

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

**Condensed Consolidated Statement of Comprehensive Income  
For the quarter ended 30 April 2016**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2016</u> Current Quarter Ended 30/04/2016	<u>FY 2015</u> Comparative Quarter Ended 30/04/2015	<u>FY 2016</u> 9 Months Cumulative To Date	<u>FY 2015</u> 9 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	98,739	78,801	301,053	201,336
Operating Expenses	(85,112)	(68,888)	(256,902)	(177,599)
Other Operating Income/(Expenses)	191	205	(1,052)	(2,797)
Profit/ (Loss) from Operations	13,818	10,118	43,099	20,940
Finance Costs	(1,990)	(1,340)	(5,474)	(3,427)
Profit/ (Loss) Before Tax	11,828	8,778	37,625	17,513
Taxation	(2,687)	(2,318)	(7,229)	(2,698)
Profit/ (Loss) for the Period	9,141	6,460	30,396	14,815
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/ (Loss) for the Period	9,141	6,460	30,396	14,815
Attributable to:				
Equity Holders of the Company	9,141	6,460	30,396	14,815
Non-controlling Interests	-	-	-	-
Profit/ (Loss) for the Period	9,141	6,460	30,396	14,815
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.11)				
Basic (Sen)	1.49	1.06	4.97	2.43
Diluted (Sen)	1.48	1.04	4.91	2.39

*(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 30 April 2016

(The figures have not been audited)

	(UNAUDITED) As At 30/04/2016 RM'000	(AUDITED) As At 31/07/2015 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	206,754	196,966
Deferred Tax Assets	700	700
	<u>207,454</u>	<u>197,666</u>
<b>Current Assets</b>		
Inventories	76,691	68,741
Land and Property Development Costs	53,186	61,687
Receivables, Deposits and Prepayments	124,563	90,724
Derivative Financial Assets	170	-
Tax Recoverable	1	1
Cash and Cash Equivalents	11,491	7,294
	<u>266,102</u>	<u>228,447</u>
<b>Total Assets</b>	<b>473,556</b>	<b>426,113</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share Capital	152,979	152,810
Reserves	119,188	88,792
Treasury Shares	(5)	-
<b>Total Equity</b>	<b>272,162</b>	<b>241,602</b>
<b>Non-Current Liabilities</b>		
Loans and Borrowings	44,001	36,902
Deferred Tax Liabilities	14,364	13,014
	<u>58,365</u>	<u>49,916</u>
<b>Current Liabilities</b>		
Payables and Accruals	61,275	71,499
Derivative Financial Liabilities	-	857
Loans and Borrowings	72,361	56,515
Taxation	9,393	5,724
	<u>143,029</u>	<u>134,595</u>
<b>Total Liabilities</b>	<b>201,394</b>	<b>184,511</b>
<b>Total Equity and Liabilities</b>	<b>473,556</b>	<b>426,113</b>
<b>Net Assets Per Share Attributable to Ordinary Equity Holders of The Company (RM)</b>	<b>0.44</b>	<b>0.40</b>

*(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 30 April 2016**

(The figures have not been audited)

	----- Attributable to Shareholders of the Company ----->					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Assets Revaluation Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	
<b>9 months period ended 30 April 2016</b>						
Balance at beginning of year 01 August 2015	152,810	-	-	39,142	49,650	241,602
Total comprehensive income for the period	-	-	-	-	30,396	30,396
Purchase of treasury shares	-	(5)	-	-	-	(5)
Exercise of ESOS	169	-	-	-	-	169
Balance at end of period 30 April 2016	<u>152,979</u>	<u>(5)</u>	<u>-</u>	<u>39,142</u>	<u>80,046</u>	<u>272,162</u>
<b>9 months period ended 30 April 2015</b>						
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	-	-	-	-	14,815	14,815
Issuance of shares pursuant to private placement	6,915	-	22,126	-	-	29,041
Share issuance expenses	-	-	(960)	-	-	(960)
Issuance of shares under bonus issue	76,358	-	(38,270)	-	(38,088)	-
Disposal of treasury shares	-	494	-	-	-	494
Exercise of ESOS	392	-	299	-	-	691
Balance at end of period 30 April 2015	<u>152,810</u>	<u>-</u>	<u>-</u>	<u>39,549</u>	<u>39,093</u>	<u>231,452</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 30 April 2016**

(The figures have not been audited)

	<b><u>FY 2016</u></b> 9 Months Ended 30/04/2016 <b><u>RM'000</u></b>	<b><u>FY 2015</u></b> 9 Months Ended 30/04/2015 <b><u>RM'000</u></b>
Profit/(Loss) before taxation	37,625	17,513
Adjustments for :		
Depreciation of property, plant and equipment	7,846	6,397
Interest expense	5,474	3,427
Interest income	(515)	(3)
(Gain)/Loss on derivatives	(1,027)	525
(Gain)/Loss on disposal of property, plant and equipment	(187)	23
Operating profit/(loss) before working capital changes	<u>49,216</u>	<u>27,882</u>
Changes in working capital :		
Net change in current assets	(33,288)	(51,385)
Net change in current liabilities	(10,224)	5,807
Cash generated from/(used in) operations	<u>5,704</u>	<u>(17,696)</u>
Income tax paid	(2,210)	(1,006)
Net cash generated from/(used in) operating activities	<u>3,494</u>	<u>(18,702)</u>
Investing activities :		
Purchase of property, plant and equipment	(5,425)	(20,087)
Proceeds from disposal of property, plant and equipment	326	270
Interest received	515	3
Upliftment/(Placement) of fixed deposits pledged	-	(1,593)
Net cash flows from/(used in) investing activities	<u>(4,584)</u>	<u>(21,407)</u>
Financing activities :		
Repayment of borrowings	(2,599)	(549)
Interest paid	(5,474)	(3,427)
Proceeds from exercise of ESOS	170	691
Proceeds from issuance of shares pursuant to private placement	-	29,041
Share issuance expenses	-	(960)
Proceeds from bank borrowings	14,000	12,000
Share buy-back	(5)	-
Proceeds from disposal of treasury shares	-	494
Net cash flows from/(used in) financing activities	<u>6,092</u>	<u>37,290</u>
Net increase/(decrease) in cash and cash equivalents	5,002	(2,819)
Cash and cash equivalents at beginning of year	(4,803)	(4,447)
Cash and cash equivalents at end of period	<u>199</u>	<u>(7,266)</u>
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Cash and bank balances	9,586	4,635
Fixed deposits	1,905	1,593
Cash and cash equivalents	<u>11,491</u>	<u>6,228</u>
Bank overdrafts	(9,387)	(11,901)
Less : Fixed deposits pledged	(1,905)	(1,593)
	<u>199</u>	<u>(7,266)</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)*

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

## **Notes To The Interim Financial Report For the quarter ended 30 April 2016**

### **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 an off-peak period for the furniture industry due to longer festive holidays and lower demand from customers in western countries after 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.

### **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.

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

## Notes To The Interim Financial Report For the quarter ended 30 April 2016

### 7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt securities for the current quarter and financial year-to-date except the following:

- a) The status of the Company's Employee's Share Option Scheme ("ESOS") is as follows:

	<u>No of Options '000</u>
As at 1 February 2016	13,808
Exercised	(65)
As at 30 April 2016	<u>13,743</u>

- b) 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.

As at 30 April 2016, the total number of treasury shares held was 10,000 ordinary shares of RM0.25 each.

### 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:

	<u>Revenue RM'000</u>	<u>Profit/(Loss) Before Tax RM'000</u>
Rubberwood furniture	145,376	13,404
Boards	30,526	3,190
Property development	125,151	21,367
Investment holding and others	-	(336)
	<u>301,053</u>	<u>37,625</u>

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

## **Notes To The Interim Financial Report For the quarter ended 30 April 2016**

### **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 except a wholly owned subsidiary of the Company had on 10 June 2016, entered into a sale and purchase agreement for purchase of a property in Rompin, Negeri Sembilan at the purchase price of RM13.75m.

### **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 RM4.2m 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 RM119.3m as at 30 April 2016.

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

## Notes To The Interim Financial Report For the quarter ended 30 April 2016

### 15 Capital Commitments

Capital commitments for property, plant and equipment of the Group as at 30 April 2016 are as follows:

	<u>RM'000</u>
Approved and contracted	<u>27,495</u>

### 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>577</u>

### 17.1 Review of Performance

	<u>FY 2016</u>	<u>FY 2015</u>		
	Current	Comparative		
	Quarter Ended	Quarter Ended		
	30/04/2016	30/04/2015	Variance	Variance
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	98,739	78,801	19,938	25.3%
Profit before tax	11,828	8,778	3,050	34.7%

The Group registered revenue of RM98.7m for the current quarter as compared to RM78.8m in the corresponding quarter last year. The improvement of RM19.9m or 25.3% was mainly due to:

- a) the revenue from the property development segment increased by RM23.7m to RM46.2m, from on-going projects as a result of improved sales and consistent construction progress; and
- b) increase in the sales of boards by RM6.8m to RM14.3m as production capacity improved.

However, the rubberwood furniture segment did not perform well this quarter due to reduced orders and pricing adjustment.

The manufacturing segment, which consists of the rubberwood furniture and boards, contributed to 53% of the Group's revenue in the quarter while the balance from the property development segment.

This quarter achieved profit before tax of RM11.8m as compared to RM8.8m in the comparative quarter last year. The improvement of RM3.0m was mainly due to higher revenue as mentioned above.



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

## Notes To The Interim Financial Report For the quarter ended 30 April 2016

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

	<u>FY 2016</u> Current Quarter Ended 30/04/2016 <u>RM'000</u>	<u>FY 2016</u> Preceding Quarter Ended 31/01/2016 <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Revenue	98,739	107,390	(8,651)	-8.1%
Profit before tax	11,828	12,774	(946)	-7.4%

The Group recorded revenue of RM98.7m and profit before tax of RM11.8m in the current quarter as compared to revenue of RM107.4m and profit before tax of RM12.8m in the preceding quarter.

The reduction in revenue by 8.1% in the current quarter was mainly resulted from the decrease of sales in the rubberwood furniture segment by RM5.7m due to softer market and reduced orders. Apart from that, shorter working period in the current quarter with long festivals holidays also affected the revenue.

The profit before tax declined by 7.4% and it was in line with the drop in the revenue.

### 17.3 Prospects for the Current Financial Year

The Group will remain resilient to face the challenges ahead for the rest of the financial year. 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 the Group results mainly from the on-going development of Kiara Plaza and the newly commenced joint venture Lavender Residence.

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

## Notes To The Interim Financial Report For the quarter ended 30 April 2016

### 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 30/04/2016 RM'000	<u>FY 2015</u> Comparative Quarter Ended 30/04/2015 RM'000	<u>FY 2016</u> 9 Months Cumulative To Date RM'000	<u>FY 2015</u> 9 Months Cumulative To Date RM'000
Interest income	(67)	(1)	(515)	(3)
Interest expense	1,990	1,340	5,474	3,427
Depreciation and amortisation	2,741	2,191	7,846	6,397
(Gain)/ loss on disposal of property, plant and equipment	(93)	-	(187)	23
(Gain)/ loss on foreign exchange	(200)	1,364	3,810	2,624
(Gain)/ loss on derivatives	335	(2,422)	(1,027)	524

### 17.6 Taxation

	Current Quarter RM'000	Financial Year-to-date RM'000
Current tax expense	2,237	5,879
Deferred tax	450	1,350
	<u>2,687</u>	<u>7,229</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 30 April 2016**

#### **17.7 Group Borrowings and Securities**

The Group borrowings as at 30 April 2016 are as follows :

	<u>RM'000</u>
<u>Secured</u>	
Current	72,361
Non-current	44,001
	<hr/>
	116,362
	<hr/> <hr/>

#### **17.8 Realised and Unrealised Profits/ (Losses)**

	As at 30/04/16	As at 31/07/15
	<u>RM'000</u>	<u>RM'000</u>
Total retained profits/(accumulated losses) of the Group		
- Realised	80,125	50,679
- Unrealised	(895)	(1,922)
	<hr/>	<hr/>
	79,230	48,757
Less: Consolidated adjustments	816	893
Total Group retained profits/(accumulated losses) as per consolidated accounts	<hr/>	<hr/>
	80,046	49,650
	<hr/> <hr/>	<hr/> <hr/>

#### **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 30 April 2016

### 17.11 Earnings Per Share Attributable to Equity Holders of the Company

	<u>FY 2016</u> Current Quarter Ended 30/04/2016 <u>RM'000</u>	<u>FY 2015</u> Comparative Quarter Ended 30/04/2015 <u>RM'000</u>	<u>FY 2016</u> 9 Months Cumulative To Date <u>RM'000</u>	<u>FY 2015</u> 9 Months Cumulative To Date <u>RM'000</u>
a) <u>Basic</u>				
Profit/ (loss) attributable to equity holders of the company	9,141	6,460	30,396	14,815
Weighted average number of ordinary shares ('000) *	611,917	611,216	611,485	608,634
Basic earning per share (sen)	<u>1.49</u>	<u>1.06</u>	<u>4.97</u>	<u>2.43</u>
b) <u>Diluted</u>				
Profit/ (loss) attributable to equity holders of the company	9,141	6,460	30,396	14,815
Weighted average number of ordinary shares ('000) *	611,917	611,216	611,485	608,634
Effect of dilution - ESOS ('000) *	6,956	10,057	6,956	10,057
Adjusted weighted average number of ordinary shares ('000)	<u>618,873</u>	<u>621,273</u>	<u>618,441</u>	<u>618,691</u>
Diluted earning per share (sen)	<u>1.48</u>	<u>1.04</u>	<u>4.91</u>	<u>2.39</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