 2009	-	549,904	141,852	295,688	987,444
Net carrying amount					
At 30 June 2009	815,967	54,420	26,775	77,309	974,471

* Other assets comprise furniture and fittings, vehicles, agriculture equipment and computers.

(a) The freehold land was revalued by directors in 1959.

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued freehold land was made.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(c) Included in property, plant and equipment of the Group and the Company are the cost of the following fully depreciated assets which are still in use :

Group and Company	2010	2009
	RM	RM
Building	540,324	360,634
Plant and machinery	101,787	101,787
Other assets	278,127	275,927
	920,238	738,348
	920,238	738,348

10. BIOLOGICAL ASSETS

Group and Company	2010	2009
	RM	RM
Oil palm		
At beginning of year/At end of year	549,154	549,154
	549,154	549,154

(a) Biological assets comprise oil palm. The biological assets were revalued by directors in 1959.

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued biological assets was made.

11. INVESTMENT PROPERTIES

Group	2010	2009
	RM	RM
At beginning of year	20,602,302	27,820,375
Fair value gain/(loss)	3,149,265	(9,373,061)
Exchange difference	(1,612,264)	2,154,988
	22,139,303	20,602,302
	22,139,303	20,602,302

The following investment properties are held under lease term :

	2010	2009
	RM	RM
Long term leasehold apartment	22,139,303	20,602,302
	22,139,303	20,602,302

12. INVESTMENT IN SUBSIDIARIES

Company	2010	2009
	RM	RM
Unquoted shares, at cost	10	10
	10	10

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activity
		2010	2009	
Lanstar Assets Limited	British Virgin Islands	100	100	Investment holding
Springvale International Limited	British Virgin Islands	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

13. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost :				
Outside Malaysia	46,880,645	48,459,571	188,753	188,753
Share of post-acquisition reserves	42,689,902	14,955,240	-	-
	<u>89,570,547</u>	<u>63,414,811</u>	<u>188,753</u>	<u>188,753</u>

During the financial year, dividend received from an associate of RM2,073,016 (2009 : RM2,422,482) was reinvested.

(a) Details of the associates are :

Name of Associates	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2010	2009	
Kuala Pergau Rubber Plantations PLC*	England	25	25	Plantation owner.
Balland Properties Limited**	Ireland	49	49	Investment holding.
Raffles – Asia Investment Company**	Mauritius	33.12	32.78	Invest in a portfolio of securities.

* Shareholdings held directly through the Company

** Shareholdings held directly through a subsidiary

(b) The summarised financial information of the associates are as follows :

	2010 RM	2009 RM
Share of assets and liabilities		
Current assets	25,932,594	12,168,225
Non-current assets	63,668,371	51,577,140
Current liabilities	(956,080)	(678,630)
Non-current liabilities	(1,834,072)	(1,762,064)
Net assets	<u>86,810,813</u>	<u>61,304,671</u>
Results		
Revenue	1,623,352	2,190,580
Share of profit/(loss) for the year	<u>10,656,821</u>	<u>(3,990,103)</u>

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

13. INVESTMENT IN ASSOCIATES (Cont'd)

(c) The details of goodwill included within the Group's carrying amount of investment in associates are as follows :

Cost/Net Carrying Amount	2010 RM	2009 RM
At beginning of year	613,938	856,701
Arising from investments in associates	167,370	(242,763)
At end of year	781,308	613,938

(d) The directors have considered the underlying value of the assets and the prospect of the associates and are of the opinion that no provision for impairment is required.

14. DUE FROM SUBSIDIARIES

	Company	
	2010 RM	2009 RM
Due from subsidiaries	105,187,676	113,553,780
Less : Short term portion (Note 18)	(20,193,689)	(21,799,794)
Long term portion	84,993,987	91,753,986

Amount due from subsidiaries is unsecured and interest free. The long term portion of the amount due from subsidiaries represents the Company's investment in the foreign subsidiaries.

15. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Quoted -				
Shares in Malaysia	16,833,960	14,812,620	16,833,960	14,812,620
Shares outside Malaysia	83,169,483	55,814,772	83,169,483	55,814,772
	100,003,443	70,627,392	100,003,443	70,627,392
Unquoted -				
Redeemable preference shares outside Malaysia	3,626,684	3,395,247	-	-
	103,630,127	74,022,639	100,003,443	70,627,392

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

16. DEFERRED TAX (LIABILITY)/ASSET

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At beginning of year	(4,249,000)	(6,278,000)	28,000	135,000
Recognised in income statement (Note 7)	(856,000)	2,554,000	-	(107,000)
Exchange difference	314,000	(525,000)	-	-
At end of year	<u>(4,791,000)</u>	<u>(4,249,000)</u>	<u>28,000</u>	<u>28,000</u>
Analysed as follows :				
Deferred tax asset	28,000	28,000	28,000	28,000
Deferred tax liability	(4,819,000)	(4,277,000)	-	-
	<u>(4,791,000)</u>	<u>(4,249,000)</u>	<u>28,000</u>	<u>28,000</u>

The components and movements of deferred tax asset/(liability) during the financial year prior to offsetting are as follows :

Deferred tax asset of the Group and Company

	Retirement benefit obligations RM	Accelerated capital allowances RM	Total RM
2010			
At 1 July 2009	49,000	(21,000)	28,000
Recognised in income statement	-	-	-
At 30 June 2010	<u>49,000</u>	<u>(21,000)</u>	<u>28,000</u>
2009			
At 1 July 2008	158,000	(23,000)	135,000
Recognised in income statement	(109,000)	2,000	(107,000)
At 30 June 2009	<u>49,000</u>	<u>(21,000)</u>	<u>28,000</u>

Deferred tax liability of the Group

	Investment property	
	2010 RM	2009 RM
At beginning of year	(4,277,000)	(6,413,000)
Recognised in income statement	(856,000)	2,661,000
Exchange difference	314,000	(525,000)
At end of year	<u>(4,819,000)</u>	<u>(4,277,000)</u>

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

17. INVENTORIES

	Group and Company	
	2010	2009
	RM	RM
At cost :		
Spare parts, fertilizers and chemicals	178,043	76,946
	<u>178,043</u>	<u>76,946</u>

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade receivables	99,892	78,067	99,892	78,067
Sundry receivables	213,740	422,925	211,230	405,058
Prepayments	137,515	143,479	98,721	98,392
Deposit	13,076,000	-	-	-
Due from subsidiaries (Note 14)	-	-	20,193,689	21,799,794
	<u>13,527,147</u>	<u>644,471</u>	<u>20,603,532</u>	<u>22,381,311</u>

The normal trade credit term is 15 days. Other credit terms are assessed and approved on case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The Group's deposit represents the amount which a subsidiary has placed out at the end of June 2010 for an investment. The investment was issued to the subsidiary on 1 July 2010.

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment.

Other information on financial risks of other receivables are disclosed in Note 27.

19. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash on hand and at bank	51,172,954	3,036,440	3,670,951	2,807,221
Short-term deposits with licensed banks				
- in Malaysia	27,135,057	24,928,464	27,135,057	24,928,464
- outside Malaysia	43,995,604	115,620,662	-	-
Cash and cash equivalents	<u>122,303,615</u>	<u>143,585,566</u>	<u>30,806,008</u>	<u>27,735,685</u>

The weighted average interest rates of deposits at the balance sheet date were as follows :

	Group		Company	
	2010	2009	2010	2009
	%	%	%	%
In Malaysia	1.54	2.83	1.54	2.83
Outside Malaysia	0.20	0.25	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

19. CASH AND BANK BALANCES (Cont'd)

The average maturity days of deposits as at the end of the financial year were as follows :

	Group		Company	
	2010 Days	2009 Days	2010 Days	2009 Days
In Malaysia	163	193	163	193
Outside Malaysia	29	9	-	-

Other information on financial risks of cash and cash equivalents are disclosed in Note 27.

20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>60,491,552</u>	<u>60,491,552</u>	<u>60,491,552</u>	<u>60,491,552</u>

21. RESERVES

The components and movements of reserves are disclosed in the statements of changes in equity.

- (a) Capital reserve represents reserve created in accordance with Article No. 142 of the Company's Articles of Association and is not distributable as dividend. It consists of surplus from disposal of properties and long term investments and was created for the purpose of future acquisition of property and investment.
- (b) Fair value reserve represents net gains or losses from the fair value adjustments of the available-for-sale investments at fair value.
- (c) Cultivation and replacement reserves represent reserves created for the purpose of replanting oil palm and rubber crop.
- (d) General reserve represents reserve transferred from retained profits and is distributable.

22. DISTRIBUTABLE RESERVES

Prior to Year of Assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2010, the Company has tax credit in the 108 balance of approximately RM7.31 million (2009 : RM7.61 million) and balance in the tax exempt income accounts of approximately RM27.02 million (2009 : RM24.48 million) to pay dividends out of its entire distributable reserves as at 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

23. PROVISION FOR RETIREMENT BENEFITS

	Group and Company	
	2010	2009
	RM	RM
At beginning of year	764,193	950,988
Charged to income statements	(5,389)	24,959
Payment	(4,411)	(211,754)
	<hr/>	<hr/>
At end of year	754,393	764,193
Retirement benefit payable within one year (Note 24)	(575,563)	(575,563)
	<hr/>	<hr/>
Retirement benefit payable after one year	178,830	188,630
	<hr/> <hr/>	<hr/> <hr/>

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade payables	76,756	216,441	76,756	216,441
Accruals	474,487	558,446	414,654	507,233
Sundry payables	40,368	72,000	40,368	34,748
Due to directors' related companies	250,970	253,789	236,041	253,789
Unclaimed dividends	6,078	6,078	6,078	6,078
Retirement benefit payable (Note 23)	575,563	575,563	575,563	575,563
	<hr/>	<hr/>	<hr/>	<hr/>
	1,424,222	1,682,317	1,349,460	1,593,852
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

- (a) The normal credit terms granted to the Group range from 30 to 90 days.
- (b) Included in trade payables of the Group and the Company is an amount of RM20,452 (2009 : RM48,480) due to Kluang Estate (1977) Sdn. Bhd., a company in which certain directors of the Company, Cecil V R Wong and Lee Chung-Shih have interest.
- (c) Amount due to directors' related companies of the Group and the Company represents non-trade amount due to companies in which certain directors have interest. These are unsecured, interest free and with no fixed terms of repayment.

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
The Nyalas Rubber Estates Limited*	242,427	239,783	227,498	239,783
Kluang Rubber Company (Malaya) Berhad**	3,360	10,368	3,360	10,368
Kuchai Development Berhad**	5,183	3,638	5,183	3,638
	<hr/>	<hr/>	<hr/>	<hr/>
	250,970	253,789	236,041	253,789
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

* Company in which a director, Lee Chung-Shih has an interest.

** Company in which certain directors, Cecil V R Wong and Lee Chung-Shih have an interest.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

24. TRADE AND OTHER PAYABLES (Cont'd)

(d) The retirement benefit payable includes RM575,563 (2009 : RM575,563) payable to a former chairman, Mr. Lee Thor Seng.

Further details on related party translations are disclosed in Note 26.

Other information on financial risks of other payables are disclosed in Note 27.

25. DIVIDENDS

	Amount		Net dividend per share	
	2010	2009	2010	2009
	RM	RM	Sen	Sen
First and final 2% less 25% taxation, on 60,491,552 ordinary shares, declared on 23 November 2009, paid on 22 December 2009	907,373	-	1.5	-
2% less 25% taxation, on 60,491,552 ordinary shares, declared on 03 December 2008, paid on 17 December 2008	-	907,373	-	1.5
Bonus 2.5% less 25% taxation, on 60,491,552 ordinary shares, declared on 03 December 2008, paid on 17 December 2008	-	1,134,216	-	1.9
	907,373	2,041,589	1.5	3.4

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2010 of 2% less 25% taxation on 60,491,552 ordinary shares, amounting to a dividend payable of RM907,373 (1.5 sen net per ordinary share), will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group and Company	
	2010	2009
	RM	RM
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd., a company in which certain directors Cecil V R Wong and Lee Chung-Shih, have interest	154,515	169,266
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest	426,665	502,936
	<u><u> </u></u>	<u><u> </u></u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

27. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate, foreign exchange, liquidity and credit risks. The policies for managing each of these risks are summarised below.

(b) Interest rate risk

Cash flow interest rate is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial paper, with reputable banks.

The Group's policy is to obtain the most favourable interest rates available for its foreign currency deposits.

(c) Foreign exchange risk

It is the Group's policy not to trade in derivative contracts. The foreign exchange risks of the Group occur due to the fact that the Group has transactions denominated in foreign currencies.

The unhedged financial assets and liabilities of the Group companies that are not denominated in their functional currencies are as follows :

Functional Currency of Group Companies	2010		2009	
	Ringgit Malaysia RM	United States Dollar RM	Ringgit Malaysia RM	United States Dollar RM
Cash and bank balances				
Singapore Dollar	-	90,502,448	-	60,000,125
Pound Sterling	-	272,465	-	202,505
Euro	-	22,958	-	40,500,166
	<u> </u>	<u><u>90,797,871</u></u>	<u> </u>	<u><u>100,702,796</u></u>
Other payables				
Singapore Dollar	227,498	14,930	239,783	-
Pound Sterling	-	11,457	-	50,315
	<u> </u>	<u><u> </u></u>	<u> </u>	<u><u> </u></u>

(d) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

27. FINANCIAL INSTRUMENTS (Cont'd)

(e) Credit risk

Credit risk is managed through the implementation of procedures including credit approvals, limits and monitoring procedures.

The carrying amount of cash and cash equivalents, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

(f) Fair values

Fair values is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidated sale.

The carrying amounts of the financial assets and liabilities of the Group and the Company, approximate their fair value due to the relatively short-term maturities of these balances.

28. SEGMENT INFORMATION

(a) Business Segments

For management purposes, the Group is organised into business units based on their revenue, and has two reportable operating segments as follows:

- (i) Plantation - cultivation of oil palm
- (ii) Investments - long term portfolio investment in securities and deposits with banks.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

	Plantation		Investments		Consolidated	
	2010	2009	2010	2009	2010	2009
	RM	RM	RM	RM	RM	RM
REVENUE						
External	6,671,554	6,407,131	3,354,224	4,475,448	10,025,778	10,882,579
Result						
Segment results	2,825,107	1,957,351	6,333,833	(5,058,987)	9,158,940	(3,101,636)
Unallocated corporate expenses					(10,169,379)	(1,590,292)
Foreign exchange gain/(loss)	2,453,858	(4,856)	2,015,499	(6,821,961)	4,469,357	(6,826,817)
Profits/(loss) from operations					3,458,918	(11,518,745)
Share of results of associates	-	-	10,656,821	(3,990,103)	10,656,821	(3,990,103)
Income tax (expense)/credit					(1,460,173)	2,105,529
Profit/(loss) for the year					12,655,566	(13,403,319)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

28. SEGMENT INFORMATION (Cont'd)

	Plantation		Investments		Consolidated	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS						
Segment assets	33,749,060	30,763,215	230,384,341	210,537,776	264,133,401	241,300,991
Investments in associates	-	-	89,570,547	63,414,811	89,570,547	63,414,811
Unallocated corporate assets					28,000	28,000
Consolidated total assets					353,731,948	304,743,802
Other information						
Depreciation	23,465	34,739	-	-	23,465	34,739
Fair value gain/(loss)						
- Investment property	-	-	3,149,265	(9,373,061)	3,149,265	(9,373,061)

(b) Geographical Segments :

The Group's plantation activity is mainly in Malaysia whilst the investment activities are in six geographical areas of the world.

	Total Revenue from External Customers		Segment Assets	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	7,302,291	7,378,415	50,611,020	45,603,835
Singapore	2,537,915	2,021,131	83,169,483	55,814,772
Hong Kong	185,572	1,483,033	91,226,590	115,664,100
United Kingdom	-	-	30,431,136	29,606,504
Mauritius	-	-	85,216,656	58,053,444
British Virgin Islands	-	-	1,063	1,147
Cayman Island	-	-	13,076,000	-
	10,025,778	10,882,579	353,731,948	304,743,802

29. COMPARATIVES

The following comparatives have been reclassified to conform with with year's presentation:

	As previously stated RM	Reclassified RM	Restated RM
Property, plant and equipment	1,523,625	(549,154)	974,471
Biological assets	-	549,154	549,154

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

FIVE YEARS COMPARATIVE FIGURES

Year ended 30 June	2006	2007	2008	2009	2010
Crop – FFB – tonnes	20,374	20,181	20,048	14,300	13,475
Net average price FFB – RM/tonne	280	375	655	448	495
Planted acreage	2,507	2,338	2,338	2,178	2,166
Average yield per mature acres : FFB – tonne	8	9	9	7	6
Profit/(Loss) before taxation (RM'000)	13,843*	22,987	34,668	(15,509)	14,116
Taxation (RM'000)	1,154*	3,601	3,429	(2,106)	1,460
Profit/(Loss) after taxation and before extraordinary items (RM'000)	12,689*	19,386	31,239	(13,403)	12,656
Dividend – %	2.0	2.5	4.5	2.0	2.0
Net cost of dividend (RM'000)	871	1,104	2,042	907	907

* Restated

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

STATEMENT OF SHAREHOLDINGS

As at 4 October 2010

Authorised capital	:	RM100,000,000 divided into 100,000,000 ordinary shares
Issued and fully paid-up capital	:	RM60,491,552
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Number of Shares	Percentage of Holdings
22	Less than 100	821	0.00
413	100 to 1,000	334,433	0.55
1,019	1,001 to 10,000	4,384,198	7.25
353	10,001 to 100,000	10,820,568	17.89
45	100,001 to less than 5% of issued shares	12,660,780	20.93
2	5% and above of issued shares	32,290,752	53.38
1,854		60,491,552	100.00

THIRTY LARGEST SHAREHOLDERS

Name of shareholders	Number of shares	Percentage of shares
1. Malaysia Nominees (Tempatan) Sendirian Berhad Kluang Rubber Company (Malaya) Berhad	19,292,800	31.89
2. RHB Nominees (Tempatan) Sdn Bhd Kuchai Development Berhad	12,997,952	21.49
3. Kuchai Development Berhad	2,880,000	4.76
4. PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	930,000	1.54
5. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	599,100	0.99
6. HSBC Nominees (Asing) Sdn Bhd HSBC SG for Lee Rubber Company Pte Ltd	444,224	0.73
7. Lim Teh Realty Sdn Berhad	435,200	0.72
8. Lee Chin Hong	400,000	0.66
9. Song Huat Chan Holdings Sdn Bhd	344,000	0.57
10. PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Oh Kim Hoe	334,000	0.55

SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)
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Name of shareholders	Number of shares	Percentage of shares
11. Hock Lok Siew Corporation Bhd	319,100	0.53
12. Mayban Securities Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Chua Geok Choo	285,600	0.47
13. Cimsec Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd	252,100	0.42
14. Yeow Teng Tak	252,000	0.42
15. Lye Choon Sheng	249,600	0.41
16. HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Na Chaing Ching	246,200	0.41
17. Bhoopindar Singh A/L Harbans Singh	234,400	0.39
18. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chieh Yu Lydia	220,000	0.36
19. Yeo Khee Huat	208,100	0.34
20. HLG Nominee (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	198,256	0.33
21. Lee Keng Fah	188,300	0.31
22. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for A K Lee Sdn Bhd	186,600	0.31
23. Ng Poh Cheng	183,800	0.30
24. Teuh Chin Yap	180,000	0.30
25. Lim Keow Gnoh	172,000	0.28
26. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Chin Kiam Hsung	168,700	0.28
27. Ong Teck Peow	165,500	0.27
28. Ng Poh Cheng	159,200	0.26
29. Ng Kim Geok @ Ng Kim Kok	151,700	0.25
30. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	150,500	0.25

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

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Shareholders	←-----No. of Shares-----→			
	Direct Interest	%	Deemed Interest	%
1. Kuchai Development Berhad	15,877,952	26.25	-	-
2. Kluang Rubber Company (Malaya) Berhad	19,292,800	31.89	-	-
3. The Nyalas Rubber Estates Limited	-	-	35,170,752	58.14
4. Lee Thor Seng #	83,040	0.14	35,170,752	58.14
5. Lee Chung-Shih #	32,000	0.05	35,170,752	58.14
6. Lee Yung-Shih #	32,000	0.05	35,170,752	58.14

Note:

Deemed interested by virtue of its/his substantial indirect interest in Kuchai Development Berhad and Kluang Rubber Company (Malaya) Berhad

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 134 of the Companies Act, 1965, the following are the shareholdings of the Directors of the Company:

Directors	←-----No. of Shares-----→			
	Direct Interest	%	Deemed Interest	%
1. Cecil V R Wong	40,800	0.07	-	-
2. Lee Chung-Shih @	32,000	0.05	35,170,752	58.14
3. Lee Soo Hoon	-	-	-	-
4. Han Teng Juan *	-	-	-	-
5. Liew Chuan Hock	-	-	-	-
6. Huang Yuan Chiang	-	-	-	-

Note:

@ Deemed interested by virtue of his substantial indirect interest in Kuchai Development Berhad and Kluang Rubber Company (Malaya) Berhad

* Retired on 8 October 2010

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

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 June 2010 are as follows:

<u>Location</u>	<u>Description of existing use</u>	<u>Tenure</u>	<u>Land Area</u>	<u>Approximate age of building</u>	<u>Net Carrying Amount/ Fair Value RM</u>	<u>Date of Acquisition</u>
Lot 517, 524, 1055 and 1069 District of Machang, Kelantan	Oil palm estate	Freehold	2,744.639 acres	-	815,967	-
Flat 5, 22 Down Street, London	Residential building	Leasehold	3,741 square feet	999 years (expires in 2976)	22,139,303 *	April 1997

* Has been revalued in June 2010.

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

FORM OF PROXY

I/We.....
of.....
being a member/members of SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD, hereby appoint
.....
of.....
or failing him.....
of.....

as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Second Annual General Meeting of the Company to be held at Sri Panti 2, 2nd Floor, Mutiara Johor Bahru, Jalan Dato Sulaiman, Taman Century, 80990 Johor Bahru, Johor, Malaysia on Monday, 29 November 2010 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

AGENDA	RESOLUTION	FOR	AGAINST
To receive the Audited Financial Statements for the year ended 30 June 2010 together with the Reports of the Directors and Auditors.	1		
To approve the payment of a First and Final Dividend.	2		
To approve the Directors' Fees for the financial year ending 30 June 2011.	3		
To re-elect Lee Chung-Shih as Director.	4		
To re-elect Liew Chuan Hock as Director.	5		
To re-appoint Cecil V R Wong as Director.	6		
To re-appoint Messrs Ernst & Young as Auditors.	7		
To authorise the allotment of shares pursuant to Section 132D.	8		
To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Kluang Estate (1977) Sdn Bhd.	9		
To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with The Nyalas Rubber Estates Limited.	10		
To approve the amendments to the Articles of Association.	11		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this.....day..... 2010.

NO. OF SHARES HELD

NOTES:

- a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.
- b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
- f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.



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**Affix
Stamp
Here**

The Secretary
SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD
(Company No: 3327-U)
Suite 6.1A, Level 6,
Menara Pelangi, Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor.

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