

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

### Condensed Consolidated Statement of Comprehensive Income For the quarter ended 31 July 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2014</u> Current Quarter Ended 31/07/2014	<u>FY 2013</u> Comparative Quarter Ended 31/07/2013	<u>FY 2014</u> 12 Months Cumulative To Date	<u>FY 2013</u> 12 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	63,846	57,744	277,113	219,666
Operating Expenses	(55,562)	(59,411)	(247,706)	(209,726)
Other Operating Income/(Expenses)	534	2,262	1,335	4,110
Profit/ (Loss) from Operations	8,818	595	30,742	14,050
Finance Costs	(967)	(411)	(3,630)	(2,602)
Profit/ (Loss) Before Tax	7,851	184	27,112	11,448
Taxation	(2,483)	458	(5,318)	407
Profit/ (Loss) for the Period	5,368	642	21,794	11,855
Other Comprehensive Income	-	2,163	-	2,163
Total Comprehensive Income/ (Loss) for the Period	5,368	2,805	21,794	14,018
Attributable to:				
Equity Holders of the Company	5,368	642	21,794	11,855
Non-controlling Interests	-	-	-	-
Profit/ (Loss) for the Period	5,368	642	21,794	11,855
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.12)				
Basic (Sen)	1.95	0.24	7.96	4.35
Diluted (Sen)	1.93	0.23	7.91	4.33

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2013)*

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

## Condensed Consolidated Statement of Financial Position

As At 31 July 2014

(The figures have not been audited)

	(UNAUDITED) As At 31/07/2014 RM'000	(AUDITED) As At 31/07/2013 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	172,568	157,648
Deferred Tax Assets	700	700
	<u>173,268</u>	<u>158,348</u>
<b>Current Assets</b>		
Inventories	65,398	56,802
Land and Property Development Costs	21,470	6,516
Receivables, Deposits and Prepayments	34,494	29,790
Derivative Financial Assets	700	-
Tax Recoverable	1	31
Cash and Cash Equivalents	5,729	3,239
	<u>127,792</u>	<u>96,378</u>
<b>Total Assets</b>	<u><b>301,060</b></u>	<u><b>254,726</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share Capital	69,145	68,281
Reserves	118,816	96,158
Treasury Shares	(493)	(7)
<b>Total Equity</b>	<u>187,468</u>	<u>164,432</u>
<b>Non-Current Liabilities</b>		
Loans and Borrowings	28,288	19,648
Deferred Tax Liabilities	10,839	8,938
	<u>39,127</u>	<u>28,586</u>
<b>Current Liabilities</b>		
Payables and Accruals	39,109	31,730
Derivative Financial Liabilities	-	777
Loans and Borrowings	32,577	28,983
Taxation	2,779	218
	<u>74,465</u>	<u>61,708</u>
<b>Total Liabilities</b>	<u>113,592</u>	<u>90,294</u>
<b>Total Equity and Liabilities</b>	<u><b>301,060</b></u>	<u><b>254,726</b></u>
<b>Net Assets Per Share Attributable to Ordinary Equity Holders of The Company (RM)</b>	<b>0.68</b>	<b>0.60</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2013)*

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

**Condensed Consolidated Statement of Changes in Equity  
For the quarter ended 31 July 2014**

(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
<b>12 months period ended 31 July 2014</b>						
Balance at beginning of year 01 August 2013	68,281	(7)	15,941	39,954	40,263	164,432
Total comprehensive income for the period	-	-	-	-	21,794	21,794
Realisation of assets revaluation reserve				(378)	378	-
Exercise of ESOS	864	-	864	-	-	1,728
Treasury shares acquired	-	(486)	-	-	-	(486)
Balance at end of period 31 July 2014	<u>69,145</u>	<u>(493)</u>	<u>16,805</u>	<u>39,576</u>	<u>62,435</u>	<u>187,468</u>

**12 months period ended  
31 July 2013**

Balance at beginning of year 01 August 2012	67,714	-	15,374	38,169	28,030	149,287
Total comprehensive income for the period	-	-	-	2,163	11,855	14,018
Realisation of assets revaluation reserve				(378)	378	-
Exercise of ESOS	567	-	567	-	-	1,134
Treasury shares acquired	-	(7)	-	-	-	(7)
Balance at end of period 31 July 2013	<u>68,281</u>	<u>(7)</u>	<u>15,941</u>	<u>39,954</u>	<u>40,263</u>	<u>164,432</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 2013)*

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

## Condensed Consolidated Statement of Cash Flows

For the quarter ended 31 July 2014

(The figures have not been audited)

	<b>FY 2014</b> 12 Months Ended 31/07/2014 <u>RM'000</u>	<b>FY 2013</b> 12 Months Ended 31/07/2013 <u>RM'000</u>
Profit/(Loss) before taxation	27,112	11,448
Adjustments for :		
Bad debts written off	224	7
Depreciation of property, plant and equipment	7,926	6,328
Interest expense	3,630	2,602
Interest income	(3)	(15)
Inventories written down/off	280	513
Property, plant and equipment written off	-	1,977
(Gain)/Loss on derivatives	(1,477)	913
(Gain)/Loss on disposal of property, plant and equipment	(110)	(158)
Operating profit/(loss) before working capital changes	<u>37,582</u>	<u>23,615</u>
Changes in working capital :		
Net change in current assets	(28,759)	(5,028)
Net change in current liabilities	7,379	(10,075)
Cash generated from/(used in) operations	<u>16,202</u>	<u>8,512</u>
Income tax paid	(855)	(361)
Tax refund	30	-
Net cash generated from/(used in) operating activities	<u>15,377</u>	<u>8,151</u>
Investing activities :		
Purchase of property, plant and equipment	(22,035)	(10,893)
Proceeds from disposal of property, plant and equipment	325	210
Interest received	3	15
Upliftment/(Placement) of fixed deposits pledged	221	19
Net cash flows from/(used in) investing activities	<u>(21,486)</u>	<u>(10,649)</u>
Financing activities :		
Repayment of borrowings	(4,467)	(10,502)
Interest paid	(3,630)	(2,602)
Proceeds from exercise of ESOS	1,728	1,134
Proceeds from borrowings	16,000	7,000
Share buy back	(486)	(7)
Net cash flows from/(used in) financing activities	<u>9,145</u>	<u>(4,977)</u>
Net increase/(decrease) in cash and cash equivalents	3,036	(7,475)
Cash and cash equivalents at beginning of year	(7,735)	(260)
Cash and cash equivalents at end of period	<u>(4,699)</u>	<u>(7,735)</u>

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :

Cash and bank balances	5,729	3,018
Fixed deposits	-	221
Cash and cash equivalents	<u>5,729</u>	<u>3,239</u>
Bank overdrafts	(10,428)	(10,753)
Less : Fixed deposits pledged	-	(221)
	<u>(4,699)</u>	<u>(7,735)</u>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2013)*

**Notes To The Interim Financial Report  
For the quarter ended 31 July 2014**

**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 2013. 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 2013.

**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 2013 except for the adoption of new standards, amendments to standards and IC Interpretations that are effective for the financial year ended 31 July 2014. 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 2013 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.

**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 31 July 2014

### 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:

	No of Options '000
As at 1 August 2013	12,729
Exercised	(3,455)
Forfeited	(682)
As at 31 July 2014	<u>8,592</u>

- b) The Company purchased 810,000 ordinary shares of RM0.25 each of its issued share capital from the open market at an average cost of RM0.60. The total consideration paid for the purchase including transaction costs amounting to RM489,936 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 31 July 2014, the total number of treasury shares held was 820,000 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:

	Revenue RM'000	Profit/(Loss) Before Tax RM'000
Rubberwood furniture	205,673	15,920
Particle board	14,747	(951)
Property development	56,693	13,542
Investment holding and others	-	(1,399)
	<u>277,113</u>	<u>27,112</u>

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

## Notes To The Interim Financial Report For the quarter ended 31 July 2014

### 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 except:

- a) on 21 July 2014, the Company's wholly owned sub-subsidiary has entered into joint venture agreements with Luxmark View Sdn Bhd and Sheeco Properties Sdn Bhd to develop a 8.09375 acres of land located in Sungai Long, Cheras, Selangor Darul Ehsan into a residential project; and
- b) on 27 June 2014, the Company announced a proposed private placement of up to 28,517,200 new ordinary shares of RM0.25 each to independent third party investors. The proposal has been completed on 8 August 2014.

### 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 RM3.6m issued in favor of government authorities, utility boards and a 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 RM63.8m as at 31 July 2014.

### 15 Capital Commitments

Capital commitments of the Group as at 31 July 2014 are as follows:

Approved and contracted for purchase of property, plant and equipment

RM'000

18,134

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

## Notes To The Interim Financial Report For the quarter ended 31 July 2014

### 16 Significant Related Parties Transactions

The Group had the following transactions with related parties during the financial year-to-date:

	<u>RM'000</u>
a) A director Rental paid	<u>526</u>
b) Related parties Landowner's entitlement paid/payable	<u>7,038</u>

### 17.1 Review of Performance

	<u>FY 2014</u> Current Quarter Ended 31/07/2014 <u>RM'000</u>	<u>FY 2013</u> Comparative Quarter Ended 31/07/2013 <u>RM'000</u>	Variance %
Revenue	63,846	57,744	10.6%
Profit before tax	7,851	184	4166.8%

The Group recorded RM63.8m in revenue for the current quarter as compared to RM57.8m in the corresponding quarter last year. The increase of 10.6% was mainly due to higher sales from the following:

- a) particle board segment - new activity as it commenced operation towards the end of last financial year; and
- b) property development segment - more sales agreements were signed from its on-going project.

The rubberwood furniture segment contributed to majority, i.e. 76% of the Group's revenue.

This quarter achieved profit before tax of RM7.9m as compared to RM0.2m in the comparative quarter last year. The substantial increase was attributable to the following:

- a) stronger Group's revenue;
- b) the particle board segment has turned into profit during the quarter as the productivity is improved;
- c) strengthening of USD against RM; and
- d) decrease in the cost of raw materials.



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

## Notes To The Interim Financial Report For the quarter ended 31 July 2014

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

	<u>FY 2014</u> Current Quarter Ended 31/07/2014 <u>RM'000</u>	<u>FY 2014</u> Preceding Quarter Ended 30/04/2014 <u>RM'000</u>	Variance %
Revenue	63,846	74,781	-14.6%
Profit before tax	7,851	8,978	-12.6%

The Group registered RM63.8m in revenue for the current quarter as compared to RM74.8m in the preceding quarter. The decrease of 14.6% was mainly due to lower sales in the property development segment as one of its on-going projects was at final stage.

The profit before tax for the quarter declined by 12.6% as compared to the preceding quarter. This was in line with the drop in the revenue.

### 17.3 Prospects for the Next Financial Year

In the financial year ended 31 July 2014, the RM/USD exchange rate was favourable to furniture exporters and contributed to improved results amongst industry players. For the better part of the past year, the rate was range bound between 3.2 and 3.3. Continued stability at this level will reduce exchange risk which had in the past frequently plagued manufacturers and exporters.

Demand for furniture particularly from the US market remains stable with the mild signs of recovery being shown in their economy. Elsewhere, market conditions remain relatively unchanged apart from the troubled regions which the Group does not export to.

The Group's strategy in the core manufacturing business remains focused on the upstream segment where there is less risk. With the particle board plant having been commissioned and operating satisfactorily, efforts are being directed to further improve this segment.

In the property segment, conditions have become more challenging with the slowdown in the property sector over the past year, exacerbated by the increasing difficulty in obtaining end financing for purchasers. These conditions are being taken into consideration in planning the Group's next project launches.

Barring any unforeseen circumstances, the results of the Group are expected to remain satisfactory in the financial year 2015.

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

## Notes To The Interim Financial Report For the quarter ended 31 July 2014

### 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 2014</u> Current Quarter Ended 31/07/2014 <u>RM'000</u>	<u>FY 2013</u> Comparative Quarter Ended 31/07/2013 <u>RM'000</u>	<u>FY 2014</u> 12 Months Cumulative To Date <u>RM'000</u>	<u>FY 2013</u> 12 Months Cumulative To Date <u>RM'000</u>
Interest income	-	(3)	(3)	(15)
Interest expense	967	438	3,630	2,629
Depreciation and amortisation	2,081	2,077	7,926	6,328
Inventory written down/off	(49)	513	280	513
Bad debts written off	224	7	224	7
Property, plant and equipment written off	-	1,977	-	1,977
(Gain)/ loss on disposal of property, plant and equipment	144	-	(110)	(158)
(Gain)/ loss on foreign exchange	(229)	(240)	376	(613)
(Gain)/ loss on derivatives	(383)	1,510	(1,477)	913

### 17.6 Taxation

	Current Quarter <u>RM'000</u>	Financial Year-to-date <u>RM'000</u>
Current tax expense	584	3,419
Deferred tax	1,899	1,899
	<u>2,483</u>	<u>5,318</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 July 2014

### 17.7 Corporate Proposals

#### a) Status of utilisation of proceeds

Utilisation of gross proceeds raised from the private placement completed on 8 August 2014 is set out below:

Purpose	Proposed Utilisation RM'000	Actual Utilisation To-date RM'000	Intended Timeframe for Utilisation
i) Repayment of bank borrowings	19,000	19,000	Within 6 months
ii) Working capital	3,391	3,391	Within 12 months
iii) Partially finance the construction of factory building	6,000	1,080	Within 12 months
iv) To defray expenses relating to the private placement	650	702	Within 3 months
	<u>29,041</u>	<u>24,173</u>	

#### b) Proposed bonus issue with free detachable warrants

On 3 September 2014, the Board of Directors announced to undertake the following:

- i) proposed bonus issue of up to 312,830,506 new ordinary shares of RM0.25 each to be credited as fully paid-up, together with up to 312,830,506 free detachable warrants, on the basis of one (1) bonus share together with one (1) warrant for every one (1) existing share held on an entitlement date to be determined later;
- ii) proposed increase in the authorised share capital from RM200,00,000 comprising 800,000,000 shares to RM500,000,000 comprising 2,000,000,000 shares; and
- iii) proposed amendments to the Company's memorandum of association.

The above proposals are subject to relevant approvals from Bursa Malaysia Securities Berhad, the shareholders of the Company at an Extraordinary General Meeting to be convened and any other relevant authorities, if required.

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

## Notes To The Interim Financial Report For the quarter ended 31 July 2014

### 17.8 Group Borrowings and Securities

The Group borrowings as at 31 July 2014 are as follows :

	<u>RM'000</u>
<u>Secured</u>	
Current	32,577
Non-current	28,288
	<hr/>
	<u>60,865</u>

### 17.9 Realised and Unrealised Profits/ (Losses)

	As at 31/07/14 <u>RM'000</u>	As at 31/07/13 <u>RM'000</u>
Total retained profits/(accumulated losses) of the Group		
- Realised	59,326	25,619
- Unrealised	745	(835)
	<hr/>	<hr/>
	60,071	24,784
Less: Consolidated adjustments	2,364	15,479
Total Group retained profits/(accumulated losses) as per consolidated accounts	<hr/>	<hr/>
	<u>62,435</u>	<u>40,263</u>

### 17.10 Material Litigation

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

### 17.11 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 July 2014

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

	<u>FY 2014</u> Current Quarter Ended 31/07/2014 <u>RM'000</u>	<u>FY 2013</u> Comparative Quarter Ended 31/07/2013 <u>RM'000</u>	<u>FY 2014</u> 12 Months Cumulative To Date <u>RM'000</u>	<u>FY 2013</u> 12 Months Cumulative To Date <u>RM'000</u>
a) <u>Basic</u>				
Profit/ (loss) attributable to equity holders of the company	5,368	642	21,794	11,855
Weighted average number of ordinary shares ('000)	275,176	272,897	273,757	272,295
Basic earning per share (sen)	1.95	0.24	7.96	4.35
b) <u>Diluted</u>				
Profit/ (loss) attributable to equity holders of the company	5,368	642	21,794	11,855
Weighted average number of ordinary shares ('000)	275,176	272,897	272,757	272,295
Effect of dilution - ESOS ('000)	2,770	1,796	2,770	1,796
Adjusted weighted average number of ordinary shares ('000)	277,946	274,693	275,527	274,091
Diluted earning per share (sen)	1.93	0.23	7.91	4.33

The number of shares under Warrants was not taken into account in the computation of diluted earnings per share in the corresponding period last year because the effect on the basic earnings per share is antidilutive.