

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the quarter ended 31 October 2020
(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|---|---|
| | <u>FY 2021</u> Current Quarter Ended 31/10/2020 | <u>FY 2020</u> Current Quarter Ended 31/10/2019 | <u>FY 2021</u> 3 Months Cumulative To Date | <u>FY 2020</u> 3 Months Cumulative To Date |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Revenue | 82,311 | 42,287 | 82,311 | 42,287 |
| Operating Expenses | (78,678) | (47,067) | (78,678) | (47,067) |
| Other Operating Income/(Expenses) | 606 | 1,827 | 606 | 1,827 |
| Profit/ (Loss) from Operations | 4,239 | (2,953) | 4,239 | (2,953) |
| Finance Costs | (1,820) | (1,086) | (1,820) | (1,086) |
| Profit/ (Loss) Before Tax | 2,419 | (4,039) | 2,419 | (4,039) |
| Taxation | (640) | - | (640) | - |
| Net Profit/ (Loss) for the Period | 1,779 | (4,039) | 1,779 | (4,039) |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Profit/ (Loss) for the Period | 1,779 | (4,039) | 1,779 | (4,039) |
| Total comprehensive profit / (loss) attributable to: | | | | |
| Owners of the Company | 1,034 | (4,039) | 1,034 | (4,039) |
| Non-controlling interests | 745 | - | 745 | - |
| | 1,779 | (4,039) | 1,779 | (4,039) |
| Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.10) | | | | |
| Basic (Sen) | 0.18 | (0.68) | 0.18 | (0.68) |
| Diluted (Sen) | 0.18 | (0.68) | 0.18 | (0.68) |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2020)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Financial Position
As at 31 October 2020
(The figures have not been audited)

| | (UNAUDITED) As At 31/10/2020 RM'000 | (AUDITED) As At 31/07/2020 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 64,848 | 65,639 |
| Investment Property | 6,985 | 6,985 |
| Inventories - Land Held for Property Development | 49,021 | 49,021 |
| Intangible Assets | 18,408 | 18,408 |
| Right-of-use Assets | 8,615 | 8,936 |
| | <u>147,877</u> | <u>148,989</u> |
| Current Assets | | |
| Inventories | 104,412 | 126,285 |
| Contract Assets | 21,815 | 14,549 |
| Receivables, Deposits and Prepayments | 50,663 | 56,594 |
| Tax Recoverable | 1,637 | 2,271 |
| Cash and Cash Equivalents | 21,525 | 15,286 |
| | <u>200,052</u> | <u>214,985</u> |
| Non-Current Assets Held for Sale | 42,932 | 42,932 |
| | <u>242,984</u> | <u>257,917</u> |
| Total Assets | <u><u>390,861</u></u> | <u><u>406,906</u></u> |
| EQUITY AND LIABILITIES | | |
| Share Capital | 142,310 | 142,310 |
| Treasury Shares | (761) | (761) |
| Reserves | 74,984 | 73,950 |
| Equity Attributable to Equity Holders of the Company | <u>216,533</u> | <u>215,499</u> |
| Non-Controlling Interests | 11,646 | 10,901 |
| Total Equity | <u>228,179</u> | <u>226,400</u> |
| Non-Current Liabilities | | |
| Loans and Borrowings | 48,291 | 49,651 |
| Deferred Tax Liabilities | 10,118 | 10,118 |
| Lease Liability | 440 | 789 |
| | <u>58,849</u> | <u>60,558</u> |
| Current Liabilities | | |
| Payables and Accruals | 57,522 | 64,080 |
| Loans and Borrowings | 44,628 | 54,501 |
| Lease Liability | 1,191 | 1,210 |
| Taxation | 492 | 157 |
| | <u>103,833</u> | <u>119,948</u> |
| Total Liabilities | <u>162,682</u> | <u>180,506</u> |
| Total Equity and Liabilities | <u><u>390,861</u></u> | <u><u>406,906</u></u> |
| Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM) | 0.38 | 0.38 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2020)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Changes in Equity
For the quarter ended 31 October 2020
(The figures have not been audited)

| | Attributable to Shareholders of the Company | | | | Total RM'000 | Non- Controlling Interest 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 | | | |
| 3 months period ended | | | | | | | |
| 31 October 2020 | | | | | | | |
| Balance at beginning of year 01 August 2020 | 142,310 | (761) | 32,066 | 41,884 | 215,499 | 10,901 | 226,400 |
| Total comprehensive income for the period | - | - | - | 1,034 | 1,034 | 745 | 1,779 |
| Balance at end of period 31 October 2020 | <u>142,310</u> | <u>(761)</u> | <u>32,066</u> | <u>42,918</u> | <u>216,533</u> | <u>11,646</u> | <u>228,179</u> |
| 3 months period ended | | | | | | | |
| 31 October 2019 | | | | | | | |
| 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 | - | - | - | (36) | (36) | - | (36) |
| | <u>154,810</u> | <u>(5,670)</u> | <u>38,911</u> | <u>52,649</u> | <u>240,700</u> | - | <u>240,700</u> |
| Total comprehensive loss for the period | - | - | - | (4,039) | (4,039) | - | (4,039) |
| Treasury shares acquired | - | (590) | - | - | (590) | - | (590) |
| Balance at end of period 31 October 2019 | <u>154,810</u> | <u>(6,260)</u> | <u>38,911</u> | <u>48,610</u> | <u>236,071</u> | - | <u>236,071</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 2020)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Cash Flows
For the quarter ended 31 October 2020
(The figures have not been audited)

| | <u>FY 2021</u> 3 Months Ended 31/10/2020 RM'000 | <u>FY 2020</u> 3 Months Ended 31/10/2019 RM'000 |
|--|--|--|
| Profit/(Loss) before taxation | 2,419 | (4,039) |
| Adjustments for : | | |
| Depreciation of property, plant and equipment/ right-of-use assets | 1,132 | 1,579 |
| Interest expense | 1,820 | 1,086 |
| Interest income | (131) | (21) |
| (Gain)/Loss on disposal of property, plant and equipment | (271) | (1,358) |
| Operating profit/(loss) before working capital changes | <u>4,969</u> | <u>(2,753)</u> |
| Changes in working capital : | | |
| Net change in current assets | 20,538 | 8,802 |
| Net change in current liabilities | (6,557) | (36,704) |
| Cash generated from/(used in) operations | <u>18,950</u> | <u>(30,655)</u> |
| Interest paid | (1,820) | (1,086) |
| Income tax paid | (305) | (61) |
| Income tax refunded | 634 | 3,300 |
| Net cash generated from/(used in) operating activities | <u>17,459</u> | <u>(28,502)</u> |
| Investing activities : | | |
| Purchase of property, plant and equipment | (21) | (3,317) |
| Proceeds from disposal of property, plant and equipment | 271 | 20,854 |
| Interest received | 131 | 21 |
| Upliftment/(Placement) of fixed deposits pledged | (89) | (23,953) |
| Net cash flows from/(used in) investing activities | <u>292</u> | <u>(6,395)</u> |
| Financing activities : | | |
| Repayment of bank borrowings/changes in bills payables | (15,709) | (18,356) |
| Proceeds from bank borrowings | - | 39,700 |
| Repayment of lease liability | (368) | (154) |
| Shares buy-back | - | (590) |
| Net cash flows from/(used in) financing activities | <u>(16,077)</u> | <u>20,600</u> |
| Net increase/(decrease) in cash and cash equivalents | 1,674 | (14,297) |
| Cash and cash equivalents at beginning of year | 7,383 | 22,513 |
| Cash and cash equivalents at end of period | <u>9,057</u> | <u>8,216</u> |
| Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts : | | |
| Cash and bank balances | 13,533 | 8,216 |
| Fixed deposits | 7,992 | 29,481 |
| Cash and cash equivalents | <u>21,525</u> | <u>37,697</u> |
| Bank overdrafts | (4,476) | - |
| Less : Fixed deposits pledged | <u>(7,992)</u> | <u>(29,481)</u> |
| | <u>9,057</u> | <u>8,216</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2020)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Notes To The Interim Financial Report
For the quarter ended 31 October 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 2020. 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 2020.

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 2020, except for the adoption of the following new/revised MFRSs, Amendments to MFRS and IC Interpretations which are applicable for the Group's financial period beginning 1 August 2020 :

| | Effective dates for financial period beginning or after |
|--|---|
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| Amendments to MFRS 3 Definition of a Business | 1 January 2020 |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 Definition of Material | 1 January 2020 |
| Amendments to MFRS 16 Covid-19 - Related Rent Concessions | 1 June 2020 |
| Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9 | At issue date of 17 August 2020 |

The Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standard ("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 2020 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.

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Notes To The Interim Financial Report
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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.

a) The outstanding number of options of the Company's Employee's Share Option Scheme was 5,062,000 as at 31 October 2020.

b) The total number of treasury shares held was 5,236,000 ordinary shares as at 31 October 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 |
|---------------------------------------|-----------------------------------|--|------------------|-----------------------------|-----------------------|-------------------------|
| 3 months period ended | | | | | | |
| 31 October 2020 | | | | | | |
| Revenue | | | | | | |
| External sales | 39,226 | 43,085 | - | 82,311 | - | 82,311 |
| Inter-segment sales | - | - | - | - | - | - |
| Total sales | 39,226 | 43,085 | - | 82,311 | - | 82,311 |
| Results | | | | | | |
| Segment results | 805 | 3,436 | (133) | 4,108 | - | 4,108 |
| Interest income | 108 | 23 | - | 131 | - | 131 |
| Finance costs | (298) | (1,522) | - | (1,820) | - | (1,820) |
| Profit/ (loss) before taxation | 615 | 1,937 | (133) | 2,419 | - | 2,419 |
| Taxation | - | (640) | - | (640) | - | (640) |
| Net profit/ (loss) | 615 | 1,297 | (133) | 1,779 | - | 1,779 |
| 3 months period ended | | | | | | |
| 31 October 2019 | | | | | | |
| Revenue | | | | | | |
| External sales | 35,698 | 6,589 | - | 42,287 | - | 42,287 |
| Inter-segment sales | - | - | - | - | - | - |
| Total sales | 35,698 | 6,589 | - | 42,287 | - | 42,287 |
| Results | | | | | | |
| Segment results | (998) | (1,799) | (177) | (2,974) | - | (2,974) |
| Interest income | 21 | - | - | 21 | - | 21 |
| Finance costs | (537) | (549) | - | (1,086) | - | (1,086) |
| Profit/ (loss) before taxation | (1,514) | (2,348) | (177) | (4,039) | - | (4,039) |
| Taxation | - | - | - | - | - | - |
| Net profit/ (loss) | (1,514) | (2,348) | (177) | (4,039) | - | (4,039) |

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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

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.

14 Contingent Liabilities

a) Group

Contingent liabilities of the Group as at 31 October 2020 in respect of bank guarantees issued in favour of government authorities, utility boards and suppliers totaling RM7.6m.

b) Company

The Company has contingent liabilities in the form of corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries amounting to RM68.1m as at 31 October 2020.

15 Capital Commitment

Capital commitment of the Group as at 31 October 2020 was as follows:

Approved and contracted for:

Purchase of property, plant and equipment

RM'000

810

16 Significant Related Parties Transactions

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

RM'000

Transaction with a director

Rental paid

47

Transaction with companies in which certain directors of the Company are also the director and have substantial financial interest

Sales

3,901

Sales commission

38

Purchases

1,060

Rental paid

114

Project landowner entitlement

5,037

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Notes To The Interim Financial Report
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17.1 Review of Performance

| | <u>FY 2021</u> Current Quarter Ended 31/10/2020 RM'000 | <u>FY 2020</u> Comparative Quarter Ended 31/10/2019 RM'000 | Variance RM'000 | Variance % |
|----------------------------|--|--|--------------------|---------------|
| Revenue | 82,311 | 42,287 | 40,024 | 94.6% |
| Profit / (Loss) before tax | 2,419 | (4,039) | 6,458 | 159.9% |

The Group reported revenue of RM82.31m in current quarter as compared to RM42.29m in the corresponding quarter last year. The increase of RM40.02m or 94.6% was mainly due to higher revenue of RM36.49m reported in the property development segment, which was mainly contributed by an on-going project: Alstonia Residence whereas all on-going projects were at final stage in the corresponding quarter. The sales in the rubberwood furniture segment improved by 10% or RM3.53m due to higher demand after MCO and better selling prices.

The Group posted profit before tax of RM2.42m for the current quarter as compared to loss before tax of RM4.04m in the same quarter last year. The big improvement was mainly due to high revenue reported in the property development segment. The rubberwood furniture segment showed profit before tax of RM0.61m as compared to loss of RM1.51m in the corresponding quarter due to higher sales and better selling price.

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

| | <u>FY 2021</u> Current Quarter Ended 31/10/2020 RM'000 | <u>FY 2020</u> Preceding Quarter Ended 31/07/2020 RM'000 | Variance RM'000 | Variance % |
|----------------------------|--|--|--------------------|---------------|
| Revenue | 82,311 | 44,512 | 37,799 | 84.9% |
| Profit / (Loss) before tax | 2,419 | (6,723) | 9,142 | 136.0% |

The Group revenue rose to RM82.31m in the current quarter, up 84.9% against RM44.51m in the preceding quarter. The positive variance was contributed by improvement of RM10.00m and RM9.49m from the property development segment and rubberwood furniture segment respectively following the resumption of business activities caused by the MCO.

The Group recorded improvement of 136.0% in profit before tax of RM2.42m for the current quarter as compared to the loss before tax of RM6.72m in the immediate preceding quarter. The improvement was mainly due to the reasons as explained in Note 17.1.

Included in the loss before tax of RM6.72m in the preceding quarter were mainly some non-recurring expenses, such as professional fees on corporate exercise, deposits written off and impairment losses on completed properties, investment property and receivables.

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17.3 Prospects for the Current 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 current 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 property 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 2021</u> Current Quarter Ended 31/10/2020 <u>RM'000</u> | <u>FY 2020</u> Current Quarter Ended 31/10/2019 <u>RM'000</u> | <u>FY 2021</u> 3 Months Cumulative To Date <u>RM'000</u> | <u>FY 2020</u> 3 Months Cumulative To Date <u>RM'000</u> |
|---|---|---|--|--|
| Interest income | (131) | (21) | (131) | (21) |
| Interest expense | 1,820 | 1,086 | 1,820 | 1,086 |
| Depreciation and amortisation | 1,132 | 1,579 | 1,132 | 1,579 |
| (Gain)/ loss on disposal of property, plant and equipment | (271) | (1,358) | (271) | (1,358) |
| (Gain)/ loss on foreign exchange | 34 | (28) | 34 | (28) |

17.6 Taxation

| | <u>Current Quarter RM'000</u> | <u>Financial Year-to-date RM'000</u> |
|-------------|---------------------------------------|--|
| Tax expense | <u>640</u> | <u>640</u> |

The Group's effective tax rates for the current quarter and financial year-to-date were higher than the statutory tax rate due to most of the subsidiaries were in loss position.

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17.7 Group Borrowings and Securities

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

| | <u>RM'000</u> |
|----------------------------------|---------------|
| Denominated in Ringgit | |
| - Secured current borrowings | 44,628 |
| - Secured non-current borrowings | 48,291 |
| | <u>92,919</u> |

17.8 Material Litigation

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

17.9 Proposed Dividend

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

17.10 Earnings Per Share Attributable to Equity Holders of the Company

| | <u>FY 2021</u> Current Quarter Ended 31/10/2020 <u>RM'000</u> | <u>FY 2020</u> Comparative Quarter Ended 31/10/2019 <u>RM'000</u> | <u>FY 2021</u> 3 Months Cumulative To Date <u>RM'000</u> | <u>FY 2020</u> 3 Months Cumulative To Date <u>RM'000</u> |
|--|---|---|--|--|
| Net profit/ (loss) attributable to equity holders of the company | 1,034 | (4,039) | 1,034 | (4,039) |
| a) Basic | | | | |
| Weighted average number of ordinary shares ('000) | 564,003 | 593,891 | 564,003 | 593,891 |
| Basic earning/ (loss) per share (sen) | <u>0.18</u> | <u>(0.68)</u> | <u>0.18</u> | <u>(0.68)</u> |
| b) Diluted | | | | |
| Weighted average number of ordinary shares ('000) | 564,003 | 593,891 | 564,003 | 593,891 |
| Effect of dilution - ESOS ('000) * | - | 1,493 | - | 1,493 |
| Adjusted weighted average number of ordinary shares ('000) | <u>564,003</u> | <u>595,384</u> | <u>564,003</u> | <u>595,384</u> |
| Diluted earning/ (loss) per share (sen) | <u>0.18</u> | <u>(0.68)</u> | <u>0.18</u> | <u>(0.68)</u> |

* 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.