

SYF RESOURCES BERHAD (Co. No. 364372-H)

Condensed Consolidated Statement of Comprehensive Income For the quarter ended 31 October 2015

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2016</u> Current Quarter Ended 31/10/2015	<u>FY 2015</u> Comparative Quarter Ended 31/10/2014	<u>FY 2016</u> 3 Months Cumulative To Date	<u>FY 2015</u> 3 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	94,924	60,039	94,924	60,039
Operating Expenses	(77,890)	(53,385)	(77,890)	(53,385)
Other Operating Income/(Expenses)	(2,380)	(231)	(2,380)	(231)
Profit/ (Loss) from Operations	14,654	6,423	14,654	6,423
Finance Costs	(1,630)	(895)	(1,630)	(895)
Profit/ (Loss) Before Tax	13,024	5,528	13,024	5,528
Taxation	(2,196)	(376)	(2,196)	(376)
Profit/ (Loss) for the Period	10,828	5,152	10,828	5,152
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/ (Loss) for the Period	10,828	5,152	10,828	5,152
Attributable to:				
Equity Holders of the Company	10,828	5,152	10,828	5,152
Non-controlling Interests	-	-	-	-
Profit/ (Loss) for the Period	10,828	5,152	10,828	5,152
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.11)				
Basic (Sen)	1.77	0.85	1.77	0.85
Diluted (Sen)	1.75	0.84	1.75	0.84

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015)

SYF RESOURCES BERHAD (Co. No. 364372-H)

Condensed Consolidated Statement of Financial Position

As At 31 October 2015

(The figures have not been audited)

	(UNAUDITED) As At 31/10/2015 RM'000	(AUDITED) As At 31/07/2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	198,383	196,966
Deferred Tax Assets	700	700
	199,083	197,666
Current Assets		
Inventories	70,904	68,741
Land and Property Development Costs	90,317	61,687
Receivables, Deposits and Prepayments	67,567	90,724
Tax Recoverable	1	1
Cash and Cash Equivalents	10,783	7,294
	239,572	228,447
Total Assets	438,655	426,113
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share Capital	152,810	152,810
Reserves	99,620	88,792
Treasury Shares	(5)	-
Total Equity	252,425	241,602
Non-Current Liabilities		
Loans and Borrowings	37,709	36,902
Deferred Tax Liabilities	13,464	13,014
	51,173	49,916
Current Liabilities		
Payables and Accruals	66,656	71,499
Derivative Financial Liabilities	885	857
Loans and Borrowings	60,792	56,515
Taxation	6,724	5,724
	135,057	134,595
Total Liabilities	186,230	184,511
Total Equity and Liabilities	438,655	426,113
Net Assets Per Share Attributable to Ordinary Equity Holders of The Company (RM)	0.41	0.40

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015)

SYF RESOURCES BERHAD (Co. No. 364372-H)

Condensed Consolidated Statement of Changes in Equity

For the quarter ended 31 October 2015

(The figures have not been audited)

	-----> Attributable to Shareholders of the Company <-----					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Assets Revaluation Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
3 months period ended						
<u>31 October 2015</u>						
Balance at beginning of year 01 August 2015	152,810	-	-	39,142	49,650	241,602
Total comprehensive income for the period	-	-	-	-	10,828	10,828
Purchase of treasury shares	-	(5)	-	-	-	(5)
Balance at end of period 31 October 2015	<u>152,810</u>	<u>(5)</u>	<u>-</u>	<u>39,142</u>	<u>60,478</u>	<u>252,425</u>
3 months period ended						
<u>31 October 2014</u>						
Balance at beginning of year 01 August 2014	69,145	(494)	16,805	39,549	62,366	187,371
Total comprehensive income for the period	-	-	-	-	5,152	5,152
Issuance of shares pursuant to private placement	6,915	-	22,126	-	-	29,041
Share issuance expenses	-	-	(834)	-	-	(834)
Exercise of ESOS	44	-	44	-	-	88
Balance at end of period 31 October 2014	<u>76,104</u>	<u>(494)</u>	<u>38,141</u>	<u>39,549</u>	<u>67,518</u>	<u>220,818</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015)

SYF RESOURCES BERHAD (Co. No. 364372-H)

Condensed Consolidated Statement of Cash Flows

For the quarter ended 31 October 2015

(The figures have not been audited)

	<u>FY 2016</u> 3 Months Ended 31/10/2015 RM'000	<u>FY 2015</u> 3 Months Ended 31/10/2014 RM'000
Profit/(Loss) before taxation	13,024	5,528
Adjustments for :		
Depreciation of property, plant and equipment	2,305	2,070
Interest expense	1,630	895
Interest income	(194)	(2)
(Gain)/Loss on derivatives	28	831
(Gain)/Loss on disposal of property, plant and equipment	(140)	-
Operating profit/(loss) before working capital changes	<u>16,653</u>	<u>9,322</u>
Changes in working capital :		
Net change in current assets	(7,636)	(11,577)
Net change in current liabilities	(4,843)	(7,899)
Cash generated from/(used in) operations	<u>4,174</u>	<u>(10,154)</u>
Income tax paid	(746)	(292)
Net cash generated from/(used in) operating activities	<u>3,428</u>	<u>(10,446)</u>
Investing activities :		
Purchase of property, plant and equipment	(3,387)	(9,640)
Proceeds from disposal of property, plant and equipment	165	-
Interest received	194	2
Upliftment/(Placement) of fixed deposits pledged	(9)	(1,585)
Net cash flows from/(used in) investing activities	<u>(3,037)</u>	<u>(11,223)</u>
Financing activities :		
Repayment of borrowings	(5,949)	(10,033)
Interest paid	(1,630)	(895)
Proceeds from exercise of ESOS	-	88
Proceeds from issuance of shares pursuant to private placement	-	29,041
Share issuance expenses	-	(834)
Proceeds from bank borrowings	14,843	6,340
Share buy-back	(5)	-
Net cash flows from/(used in) financing activities	<u>7,259</u>	<u>23,707</u>
Net increase/(decrease) in cash and cash equivalents	7,650	2,038
Cash and cash equivalents at beginning of year	(4,803)	(4,447)
Cash and cash equivalents at end of period	<u>2,847</u>	<u>(2,409)</u>
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Cash and bank balances	8,869	7,681
Fixed deposits	1,914	1,585
Cash and cash equivalents	<u>10,783</u>	<u>9,266</u>
Bank overdrafts	(6,022)	(10,090)
Less : Fixed deposits pledged	(1,914)	(1,585)
	<u>2,847</u>	<u>(2,409)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015)

**Notes To The Interim Financial Report
For the quarter ended 31 October 2015**

1 Accounting Policies and Methods of Computation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 July 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2015.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 July 2015 except for the adoption of new standards, amendments to standards and IC Interpretations that are effective for the financial year ending 31 July 2016. The adoption does not have significant impact on the Group's financial statements.

3 Preceding Audited Financial Statements

The audit report of the preceding annual financial statements for the financial year ended 31 July 2015 was not subject to any qualification.

4 Seasonal or Cyclical Factors

Traditionally the quarter under review is a peak period for the furniture industry due to high demand from customers in western countries in preparation of Christmas and New Year.

5 Nature and Amount of Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current quarter and financial year-to-date.

SYF RESOURCES BERHAD (Co. No. 364372-H)

Notes To The Interim Financial Report For the quarter ended 31 October 2015

6 Changes in Estimates

There were no material changes in the nature and amount of estimates used in the prior interim periods of the current financial year or material changes in nature and amount of estimates used in prior financial years.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year-to-date except the Company purchased 10,000 ordinary shares of RM0.25 each of its issued share capital from the open market at an average cost of RM0.48. The total consideration paid for the purchase including transaction costs amounting to RM4,849 and was financed by internal fund. The shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

There is no change in the outstanding number of options of the Company's Employee's Share Option Scheme ("ESOS"). As at 31 October 2015, the outstanding number of options is 14,420,000.

8 Dividends Paid

There were no dividends paid for the current quarter and financial year-to-date.

9 Segmental Reporting

Analysis by activities for the financial year-to-date is as follows:

	Revenue <u>RM'000</u>	Profit/(Loss) Before Tax <u>RM'000</u>
Rubberwood furniture	50,523	5,451
Boards	10,956	987
Property development	33,445	6,647
Investment holding and others	-	(61)
	<u>94,924</u>	<u>13,024</u>

SYF RESOURCES BERHAD (Co. No. 364372-H)

Notes To The Interim Financial Report For the quarter ended 31 October 2015

10 Valuations of Property, Plant and Equipment

The Group has adopted the revaluation policy to review the carrying value of its land and buildings every five years. Surplus arising from revaluation are reflected in the revaluation reserve account.

11 Material Events Subsequent to the end of the Interim Period

There were no material events subsequent to the end of the interim period.

12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year-to-date.

13 Significant Events

There were no significant events for the period under review.

14 Contingent Liabilities

a) Group

As at the date of this report, there is no contingent liability for the Group, other than disclosed below and existing bank guarantees totaling RM5.3m issued in favor of government authorities and utility boards to facilitate the operations of the Group.

b) Company

The Company has contingent liabilities in the form of corporate guarantees given to suppliers and financial institutions in respect of credit facilities granted to subsidiaries amounting to RM105.5m as at 31 October 2015.

15 Capital Commitments

Capital commitments for property, plant and equipment of the Group as at 31 October 2015 are as follows:

	<u>RM'000</u>
Approved and contracted	<u><u>36,796</u></u>

SYF RESOURCES BERHAD (Co. No. 364372-H)

Notes To The Interim Financial Report For the quarter ended 31 October 2015

16 Significant Related Parties Transactions

The Group had the following transaction with a related party during the financial year-to-date:

	<u>RM'000</u>
<u>A director</u>	
Rental expense	<u>192</u>

17.1 Review of Performance

	<u>FY 2016</u> Current Quarter Ended 31/10/2015 <u>RM'000</u>	<u>FY 2015</u> Comparative Quarter Ended 31/10/2014 <u>RM'000</u>	Variance %
Revenue	94,924	60,039	58.1%
Profit before tax	13,024	5,528	135.6%

The Group reported revenue of RM94.9m for the current quarter as compared to RM60.0m in the corresponding quarter last year. The substantial increase of RM34.9m or 58.1% was mainly due to:

- a) significant increase in the revenue recognised in the property development segment, amounting to RM28.0m from on-going projects, i.e. Kiara Plaza and Wira Heights 3.
- b) increase in the boards sales by RM3.2m as production capacity improved; and
- c) increase in rubberwood furniture export sales by RM7.3m due to higher sales and strengthening of USD.

This quarter achieved profit before tax of RM13.0m as compared to RM5.5m in the comparative quarter last year. The significant increase was due to higher revenue achieved as mentioned above, especially from the property development and rubberwood furniture export.

**Notes To The Interim Financial Report
For the quarter ended 31 October 2015**

17.2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

	<u>FY 2016</u> Current Quarter Ended 31/10/2015 <u>RM'000</u>	<u>FY 2015</u> Preceding Quarter Ended 31/07/2015 <u>RM'000</u>	Variance %
Revenue	94,924	114,904	-17.4%
Profit before tax	13,024	14,107	-7.7%

The Group recorded revenue of RM94.9m and profit before tax of RM13.0m in the current quarter as compared to revenue of RM114.9m and profit before tax of RM14.1m in the preceding quarter.

The revenue decreased was mainly due to lower revenue recognised in the property development segment by RM21.5m as the construction progress was interrupted by raining season as well as the sales have been increasing at a slower pace due to weak property market.

The profit before tax declined by 7.7% due to the lower revenue as mentioned above.

17.3 Prospects for the Current Financial Year

The current economic conditions not expected to improve. Despite that the Group will remain resilient to face the challenges ahead. With the strategies implemented and actions taken, the Group will target for steady growth in areas where there are opportunities.

The downstream export furniture segment remains very competitive and efforts will continue in product development and customer retention. At the same time, cost containment will be an equally important task in order to maintain profitability.

In the upstream materials segment, we seek to increase our exports of processed rubber wood materials to other Asian countries particularly China and India to replace softer local demand. We will attempt to increase the value of such exports with more value added intermediate products.

As for the boards segment, the additional capacity coming on-stream in 2016 will provide the impetus for growth of this division.

Property development activities will continue to contribute substantially to Group results as the two new projects are being developed over the next two years. In addition, a joint venture residential development in Sungai Long is being developed and will be launched in early calendar year 2016.

SYF RESOURCES BERHAD (Co. No. 364372-H)

Notes To The Interim Financial Report For the quarter ended 31 October 2015

17.4 Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee.

17.5 Profit/ (Loss) Before Tax

Profit/ (loss) before tax is derived after charging/ (crediting):

	<u>FY 2016</u> Current Quarter Ended 31/10/2015 <u>RM'000</u>	<u>FY 2015</u> Comparative Quarter Ended 31/10/2014 <u>RM'000</u>	<u>FY 2016</u> 3 Months Cumulative To Date <u>RM'000</u>	<u>FY 2015</u> 3 Months Cumulative To Date <u>RM'000</u>
Interest income	(194)	(2)	(194)	(2)
Interest expense	1,630	895	1,630	895
Depreciation and amortisation	2,305	2,070	2,305	2,070
(Gain)/ loss on disposal of property, plant and equipment	(140)	-	(140)	-
(Gain)/ loss on foreign exchange	2,604	(598)	2,604	(598)
(Gain)/ loss on derivatives	28	831	28	831

17.6 Taxation

	Current Quarter <u>RM'000</u>	Financial Year-to-date <u>RM'000</u>
Current tax expense	1,746	1,746
Deferred tax	450	450
	<u>2,196</u>	<u>2,196</u>

The Group's effective tax rates for the current quarter and financial year-to-date are lower than the statutory tax rate due to unused business losses, unutilised capital allowances and unutilised reinvestment allowances for set-off against taxable income.

SYF RESOURCES BERHAD (Co. No. 364372-H)

Notes To The Interim Financial Report For the quarter ended 31 October 2015

17.7 Group Borrowings and Securities

The Group borrowings as at 31 October 2015 are as follows :

	<u>RM'000</u>
<u>Secured</u>	
Current	60,792
Non-current	37,709
	<u>98,501</u>

17.8 Realised and Unrealised Profits/ (Losses)

	<u>As at 31/10/15</u> <u>RM'000</u>	<u>As at 31/07/15</u> <u>RM'000</u>
Total retained profits/(accumulated losses) of the Group		
- Realised	61,533	50,679
- Unrealised	(1,950)	(1,922)
	<u>59,583</u>	<u>48,757</u>
Less: Consolidated adjustments	895	893
Total Group retained profits/(accumulated losses) as per consolidated accounts	<u>60,478</u>	<u>49,650</u>

17.9 Material Litigation

There was no material litigation or pending litigation as at the date of the interim financial statements.

17.10 Proposed Dividend

The Board of Directors does not propose any dividend for the period under review.

SYF RESOURCES BERHAD (Co. No. 364372-H)

Notes To The Interim Financial Report For the quarter ended 31 October 2015

17.11 Earnings Per Share Attributable to Equity Holders of the Company

	<u>FY 2016</u> Current Quarter Ended 31/10/2015 <u>RM'000</u>	<u>FY 2015</u> Comparative Quarter Ended 31/10/2014 <u>RM'000</u>	<u>FY 2016</u> 3 Months Cumulative To Date <u>RM'000</u>	<u>FY 2015</u> 3 Months Cumulative To Date <u>RM'000</u>
a) <u>Basic</u>				
Profit/ (loss) attributable to equity holders of the company	10,828	5,152	10,828	5,152
Weighted average number of ordinary shares ('000) *	611,241	604,350	611,241	604,350
Basic earning per share (sen)	<u>1.77</u>	<u>0.85</u>	<u>1.77</u>	<u>0.85</u>
b) <u>Diluted</u>				
Profit/ (loss) attributable to equity holders of the company	10,828	5,152	10,828	5,152
Weighted average number of ordinary shares ('000) *	611,241	604,350	611,241	604,350
Effect of dilution - ESOS ('000) *	7,246	5,972	7,246	5,972
Adjusted weighted average number of ordinary shares ('000)	<u>618,487</u>	<u>610,322</u>	<u>618,487</u>	<u>610,322</u>
Diluted earning per share (sen)	<u>1.75</u>	<u>0.84</u>	<u>1.75</u>	<u>0.84</u>

The effect of potential ordinary shares arising from the conversion of warrants is anti-dilutive and accordingly is excluded in the computation of diluted earning per share.

Note:

* the number of ordinary shares in the preceding period has been restated to reflect the enlarged share capital pursuant to the bonus issue completed in last financial year