

SYF RESOURCES BERHAD

Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 July 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2020</u> Current Quarter Ended 31/07/2020	<u>FY 2019</u> Comparative Quarter Ended 31/07/2019	<u>FY 2020</u> 12 Months Cumulative To Date	<u>FY 2019</u> 12 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	26,795	68,254	115,172	241,808
Operating Expenses	(34,124)	(109,181)	(135,685)	(296,114)
Other Operating Income/(Expenses)	2,288	4,783	4,996	7,249
Profit/ (Loss) from Operations	(5,041)	(36,144)	(15,517)	(47,057)
Finance Costs	(1,342)	(1,164)	(4,594)	(4,956)
Profit/ (Loss) Before Tax	(6,383)	(37,308)	(20,111)	(52,013)
Taxation	658	7,935	658	7,937
Net Profit/ (Loss) for the Year	(5,725)	(29,373)	(19,453)	(44,076)
Other Comprehensive Income - Revaluation Decrease	(115)	(239)	(115)	(239)
Total Comprehensive Profit/ (Loss) for the Year	(5,840)	(29,612)	(19,568)	(44,315)
Total Comprehensive Profit / (Loss) attributable to:				
Owners of the Company	(6,154)	(29,612)	(19,882)	(44,315)
Non-controlling Interests	314	-	314	-
	(5,840)	(29,612)	(19,568)	(44,315)
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.11)				
Basic (Sen)	(1.09)	(4.91)	(3.41)	(7.32)
Diluted (Sen)	(1.09)	(4.91)	(3.41)	(7.32)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2019)

SYF RESOURCES BERHAD

Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Financial Position

As at 31 July 2020

(The figures have not been audited)

	(UNAUDITED) As At 31/07/2020 RM'000	(AUDITED) As At 31/07/2019 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	65,693	93,749
Investment Property	7,270	-
Inventories - Land Held for Property Development	49,021	70,119
Intangible Assets	18,408	29,826
Right-of-use Assets	8,882	-
	<u>149,274</u>	<u>193,694</u>
Current Assets		
Inventories - Property Development	92,651	-
Inventories	33,634	36,436
Contract Assets	14,549	3,951
Receivables, Deposits and Prepayments	52,970	101,424
Tax Recoverable	2,271	5,996
Cash and Cash Equivalents	15,226	35,497
	<u>211,301</u>	<u>183,304</u>
Non-Current Assets Held for Sale	42,932	18,107
	<u>254,233</u>	<u>201,411</u>
Total Assets	<u><u>403,507</u></u>	<u><u>395,105</u></u>
EQUITY AND LIABILITIES		
Share Capital	142,310	154,810
Reserves	73,616	85,926
Equity Attributable to Equity Holders of the Company	<u>215,926</u>	<u>240,736</u>
Non-Controlling Interests	11,035	-
Total Equity	<u>226,961</u>	<u>240,736</u>
Non-Current Liabilities		
Loans and Borrowings	48,494	11,302
Deferred Tax Liabilities	9,835	11,863
Lease Liability	571	-
	<u>58,900</u>	<u>23,165</u>
Current Liabilities		
Payables and Accruals	60,492	77,089
Loans and Borrowings	56,436	54,115
Lease Liability	657	-
Taxation	61	-
	<u>117,646</u>	<u>131,204</u>
Total Liabilities	<u>176,546</u>	<u>154,369</u>
Total Equity and Liabilities	<u><u>403,507</u></u>	<u><u>395,105</u></u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM)	0.38	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 2019)

SYF RESOURCES BERHAD

Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 July 2020

(The figures have not been audited)

	Attributable to Owners of the Company				Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Non-Distributable		Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Retained Profits RM'000			
12 months year ended							
31 July 2020							
Balance at beginning of year 01 August 2019	154,810	(5,670)	38,911	52,685	240,736	-	240,736
Effect of adopting MFRS 16 At 1 August 2019, as restated	-	-	-	(58)	(58)	-	(58)
	154,810	(5,670)	38,911	52,627	240,678	-	240,678
Loss for the financial year	-	-	-	(19,767)	(19,767)	314	(19,453)
Other comprehensive income for the financial year	-	-	(115)	-	(115)	-	(115)
Total comprehensive income for the financial year	-	-	(115)	(19,767)	(19,882)	314	(19,568)
Realisation of assets revaluation reserve	-	-	(6,505)	6,505	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	10,721	10,721
Transactions with owners:							
Shares repurchased	-	(4,870)	-	-	(4,870)	-	(4,870)
Cancellation of treasury shares	(12,500)	9,779	-	2,721	-	-	-
	(12,500)	4,909	-	2,721	(4,870)	-	(4,870)
Balance at end of year 31 July 2020	142,310	(761)	32,291	42,086	215,926	11,035	226,961
12 months year ended							
31 July 2019							
Balance at beginning of year 01 August 2018	154,810	(1,957)	42,170	100,383	295,406	-	295,406
Effect of adopting MFRS 9 and MFRS 15 At 1 August 2018, as restated	-	-	-	922	922	-	922
	154,810	(1,957)	42,170	101,305	296,328	-	296,328
Loss for the financial year	-	-	-	(44,076)	(44,076)	-	(44,076)
Other comprehensive income for the financial year	-	-	(239)	-	(239)	-	(239)
Total comprehensive income for the financial year	-	-	(239)	(44,076)	(44,315)	-	(44,315)
Realisation of assets revaluation reserve	-	-	(3,020)	3,020	-	-	-
Transactions with owners:							
Dividend to owners of the Company	-	-	-	(7,564)	(7,564)	-	(7,564)
Shares repurchased	-	(3,713)	-	-	-	-	(3,713)
	-	(3,713)	-	(7,564)	(11,277)	-	(11,277)
Balance at end of year 31 July 2019	154,810	(5,670)	38,911	52,685	240,736	-	240,736

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2019)

SYF RESOURCES BERHAD

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Condensed Consolidated Statement of Cash Flows**For the year ended 31 July 2020**

(The figures have not been audited)

	FY 2020 12 Months Ended 31/07/2020 <u>RM'000</u>	FY 2019 12 Months Ended 31/07/2019 <u>RM'000</u>
Profit/(Loss) before taxation	(20,111)	(52,013)
Adjustments for :		
Bad debts written off	16	50
Deposits written off	543	67
Depreciation of property, plant and equipment	6,091	6,389
Finance costs	4,594	4,956
Impairment losses on property, plant and equipment	-	307
Impairment losses on completed property inventory	860	-
Inventories written down	-	8,004
Inventories written off	-	12,961
Property, plant and equipment written off	-	124
Provision for liquidated ascertained damages	-	2,500
Unrealised loss/ (gain) on foreign exchange	-	10
Waiver of late payment interest income	-	83
Gain on struck off of a subsidiary company	-	(24)
Gain on disposal of property, plant and equipment	(1,660)	(2,748)
Bargain purchase gain on acquisition of a subsidiary company	(662)	(2,694)
Interest income	(1,020)	(560)
Reversal of impairment losses on trade receivables	(16)	(5)
Reversal of inventories written down	-	(752)
Operating profit/(loss) before working capital changes	<u>(11,365)</u>	<u>(23,345)</u>
Changes in working capital :		
Net change in current assets	59,191	95,122
Net change in current liabilities	(90,888)	(51,350)
Cash generated from/(used in) operations	<u>(43,062)</u>	<u>20,427</u>
Interest paid	(4,594)	(4,956)
Payment of liquidated ascertained damages	-	(4,021)
Income tax paid	(419)	(1,285)
Income tax refunded	3,746	573
Net cash generated from/(used in) operating activities	<u>(44,329)</u>	<u>10,738</u>
Investing activities :		
Purchase of property, plant and equipment	(4,166)	(671)
Proceeds from disposal of property, plant and equipment	20,854	9,530
Interest received	1,020	560
Capital contribution from non-controlling interests	10,000	-
Acquisition of subsidiaries, net of cash acquired	76	(6,500)
Upliftment/(Placement) of fixed deposits pledged	(2,354)	7,075
Net cash flows from/(used in) investing activities	<u>25,430</u>	<u>9,994</u>
Financing activities :		
Proceeds from bank borrowings	39,700	-
Repayment of bank borrowings/ Changes in bills payables	(32,261)	(9,699)
Changes in lease liability	1,161	-
Shares buy-back	(4,870)	(3,713)
Dividend paid	-	(7,564)
Net cash flows from/(used in) financing activities	<u>3,730</u>	<u>(20,976)</u>
Net increase/(decrease) in cash and cash equivalents	(15,169)	(244)
Cash and cash equivalents at beginning of year	22,513	22,757
Cash and cash equivalents at end of period	<u>7,344</u>	<u>22,513</u>
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Cash and bank balances	7,344	29,969
Fixed deposits	7,882	5,528
Cash and cash equivalents	15,226	35,497
Bank overdrafts	-	(7,456)
Less : Fixed deposits pledged	(7,882)	(5,528)
	<u>7,344</u>	<u>22,513</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2019)

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Notes To The Interim Financial Report For the year ended 31 July 2020

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("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 2019. 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 2019.

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 2019, except for the adoption of the following new/revised Malaysian Financial Reporting Standard ("MFRS"), amendments to MFRS and IC Interpretations which are applicable for the Group's financial period beginning 1 August 2019 :

		Effective dates for financial period beginning or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle		
- Amendments to MFRS 3		1 January 2019
- Amendments to MFRS 11		1 January 2019
- Amendments to MFRS 112		1 January 2019
- Amendments to MFRS 123		1 January 2019

The Group and the Company have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

3 Preceding Audited Financial Statements

The audit report of the preceding annual financial statements for the financial year ended 31 July 2019 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 in western countries after Christmas and New Year.

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**Notes To The Interim Financial Report
For the year ended 31 July 2020****5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income, or Cash Flows**

During the quarter under review, the Malaysian Government had imposed Movement Control Order ("MCO") beginning from 18 March 2020 as a preventive measure to curb the outbreak of Covid-19. The restrictions were gradually eased with the MCO being replaced by Conditional MCO on 4 May and finally going to recovery phase from 10 June to 31 December.

These restrictions have adversely impacted the Group in terms of business operations, earnings and cash flows because the MCO requires temporary closure of businesses or operating under strict standard operating procedures. The Group is able to get support from its' bankers that offered moratorium of up to six months for monthly instalment payments of loans and financing.

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 Option '000
As at 1 August 2019	6,310
Forfeited	(1,248)
As at 31 July 2020	<u>5,062</u>

b) The Company purchased 31,478,000 ordinary shares of its issued share capital from the open market at an average cost of RM0.155 each during the financial year. On 9 June 2020, the Company cancelled 50,000,000 units of treasury share. The details were as follows:

Monthly Breakdown	No of Share Purchased Unit ('000)	Lowest Price Paid per Share RM	Highest Price Paid per Share RM	Average Cost per Share RM	Total Consideration RM'000
Aug-19	915	0.190	0.200	0.197	181
Sep-19	1,032	0.175	0.190	0.186	192
Oct-19	1,142	0.180	0.205	0.190	217
Feb-20	8,391	0.150	0.170	0.163	1,367
Mar-20	14,781	0.145	0.160	0.152	2,251
Jun-20	5,217	0.125	0.135	0.127	662
	<u>31,478</u>			<u>0.155</u>	<u>4,870</u>

As at 31 July 2020, the total number of treasury shares held was 5,236,000 ordinary shares.

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Notes To The Interim Financial Report
For the year ended 31 July 2020

8 Dividends Paid

There were no dividends paid during the current financial period under review.

9 Segmental Reporting

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

	Rubberwood Furniture RM'000	Property Development and Construction RM'000	Others RM'000	Total Segments RM'000	Elimination RM'000	Consolidation RM'000
12 months period ended 31 July 2020						
Revenue						
External sales	112,648	2,524	-	115,172	-	115,172
Inter-segment sales	-	-	100	100	(100)	-
Total sales	112,648	2,524	100	115,272	(100)	115,172
Results						
Segment results	(6,083)	(8,781)	(7,251)	(22,115)	5,578	(16,537)
Interest income	302	718	-	1,020	-	1,020
Finance costs	(1,677)	(2,917)	-	(4,594)	-	(4,594)
Profit/ (loss) before taxation	(7,458)	(10,980)	(7,251)	(25,689)	5,578	(20,111)
Taxation	1,132	(474)	-	658	-	658
Net profit/ (loss)	(6,326)	(11,454)	(7,251)	(25,031)	5,578	(19,453)
12 months period ended 31 July 2019						
Revenue						
External sales	166,339	75,469	-	241,808	-	241,808
Inter-segment sales	12,162	12,137	130	24,429	(24,429)	-
Total sales	178,501	87,606	130	266,237	(24,429)	241,808
Results						
Segment results	(39,813)	(11,448)	(12,710)	(63,971)	16,815	(47,156)
Interest income	99	-	-	99	-	99
Finance costs	(4,211)	(1,605)	-	(5,816)	860	(4,956)
Profit/ (loss) before taxation	(43,925)	(13,053)	(12,710)	(69,688)	17,675	(52,013)
Taxation	7,993	(1)	2	7,994	(57)	7,937
Net profit/ (loss)	(35,932)	(13,054)	(12,708)	(61,694)	17,618	(44,076)

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Notes To The Interim Financial Report

For the year ended 31 July 2020

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 last revaluation was done in financial year 2017.

11 Material Events Subsequent to the end of the Interim Period

Beside the event as mentioned in note 5, 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 except during the quarter under review, the Company's indirect wholly-owned subsidiary, SYF Development Sdn Bhd ("SYFD") subscribed for 12,000,000 new ordinary shares, representing 75% of the enlarged issued share capital in Darul Majumas Sdn Bhd ("DARUL") for a cash consideration of RM1,500,000.

On 29 July 2020, SYFD further subscribed for 30,000,000 new ordinary shares in DARUL, for a cash consideration of RM30,000,000. There was no change in the controlling interest in DARUL.

13 Significant Events

Except the event as mentioned in note 5, there was no material significant events during the period under review.

14 Contingent Liabilities

a) Group

Contingent liabilities of the Group as at 31 July 2020 in respect of bank guarantees issued in favour of government authorities and utility boards totaling RM7.8m.

b) Company

The Company has contingent liabilities in the form of corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiaries amounting to RM73.2m as at 31 July 2020.

15 Capital Commitments

Capital commitment of the Group as at 31 July 2020 is as follows:

RM'000

Approved and contracted for:

Purchase of property, plant and equipment

810

Notes To The Interim Financial Report
For the year ended 31 July 2020

16 Significant Related Parties Transactions

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

	<u>RM'000</u>
<u>Transaction with a director</u>	
Rental paid	190
<u>Transaction with companies in which certain directors of the Company are also the director and have substantial financial interest</u>	
Sales	12,659
Sales commission	193
Purchases	2,310
Rental paid	456

17.1 Review of Performance

	<u>FY 2020</u>	<u>FY 2019</u>		
	Current	Comparative		
	Quarter Ended	Quarter Ended		
	31/07/2020	31/07/2019	Variance	Variance
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	26,795	68,254	(41,459)	-60.7%
(Loss)/Profit before tax	(6,383)	(37,308)	30,925	82.9%

The Group reported revenue of RM26.80m in the current quarter as compared to RM68.25m in the corresponding quarter last year. The decline of RM41.46m was attributed to the drop of RM25.65m and RM15.81m in property development segment and rubberwood furniture segment respectively.

The drop in the property development segment was mainly due to all development projects were completed in last financial year while contribution from a new project, Alstonia Residence is minimal as the acquisition of the subsidiary that owned the project was just completed on 16 July 2020. The decrease in the rubberwood furniture segment was mainly due to imposition of MCO by the Malaysia government and downsizing of downstream division.

The Group posted loss before tax of RM6.38m for the current quarter as compared to loss before tax of RM37.31m in the same quarter last financial year. The current loss was mainly due to low revenue generated as mentioned above while certain costs and overheads such as payroll and finance costs were fixed or semi-fixed in nature. Apart from that, there were professional fees incurred in the corporate exercise as mentioned in note 17.8(b) and impairment losses on completed property inventory.

Included in the loss before tax of RM37.31m in the comparative quarter last year were mainly some non-recurring expenses, such as inventories written down, inventories written off, provision for liquidated ascertain damages and etc.

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

	<u>FY 2020</u>	<u>FY 2020</u>		
	Current	Preceding		
	Quarter Ended	Quarter Ended		
	31/07/2020	30/04/2020	Variance	Variance
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	26,795	13,988	12,807	91.6%
(Loss)/Profit before tax	(6,383)	(5,757)	(626)	-10.9%

The Group's revenue rose from RM13.99m in the preceding quarter to RM26.80m in the current quarter following the resumption of business activities caused by the MCO. Besides that, there was contribution from a new development project, Alstonia Residence.

Loss before tax of RM6.38m was reported for the current quarter, worsen by 10.9% from the preceding quarter. This was mainly due to professional fees incurred in the corporate exercise as mentioned in note 17.8(b) and impairment losses on completed property inventory.

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Notes To The Interim Financial Report For the year ended 31 July 2020

17.3 Prospects for the Next Financial Year

The business environment remains challenging due to the COVID-19 pandemic, volatility of oil prices and increasing geopolitical tensions. The Group will continue to be prudent and cautious in its business activities for the next financial year.

In the property development segment, the Group foresees a gradual recovery as a result of the government's various stimulus packages and policy revisions such as Home Ownership Campaign, overnight policy rate reduction, stamp duty and real property gains tax exemption. These policies augur well for the sector and stimulate property purchases. Besides that, the MCO lockdown and enforced stay-at-home culture has increased awareness and emphasised the advantages of a comfortable home with sufficient space and amenities. Our on-going project, Alstonia Residence is located at strategic location with good infrastructure networks and amenities plus a very competitive pricing. To garner sales, we will continue to adopt aggressive sales and marketing strategies and intensify the use of digital platform to promote our product and generate qualified sales leads.

As for the rubberwood furniture segment, the Group will continue to streamline the manufacturing facilities to meet the challenges ahead. We will focus more on upstream materials processing activities in which we have established and strong presence.

The Group will persevere in executing and implementing out the strategy formulated to meet the challenging conditions. At the same time, the Group intends to pare down borrowings for interest savings and to build up liquid resources to take advantage of any future opportunities that may arise.

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 2020</u> Current Quarter Ended 31/07/2020 <u>RM'000</u>	<u>FY 2019</u> Comparative Quarter Ended 31/07/2019 <u>RM'000</u>	<u>FY 2020</u> 12 Months Cumulative To Date <u>RM'000</u>	<u>FY 2019</u> 12 Months Cumulative To Date <u>RM'000</u>
Interest income	(841)	(461)	(1,020)	(560)
Interest expense	1,342	1,164	4,594	4,956
Depreciation and amortisation	1,430	1,500	6,091	6,389
Impairment losses on property, plant and equipment	-	307	-	307
Impairment losses on completed property inventory	860	-	860	-
Property, plant and equipment written off	-	124	-	124
Provision for liquidated ascertained damages	-	2,500	-	2,500
Bargain purchase gain on acquisition of a subsidiary company	(662)	(2,694)	(662)	(2,694)
Gain on struck off of a subsidiary companies	-	(24)	-	(24)
(Gain)/ loss on disposal of property, plant and equipment	(302)	(1,340)	(1,660)	(2,748)
(Gain)/ loss on foreign exchange	-	91	(3)	38
Reversal of impairment losses on trade receivables	(16)	(5)	(16)	(5)
Reversal of inventories written down	-	(752)	-	(752)

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Notes To The Interim Financial Report
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17.6 Taxation

	Current Quarter <u>RM'000</u>	Financial Year-to-date <u>RM'000</u>
Tax expense		
- Current	527	527
- Overprovision in prior year	(57)	(57)
Real property gains tax	809	809
Deferred tax		
- Current reversal	(2,153)	(2,153)
- Underprovision in prior year	216	216
	<u>(658)</u>	<u>(658)</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 most of the subsidiaries are in loss position.

17.7 Group Borrowings and Securities

The Group borrowings as at 31 Jul 2020 are as follows :

	<u>RM'000</u>
Denominated in Ringgit	
- Secured current borrowings	56,436
- Secured non-current borrowings	48,494
	<u>104,930</u>

17.8 Corporate Proposals

- a) On 7 November 2019, the Company announced to undertake a renounceable rights issue of up to 451,723,359 Rights Shares together with up to 451,723,359 Warrants on the basis of 1 Rights Share and 1 Warrant for every 2 existing shares held on the entitlement date to be determined later at an issue price of RM0.19 per Rights Share.

On 21 May 2020, the Board resolved to defer the Proposed Rights Issue with Warrants for the time being. The decision to defer the Proposed Rights Issue with Warrants was made given the economic and market uncertainties. The Board will revisit the Proposed Rights Issue with Warrants after reassessing its funding requirements amidst the new economic landscape following the COVID-19 outbreak.

- b) On 11 February 2020, SYF Development Sdn Bhd ("SYFD"), an indirect wholly-owned subsidiary of the Company had entered into a conditional Subscription Agreement with Darul Majumas Sdn Bhd ("DARUL") and Kiara Susila Sdn Bhd ("KSSB") (KSSB is the existing shareholder of DARUL) for SYFD to subscribe for 12,000,000 new ordinary shares in DARUL for a consideration of RM1,500,000 to be satisfied by way of cash.

The above proposal was approved by the shareholders of the Company at Extraordinary General Meeting held on 14 July 2020 and the subscription was completed on 16 July 2020.

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. 199501035170 (364372-H)

**Notes To The Interim Financial Report
For the year ended 31 July 2020****17.10 Proposed Dividend**

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

17.11 Earnings Per Share Attributable to Equity Holders of the Company

	<u>FY 2020</u> Current Quarter Ended 31/07/2020 RM'000	<u>FY 2019</u> Comparative Quarter Ended 31/07/2019 RM'000	<u>FY 2020</u> 12 Months Cumulative To Date RM'000	<u>FY 2019</u> 12 Months Cumulative To Date RM'000
Net profit/ (loss) attributable to equity holders of the company	(6,154)	(29,612)	(19,882)	(44,315)
a) <u>Basic</u>				
Weighted average number of ordinary shares ('000)	566,412	603,557	582,639	605,268
Basic earning/ (loss) per share (sen)	(1.09)	(4.91)	(3.41)	(7.32)
b) <u>Diluted</u>				
Weighted average number of ordinary shares ('000)	566,412	603,557	582,639	605,268
Effect of dilution - ESOS ('000) *	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	566,412	603,557	582,639	605,268
Diluted earning/ (loss) per share (sen)	(1.09)	(4.91)	(3.41)	(7.32)

* The effect of potential ordinary shares arising from the exercise of ESOS is anti-dilutive and excluded in the computation of diluted earning per share.