

SYF RESOURCES BERHAD (Co. No. 364372-H)
FOR THE QUARTER ENDED 30 APRIL 2011

PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|---|---|
| | <u>FY 2011</u> Current Quarter Ended 30/04/2011 | <u>FY 2010</u> Comparative Quarter Ended 30/04/2010 | <u>FY 2011</u> 9 Months Cumulative To Date | <u>FY 2010</u> 9 Months Cumulative To Date |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 1 Revenue | 35,239 | 38,259 | 113,475 | 126,291 |
| 2 Profit/ (loss) before tax | (873) | (1,787) | (1,926) | (8,939) |
| 3 Profit/ (loss) for the period | (877) | (1,807) | (1,889) | (8,757) |
| 4 Profit/ (loss) attributable to ordinary shareholders of the company | (877) | (1,686) | (1,889) | (8,699) |
| 5 Basic earnings/ (loss) per share (sen) | (1.04) | (2.01) | (2.25) | (10.35) |
| 6 Proposed/declared dividend per share (sen) | - | - | - | - |
| | As At End Of Current Quarter | | As At Preceding Financial Year End | |
| 7 Net assets per share attributable to ordinary shareholders of the company (RM) | 0.30 | | 0.32 | |

PART A3: ADDITIONAL INFORMATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--------------------------|--|--|---|---|
| | <u>FY 2011</u> Current Quarter Ended 30/04/2011 | <u>FY 2010</u> Comparative Quarter Ended 30/04/2010 | <u>FY 2011</u> 9 Months Cumulative To Date | <u>FY 2010</u> 9 Months Cumulative To Date |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 1 Gross interest income | 3 | - | 15 | 2 |
| 2 Gross interest expense | 1,947 | 1,876 | 6,263 | 5,465 |

Note the above information is for the Exchange internal use only.

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

Condensed Consolidated Statement of Comprehensive Income For the quarter ended 30 April 2011

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|---|---|
| | <u>FY 2011</u> Current Quarter Ended 30/04/2011 | <u>FY 2010</u> Comparative Quarter Ended 30/04/2010 | <u>FY 2011</u> 9 Months Cumulative To Date | <u>FY 2010</u> 9 Months Cumulative To Date |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Revenue | 35,239 | 38,259 | 113,475 | 126,291 |
| Operating Expenses | (35,874) | (37,714) | (112,036) | (130,055) |
| Other Operating Income/(Expenses) | 1,709 | (456) | 2,898 | 290 |
| Profit/ (Loss) from Operations | 1,074 | 89 | 4,337 | (3,474) |
| Finance Costs | (1,947) | (1,876) | (6,263) | (5,465) |
| Profit/ (Loss) Before Tax | (873) | (1,787) | (1,926) | (8,939) |
| Taxation | (4) | (20) | 37 | 182 |
| Profit/ (Loss) for the Period | (877) | (1,807) | (1,889) | (8,757) |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income/ (Loss) for the Period | (877) | (1,807) | (1,889) | (8,757) |
| Attributable to: | | | | |
| Equity Holders of the Company | (877) | (1,686) | (1,889) | (8,699) |
| Non-controlling Interests | - | (121) | - | (58) |
| Profit/ (Loss) for the Period | (877) | (1,807) | (1,889) | (8,757) |
| Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 15.14) | | | | |
| Basic (Sen) | (1.04) | (2.01) | (2.25) | (10.35) |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010)

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

Condensed Consolidated Statement of Financial Position As At 30 April 2011

(The figures have not been audited)

| | (UNAUDITED) As At 30/04/2011 RM'000 | (AUDITED) As At 31/07/2010 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 99,263 | 102,150 |
| Prepaid Lease Payment | 2,288 | 2,309 |
| | 101,551 | 104,459 |
| Current Assets | | |
| Inventories | 36,292 | 34,803 |
| Receivables, Deposits and Prepayments | 13,421 | 12,108 |
| Tax Recoverable | 257 | 826 |
| Cash and Cash Equivalents | 2,250 | 2,129 |
| | 52,220 | 49,866 |
| Non-Current Assets Held for Sale | - | 9,252 |
| Total Assets | 153,771 | 163,577 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share Capital | 84,070 | 84,070 |
| Reserves | (58,710) | (56,821) |
| Treasury Shares | - | (39) |
| Total Equity | 25,360 | 27,210 |
| Non-Current Liabilities | | |
| Loans and Borrowings | 9,050 | 34,208 |
| Deferred Tax Liabilities | 4,672 | 4,720 |
| | 13,722 | 38,928 |
| Current Liabilities | | |
| Payables and Accruals | 19,414 | 27,459 |
| Loans and Borrowings | 95,275 | 69,964 |
| Taxation | - | 16 |
| | 114,689 | 97,439 |
| Total Liabilities | 128,411 | 136,367 |
| Total Equity and Liabilities | 153,771 | 163,577 |
| Net Assets Per Share Attributable to Ordinary Equity Holders of The Company (RM) | 0.30 | 0.32 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010)

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

**Condensed Consolidated Statement of Changes in Equity
For the quarter ended 30 April 2011**

(The figures have not been audited)

| | Attributable to Shareholders of the Company | | | | | | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|--|---|---------------------------|-------------------------|-------------------------------|---|-----------------|-------------------------------------|------------------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Retained Profits/ (Accumulated Losses) RM'000 | Total RM'000 | | |
| 9 months period ended 30 April 2011 | | | | | | | | |
| Balance at beginning of year 01 August 2010 | 84,070 | (39) | 15,374 | 11,503 | (83,698) | 27,210 | - | 27,210 |
| Total comprehensive loss for the period | - | - | - | - | (1,889) | (1,889) | - | (1,889) |
| Disposal of treasury shares | - | 39 | - | - | - | 39 | - | 39 |
| Balance at end of period 30 April 2011 | <u>84,070</u> | <u>-</u> | <u>15,374</u> | <u>11,503</u> | <u>(85,587)</u> | <u>25,360</u> | <u>-</u> | <u>25,360</u> |
| 9 months period ended 30 April 2010 | | | | | | | | |
| Balance at beginning of year 01 August 2009 | 84,070 | (39) | 15,374 | 11,571 | (75,930) | 35,046 | 2,180 | 37,226 |
| Total comprehensive loss for the period | - | - | - | - | (8,699) | (8,699) | (1,983) | (10,682) |
| Dividend to non-controlling interests | - | - | - | - | - | - | (197) | (197) |
| Balance at end of period 30 April 2010 | <u>84,070</u> | <u>(39)</u> | <u>15,374</u> | <u>11,571</u> | <u>(84,629)</u> | <u>26,347</u> | <u>-</u> | <u>26,347</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 2010)

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

Condensed Consolidated Statement of Cash Flows

For the quarter ended 30 April 2011

(The figures have not been audited)

| | <u>FY 2011</u> 9 months ended 30/04/2011 RM'000 | <u>FY 2010</u> 9 months ended 30/04/2010 RM'000 |
|--|--|--|
| Profit/(loss) before taxation | (1,926) | (8,939) |
| Adjustments for : | | |
| Non-cash items/Non-operating items | 10,222 | 11,072 |
| Operating profit/(loss) before working capital changes | <u>8,296</u> | <u>2,133</u> |
| Changes in working capital : | | |
| Net change in current assets | 7,798 | 680 |
| Net change in current liabilities | (3,772) | (3,231) |
| Cash generated from/ (used in) operations | <u>12,322</u> | <u>(418)</u> |
| Income tax paid | (28) | (22) |
| Income tax refunded | 569 | - |
| Net cash generated from/(used in) operating activities | <u>12,863</u> | <u>(440)</u> |
| Investing activities : | | |
| Proceeds from disposal of a subsidiary, net of cash disposed | - | 1,521 |
| Purchase of property, plant and equipment | (2,113) | (1,475) |
| Proceeds from disposal of property, plant and equipment | 155 | 52 |
| Interest received | 15 | 2 |
| Fixed deposits pledged with licensed banks | 220 | 4 |
| Net cash flows from/(used in) investing activities | <u>(1,723)</u> | <u>104</u> |
| Financing activities : | | |
| Repayment of borrowings | (4,252) | (7,872) |
| Proceeds from borrowings | - | 10,957 |
| Interest paid | (6,263) | (5,465) |
| Dividend paid to non-controlling interests | - | (197) |
| Proceeds from repurchase of treasury shares | 10 | - |
| Net cash flows from/(used in) financing activities | <u>(10,505)</u> | <u>(2,577)</u> |
| Net increase/(decrease) in cash and cash equivalents | 635 | (2,913) |
| Cash and cash equivalents at beginning of year | (4,492) | 1,012 |
| Cash and cash equivalents at end of period | <u>(3,857)</u> | <u>(1,901)</u> |
| Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts : | | |
| Cash and bank balances | 2,200 | 3,011 |
| Fixed deposits | 50 | 270 |
| Cash and cash equivalents | <u>2,250</u> | <u>3,281</u> |
| Bank overdrafts | (6,057) | (4,912) |
| Less : Fixed deposits pledged for bank borrowings | (50) | (270) |
| | <u>(3,857)</u> | <u>(1,901)</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010)

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

**Notes To The Interim Financial Report
For the quarter ended 30 April 2011**

1 Accounting Policies and Methods of Computation

The interim financial statement is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statement for the year ended 31 July 2010. 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 year ended 31 July 2010.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended 31 July 2010 except for the adoption of new standards, amendments to standards and IC Interpretations that are effective for the financial year ending 31 July 2011. The adoption do not have significant impact on the Group's financial statements except FRS 101(revised): Presentation of Financial Statements.

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of this FRS, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

Total comprehensive income for the financial period is presented as a one-line item in the statement of changes in equity and the comparative information has been presented in order to conform with the revised standard. This standard only affects the presentation aspects and will have no significant financial impact to the Group.

3 Preceding Audited Financial Statements

The audit report of the most recent annual financial statement for the year ended 31 July 2010 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.

5 Nature and Amount of Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the period and interim financial statement under review.

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 2011

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt securities for the period under review. The status of the Company's Employee's Share Option Scheme ("ESOS") is as follows:-

| | No of Options ('000) |
|-----------------------|-------------------------|
| As at 1 February 2011 | 3,086 |
| Cancelled | (15) |
| As at 30 April 2011 | <u>3,071</u> |

8 Dividends Paid

There were no dividends paid for the quarter under review.

9 Segmental Reporting

Analysis by activities :

| | Revenue RM'000 | Profit/(Loss) Before Tax RM'000 |
|-------------------------------|-------------------|---------------------------------------|
| Manufacturing | 113,475 | 2,739 |
| Investment holding and others | - | (4,665) |
| | <u>113,475</u> | <u>(1,926)</u> |

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 are no material events subsequent to the end of the interim period that have not been reflected in the financial statement for the interim period under review.

12 Significant Event

There is no significant event for the period under review except the on-going restructuring scheme as disclosed in note 15.8.

13 Changes in the Composition of the Group

There were no changes in the composition of the Group in the interim financial statement for the period under review.

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

Notes To The Interim Financial Report For the quarter ended 30 April 2011

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 RM2.7m issued in favor of government authorities, utility boards and supplier to facilitate the operations of the Group.

b) Company

The Company has contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiaries amounting to RM44.7m as at 30 April 2011.

15 Additional Information required by the Bursa Malaysia Securities Berhad's Listing Requirements

15.1 Review of Performance of the Company and its Principal Subsidiaries

The Group registered RM35.2m in turnover for the quarter ended 30 April 2011 as compared to RM38.3m in the corresponding period last year. The 8.1% decrease was attributable to reduced orders and lower production outputs due to festive season.

However, the net loss was reduced from RM1.8m to RM0.9m due to gain on disposal of a property.

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

The quarter under review showed a drop of 6.8% in turnover from RM37.8m previously to RM35.2m. The decrease was mainly due to reduced orders and lower production outputs.

The quarter net loss increased from RM0.4m to RM0.9m was largely due to weakening of US dollar and reduced orders.

15.3 Prospects for the Current Financial Year

The continued viability of the Group's operations is subject to the successful implementation of the proposed restructuring scheme referred to in note 15.8.

Apart from the above, the Group continues to operate in a challenging environment due to uncertainty in the global economy.

15.4 Variance of Actual Profit from Profit Forecast or Profit Guarantee

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

15.5 Taxation

| | Quarter Under Review RM'000 | Current Year To Date RM'000 |
|----------------------|-----------------------------------|-----------------------------------|
| Current tax expense | (4) | (11) |
| Deferred tax expense | - | 48 |
| | <u>(4)</u> | <u>37</u> |

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

**Notes To The Interim Financial Report
For the quarter ended 30 April 2011**

15.6 Profit on Sales of Unquoted Investment and/or Properties

There were no sales of unquoted investment and/or properties outside the ordinary course of the Group's business for the interim quarter and financial year-to-date under review.

15.7 Quoted Securities

There were no purchases or disposal of quoted securities for the interim quarter and financial year-to-date under review except the Company had resold all 40,000 treasury shares on the market at an average selling price of RM0.25 per share.

15.8 Corporate Proposals

On 17 December 2010, the Company made an announcement that under the mediation of the Corporate Debt Restructuring Committee ("CDRC"), a debt restructuring agreement had been executed with the unsecured financial lenders to implement a proposed restructuring scheme involving the following:

- i) proposed capital reduction of its issued and paid-up share capital involving the cancellation of RM0.75 of the par value of each existing ordinary share of RM1.00 each;
- ii) proposed amendment to Memorandum of Association;
- iii) proposed settlement of debt owing to unsecured financial institution creditors; and
- iv) proposed renounceable rights issue of up to 121,640,303 new ordinary shares of RM0.25 each at an issue price of RM0.25 per Rights Share on the basis of one Rights Share for every one ordinary share of RM0.25 each

The Company had on 18 February 2011 submitted a listing application to Bursa Malaysia Securities Berhad ("Bursa") and the Bursa, vide its letter dated 27 May 2011, approved for the following:

- i) admission to the Official List and listing of and quotation for the 102,717,300 redeemable convertible secured loan stocks of RM0.25 each ("RCSLS") to be issued pursuant to the proposed debt restructuring;
- ii) listing of and quotation for up to 107,967,203 rights shares pursuant to the proposed rights; and
- iii) listing of and quotation for up to 102,717,300 new ordinary shares of RM0.25 each to be issued arising from the conversion of the RCSLS.

The Company also submitted the application to the Securities Commission ("SC") for the proposed issuance of RCSLS on the same date and the SC had, vide its letter dated 17 March 2011 approved the application.

As announced to the Bursa on 14 March 2011, the Company had, via CDRC, requested for the consent of the scheme lenders to substitute one of the put-option grantors previously proposed. The CDRC had informed by its letter dated 6 April 2011 that the scheme lenders had approved the revision. This was formalised by the execution of a supplemental agreement with the scheme lenders on 10 May 2011.

On 2 June 2011, the circular and notice of extraordinary general meeting ("EGM") was despatched to shareholders to seek their approval for the implementation of the scheme. The EGM will be held on 24 June 2011.

The proposed scheme is expected to be completed by end of August 2011.

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

**Notes To The Interim Financial Report
For the quarter ended 30 April 2011**

15.9 Group Borrowings and Securities

Total Group borrowings as at 30 April 2011 are as follows :

| | Secured Borrowings <u>RM'000</u> | Unsecured Borrowings <u>RM'000</u> | Total <u>RM'000</u> |
|-----------------------|--|--|------------------------|
| Short term borrowings | 23,048 | 72,227 | 95,275 |
| Long term borrowings | 9,050 | - | 9,050 |
| | <u>32,098</u> | <u>72,227</u> | <u>104,325</u> |

15.10 Realised and Unrealised Profits/Losses

| | As at 30.04.11 <u>RM'000</u> | As at 31.07.10 <u>RM'000</u> |
|---|---------------------------------|---------------------------------|
| Total accumulated losses of the Group - realised | (109,350) | (107,412) |
| Less: Consolidated adjustments | 23,763 | 23,714 |
| Total Group accumulated losses as per consolidated accounts | <u>(85,587)</u> | <u>(83,698)</u> |

15.11 Off Balance Sheet Financial Instruments

The Group has existing forward foreign exchange contracts to sell USD amounting to the equivalent of RM17.8m at the average rate of 3.0323 with various maturity dates ranging from November to December 2011.

15.12 Material Litigation

There is no material litigation or pending litigation as at the date of this interim financial statement.

15.13 Dividend

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

15.14 Earnings Per Share Attributable to Shareholders of the Company

| | <u>FY 2011</u> Current Quarter Ended 30/04/2011 <u>RM'000</u> | <u>FY 2010</u> Comparative Quarter Ended 30/04/2010 <u>RM'000</u> | <u>FY 2011</u> Cumulative Quarter To Date <u>RM'000</u> | <u>FY 2010</u> Cumulative Quarter To Date <u>RM'000</u> |
|---|---|---|---|---|
| a) <u>Basic</u> | | | | |
| Net profit/ (loss) for the period | (877) | (1,686) | (1,889) | (8,699) |
| Weighted average number of ordinary shares | 84,070 | 84,030 | 84,044 | 84,030 |
| Basic earning/ (loss) per share (sen) | <u>(1.04)</u> | <u>(2.01)</u> | <u>(2.25)</u> | <u>(10.35)</u> |
| b) <u>Diluted</u> | | | | |
| The diluted earning per share is not disclosed due to an anti-dilution situation for both the existing warrants and ESOS. | | | | |