

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

### Condensed Consolidated Statement of Comprehensive Income For the quarter ended 31 January 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2017</u> Current Quarter Ended 31/01/2017	<u>FY 2016</u> Comparative Quarter Ended 31/01/2016	<u>FY 2017</u> 6 Months Cumulative To Date	<u>FY 2016</u> 6 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	125,872	107,390	274,582	202,315
Operating Expenses	(110,638)	(92,984)	(242,790)	(170,877)
Other Operating Income/(Expenses)	(743)	222	(1,028)	(2,156)
Profit/ (Loss) from Operations	14,491	14,628	30,764	29,282
Finance Costs	(1,689)	(1,854)	(3,540)	(3,484)
Profit/ (Loss) Before Tax	12,802	12,774	27,224	25,798
Taxation	(2,335)	(2,347)	(5,057)	(4,543)
Profit/ (Loss) for the Period	10,467	10,427	22,167	21,255
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/ (Loss) for the Period	10,467	10,427	22,167	21,255
Attributable to:				
Equity Holders of the Company	10,467	10,427	22,167	21,255
Non-controlling Interests	-	-	-	-
Profit/ (Loss) for the Period	10,467	10,427	22,167	21,255
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.11)				
Basic (Sen)	1.71	1.71	3.62	3.48
Diluted (Sen)	1.69	1.69	3.58	3.44

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2016)*

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

## Condensed Consolidated Statement of Financial Position

As at 31 January 2017

(The figures have not been audited)

	(UNAUDITED) As At 31/01/2017 <u>RM'000</u>	(AUDITED) As At 31/07/2016 <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	228,804	219,696
<b>Current Assets</b>		
Inventories	77,953	79,696
Land and Property Development Costs	29,702	35,735
Receivables, Deposits and Prepayments	202,029	185,750
Derivative Financial Assets	-	217
Tax Recoverable	9	9
Cash and Cash Equivalents	20,420	14,651
	<u>330,113</u>	<u>316,058</u>
<b>Total Assets</b>	<u><u>558,917</u></u>	<u><u>535,754</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share Capital	153,305	153,014
Reserves	143,610	127,575
<b>Total Equity</b>	<u>296,915</u>	<u>280,589</u>
<b>Non-Current Liabilities</b>		
Loans and Borrowings	49,569	47,265
Deferred Tax Liabilities	11,518	11,218
	<u>61,087</u>	<u>58,483</u>
<b>Current Liabilities</b>		
Payables and Accruals	119,094	108,847
Derivative Financial Liabilities	160	36
Loans and Borrowings	62,260	76,171
Tax Payable	13,269	11,628
Dividend Payable	6,132	-
	<u>200,915</u>	<u>196,682</u>
<b>Total Liabilities</b>	<u>262,002</u>	<u>255,165</u>
<b>Total Equity and Liabilities</b>	<u><u>558,917</u></u>	<u><u>535,754</u></u>
<b>Net Assets Per Share Attributable to Ordinary Equity Holders of The Company (RM)</b>	<b>0.48</b>	<b>0.46</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2016)*

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

**Condensed Consolidated Statement of Changes in Equity**

**For the quarter ended 31 January 2017**

(The figures have not been audited)

	<----- Attributable to Shareholders of the Company ----->				
	<----- Non-Distributable ----->		Distributable		
	Share Capital RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
<b>6 months period ended</b>					
<b><u>31 January 2017</u></b>					
Balance at beginning of year 01 August 2016	153,014	(5)	39,307	88,273	280,589
Total comprehensive income for the period	-	-	-	22,167	22,167
Exercise of ESOS	291	-	-	-	291
Dividend	-	-	-	(6,132)	(6,132)
Balance at end of period 31 January 2017	<u>153,305</u>	<u>(5)</u>	<u>39,307</u>	<u>104,308</u>	<u>296,915</u>

**6 months period ended**  
**31 January 2016**

Balance at beginning of year 01 August 2015	152,810	-	39,142	49,650	241,602
Total comprehensive income for the period	-	-	-	21,255	21,255
Purchase of treasury shares	-	(5)	-	-	(5)
Exercise of ESOS	153	-	-	-	153
Balance at end of period 31 January 2016	<u>152,963</u>	<u>(5)</u>	<u>39,142</u>	<u>70,905</u>	<u>263,005</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 2016)*

**SYF RESOURCES BERHAD (Co. No. 364372-H)****Condensed Consolidated Statement of Cash Flows****For the quarter ended 31 January 2017**

(The figures have not been audited)

	<b><u>FY 2017</u></b> 6 Months Ended 31/01/2017 <b><u>RM'000</u></b>	<b><u>FY 2016</u></b> 6 Months Ended 31/01/2016 <b><u>RM'000</u></b>
Profit/(Loss) before taxation	27,224	25,798
Adjustments for :		
Depreciation of property, plant and equipment	6,770	5,105
Interest expense	3,540	3,484
Interest income	(5)	(448)
(Gain)/Loss on derivatives	341	(1,363)
(Gain)/Loss on disposal of property, plant and equipment	3	(94)
Operating profit/(loss) before working capital changes	<u>37,873</u>	<u>32,482</u>
Changes in working capital :		
Net change in current assets	(8,504)	(25,381)
Net change in current liabilities	10,246	(864)
Cash generated from/(used in) operations	<u>39,615</u>	<u>6,237</u>
Income tax paid	(3,116)	(1,142)
Net cash generated from/(used in) operating activities	<u>36,499</u>	<u>5,095</u>
Investing activities :		
Purchase of property, plant and equipment	(16,323)	(14,884)
Proceeds from disposal of property, plant and equipment	796	165
Interest received	5	448
Upliftment/(Placement) of fixed deposits pledged	(184)	-
Net cash flows from/(used in) investing activities	<u>(15,706)</u>	<u>(14,271)</u>
Financing activities :		
Repayment of borrowings	(15,890)	(10,878)
Interest paid	(3,540)	(3,484)
Proceeds from exercise of ESOS	292	153
Proceeds from bank borrowings	4,750	31,965
Share buy-back	-	(5)
Net cash flows from/(used in) financing activities	<u>(14,388)</u>	<u>17,751</u>
Net increase/(decrease) in cash and cash equivalents	6,405	8,575
Cash and cash equivalents at beginning of year	3,074	(4,803)
Cash and cash equivalents at end of period	<u>9,479</u>	<u>3,772</u>

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

Cash and bank balances	18,211	13,031
Fixed deposits	2,209	1,905
Cash and cash equivalents	<u>20,420</u>	<u>14,936</u>
Bank overdrafts	(8,732)	(9,259)
Less : Fixed deposits pledged	(2,209)	(1,905)
	<u>9,479</u>	<u>3,772</u>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2016)*

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

## Notes To The Interim Financial Report For the quarter ended 31 January 2017

### 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 2016. 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 2016.

### 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 2016 except for the adoption of new standards, amendments to standards and IC Interpretations that are effective for the financial year ending 31 July 2017. 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 2016 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 many 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.

### 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 November 2016	13,321
Exercised	(880)
As at 31 January 2017	<u>12,441</u>

b) As at 31 January 2017, the total number of treasury shares held was 10,000 ordinary shares of RM0.25 each.

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

**Notes To The Interim Financial Report  
For the quarter ended 31 January 2017**

**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:

	Rubberwood Furniture RM'000	Boards RM'000	Property Development RM'000	Others RM'000	Total Segments RM'000	Elimination RM'000	Consolidation RM'000
6 months period ended <u>31 January 2017</u>							
<b>Revenue</b>							
External sales	105,365	31,439	137,778	-	274,582	-	274,582
Inter-segment sales	10,391	1,438	17,395	-	29,224	(29,224)	-
Total sales	115,756	32,877	155,173	-	303,806	(29,224)	274,582
<b>Results</b>							
Segment results	11,067	3,798	16,750	(275)	31,340	(581)	30,759
Interest income	5	-	-	-	5	-	5
Finance costs	(1,861)	(1,268)	(411)	-	(3,540)	-	(3,540)
Profit before taxation	9,211	2,530	16,339	(275)	27,805	(581)	27,224
Taxation	(1,200)	(8)	(3,849)	-	(5,057)	-	(5,057)
Net profit	8,011	2,522	12,490	(275)	22,748	(581)	22,167
Total assets	210,422	110,235	238,033	227	558,917	-	558,917
6 months period ended <u>31 January 2016</u>							
<b>Revenue</b>							
External sales	104,790	18,578	78,947	-	202,315	-	202,315
Inter-segment sales	16,353	3,914	78	-	20,345	(20,345)	-
Total sales	121,143	22,492	79,025	-	222,660	(20,345)	202,315
<b>Results</b>							
Segment results	11,777	2,551	14,825	(241)	28,912	(78)	28,834
Interest income	-	-	448	-	448	-	448
Finance costs	(1,117)	(973)	(1,394)	-	(3,484)	-	(3,484)
Profit before taxation	10,660	1,578	13,879	(241)	25,876	(78)	25,798
Taxation	(1,059)	(9)	(3,475)	-	(4,543)	-	(4,543)
Net profit	9,601	1,569	10,404	(241)	21,333	(78)	21,255
Total assets	208,680	88,497	172,266	267	469,710	-	469,710

**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. The Group will carry out the revaluation exercise in this financial year.

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

## Notes To The Interim Financial Report For the quarter ended 31 January 2017

### 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 wholly owned subsidiary of the Company had on 13 January 2017, entered into a sale and purchase agreement for the purchase of three (3) pieces of freehold industrial land together with the buildings and structures erected thereon for a total consideration of RM15.5m.

### 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 RM5.1m 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 RM111.3m as at 31 January 2017.

### 15 Capital Commitments

Capital commitments of the Group as at 31 January 2017 are as follows:

	<u>RM'000</u>
Approved and contracted for:	
Purchase of property, plant and equipment	49,175
Purchase of land held for property development	4,140
	<u>53,315</u>

### 16 Significant Related Parties Transactions

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

	<u>RM'000</u>
<u>Transaction with a director</u>	
Rental paid	<u>385</u>
<u>Transaction with a company in which a Director of the Company is also the director and has substantial financial interest</u>	
Sales	3,460
Purchases	<u>1,489</u>
<u>Transaction with a company in which a Director of the Company is also the director and certain directors have substantial financial interest</u>	
Landowner's entitlement paid/payable	<u>24,957</u>

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

### Notes To The Interim Financial Report For the quarter ended 31 January 2017

#### 17.1 Review of Performance

	<u>FY 2017</u> Current Quarter Ended 31/01/2017 <u>RM'000</u>	<u>FY 2016</u> Comparative Quarter Ended 31/01/2016 <u>RM'000</u>	Variance <u>RM'000</u>	Variance %
Revenue	125,872	107,390	18,482	17.2%
Profit before tax	12,802	12,774	28	0.2%

The Group recorded revenue of RM125.9m in the current quarter as compared to RM107.4m in the corresponding quarter last year. The increase of RM18.5m was mainly contributed by:

- the revenue from the property development segment increased by RM15.8m from on-going projects as a result of consistent construction progress and improved sales, especially from residential project, Lavender Residence Block B; and
- increase in the sales of boards by RM5.9m due to higher output from MDF plant;

Despite the significant increase of 17.2% in the revenue, the profit before tax increased 0.2% only due to additional development costs incurred for the on-going projects, namely Kiara Plaza and Lavender Residence.

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

	<u>FY 2017</u> Current Quarter Ended 31/01/2017 <u>RM'000</u>	<u>FY 2017</u> Preceding Quarter Ended 31/10/2016 <u>RM'000</u>	Variance <u>RM'000</u>	Variance %
Revenue	125,872	148,710	(22,838)	-15.4%
Profit before tax	12,802	14,423	(1,621)	-11.2%

The Group reported revenue of RM125.9m in the current quarter as compared to the revenue of RM148.7m in the preceding quarter. The revenue was lower in the current quarter mainly due to:

- drop in the property revenue by RM15.2 as most of the on-going projects are at the final stage of sales and construction; and
- decline in the rubberwood furniture sales by RM7.9m as this quarter is traditionally an off-peak period for the furniture industry.

The profit before tax for the current quarter decreased 11.2%, this was in line with the drop in the revenue.



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

### Notes To The Interim Financial Report For the quarter ended 31 January 2017

#### 17.3 Prospects for the Current Financial Year

Operating conditions are expected to remain challenging for the financial year.

In the rubberwood furniture segment, demand for processed materials and components are not expected to grow as furniture manufacturers do not anticipate any significant uptick in export demand. In addition, the industry is increasingly sourcing for cheaper alternative substitutes such as chipboards and also tropical timber-based materials. The Group will seek to increase its exports of processed materials to China and India.

Operationally, the rubberwood furniture segment is also being affected by the difficulty in procuring approvals for new foreign worker intake to replace outgoing ones. As a result, we will expand the board segment as it is less labour intensive.

Over in the board segment, the MDF plant in Simpang Pertang is expected to be fully commissioned before forth quarter of the financial year and will then start contributing to segment results.

Property development will continue to contribute a substantial portion of the Group earnings as the on-going projects, Kiara Plaza and Lavender Residence (both blocks A & B), have achieved satisfactory sales. In the second half of the year, Iris Residence consisting of 254 units of condominium in Sungai Long will be released for sale to follow up on the success of Lavender Residence.

Despite the market conditions, the Board expects results to remain satisfactory for the financial year.

#### 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 2017</u> Current Quarter Ended 31/01/2017 RM'000	<u>FY 2016</u> Comparative Quarter Ended 31/01/2016 RM'000	<u>FY 2017</u> 6 Months Cumulative To Date RM'000	<u>FY 2016</u> 6 Months Cumulative To Date RM'000
Interest income	(5)	(254)	(5)	(448)
Interest expense	1,689	1,854	3,540	3,484
Depreciation and amortisation	3,382	2,800	6,770	5,105
(Gain)/ loss on disposal of property, plant and equipment	10	46	3	(94)
(Gain)/ loss on foreign exchange	694	1,406	643	4,010
(Gain)/ loss on derivatives	116	(1,391)	340	(1,363)

**SYF RESOURCES BERHAD (Co. No. 364372-H)****Notes To The Interim Financial Report  
For the quarter ended 31 January 2017****17.6 Taxation**

	Current Quarter RM'000	Financial Year-to-date RM'000
Current tax expense	2,185	4,757
Deferred tax	150	300
	<u>2,335</u>	<u>5,057</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.

**17.7 Group Borrowings and Securities**

The Group borrowings as at 31 January 2017 are as follows :

	RM'000
Secured current borrowings	
- Denominated in Ringgit	57,801
- Denominated in US Dollar	4,459
Secured non-current borrowings	
- Denominated in Ringgit	49,569
	<u>111,829</u>

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

	As at 31/01/17 RM'000	As at 31/07/16 RM'000
Total retained profits of the Group		
- Realised	109,033	95,175
- Unrealised	(529)	(3,287)
	<u>108,504</u>	<u>91,888</u>
Less: Consolidated adjustments	(4,196)	(3,615)
Total Group retained profits	<u>104,308</u>	<u>88,273</u>

**17.9 Material Litigation**

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

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

**Notes To The Interim Financial Report  
For the quarter ended 31 January 2017**

**17.10 Proposed Dividend**

The Board of Directors is pleased to declare a First and Final Single-Tier Dividend of 4% or 1 sen per ordinary share for the financial year ended 31 July 2016, which has been approved by shareholders at the Twenty-First Annual General Meeting held on 10 January 2017 and the said dividend will be paid on 29 March 2017 to shareholders whose names appear on the Company's Record of Depositors on 15 March 2017.

As of the date of this announcement, there were no dividends declared or payable for the financial year ending 31 July 2017.

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

	<u>FY 2017</u> Current Quarter Ended 31/01/2017 <u>RM'000</u>	<u>FY 2016</u> Comparative Quarter Ended 31/01/2016 <u>RM'000</u>	<u>FY 2017</u> 6 Months Cumulative To Date <u>RM'000</u>	<u>FY 2016</u> 6 Months Cumulative To Date <u>RM'000</u>
a) <u>Basic</u>				
Profit/ (loss) attributable to equity holders of the company	10,467	10,427	22,167	21,255
Weighted average number of ordinary shares ('000) *	612,865	611,308	612,482	611,274
Basic earning per share (sen)	<u>1.71</u>	<u>1.71</u>	<u>3.62</u>	<u>3.48</u>
b) <u>Diluted</u>				
Profit/ (loss) attributable to equity holders of the company	10,467	10,427	22,167	21,255
Weighted average number of ordinary shares ('000)	612,865	611,308	612,482	611,274
Effect of dilution - ESOS ('000)	6,829	6,553	6,829	6,553
Adjusted weighted average number of ordinary shares ('000)	<u>619,694</u>	<u>617,861</u>	<u>619,311</u>	<u>617,827</u>
Diluted earning per share (sen)	<u>1.69</u>	<u>1.69</u>	<u>3.58</u>	<u>3.44</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.