

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 30 April 2021

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2021</u> Current Quarter Ended 30/04/2021	<u>FY 2020</u> Current Quarter Ended 30/04/2020	<u>FY 2021</u> 9 Months Cumulative To Date	<u>FY 2020</u> 9 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	111,772	13,988	287,128	88,377
Operating Expenses	(107,985)	(19,067)	(275,725)	(101,561)
Other Operating Income/(Expenses)	689	372	2,013	2,708
Profit/ (Loss) from Operations	4,476	(4,707)	13,416	(10,476)
Finance Costs	(940)	(1,050)	(4,057)	(3,252)
Profit/ (Loss) Before Tax	3,536	(5,757)	9,359	(13,728)
Taxation	40	-	(1,732)	-
Net Profit/ (Loss) for the Period	3,576	(5,757)	7,627	(13,728)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Profit/ (Loss) for the Period	3,576	(5,757)	7,627	(13,728)
Net Profit/ (Loss) for the Period, Representing Total Comprehensive Income / (Loss) for the Period:				
Owners of the Company	2,778	(5,757)	4,909	(13,728)
Non-controlling interests	798	-	2,718	-
	3,576	(5,757)	7,627	(13,728)
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.10)				
Basic (Sen)	0.49	(1.00)	0.87	(2.33)
Diluted (Sen)	0.49	(1.00)	0.87	(2.33)

(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 30 April 2021

(The figures have not been audited)

	(UNAUDITED) As At 30/04/2021 <u>RM'000</u>	(AUDITED) As At 31/07/2020 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	63,293	65,639
Investment Property	6,985	6,985
Inventories - Land Held for Property Development	49,077	49,021
Intangible Assets	18,408	18,408
Right-of-use Assets	7,958	8,936
	<u>145,721</u>	<u>148,989</u>
Current Assets		
Inventories	54,292	126,285
Contract Assets	27,365	14,549
Receivables, Deposits and Prepayments	41,706	56,594
Tax Recoverable	1,634	2,271
Cash and Cash Equivalents	55,010	15,286
	<u>180,007</u>	<u>214,985</u>
Non-Current Assets Held for Sale	10,964	42,932
	<u>190,971</u>	<u>257,917</u>
Total Assets	<u>336,692</u>	<u>406,906</u>
EQUITY AND LIABILITIES		
Share Capital	143,527	142,310
Treasury Shares	(761)	(761)
Reserves	71,748	73,950
Equity Attributable to Equity Holders of the Company	<u>214,514</u>	<u>215,499</u>
Non-Controlling Interests	13,619	10,901
Total Equity	<u>228,133</u>	<u>226,400</u>
Non-Current Liabilities		
Loans and Borrowings	32,817	49,651
Deferred Tax Liabilities	7,379	10,118
Lease Liability	655	789
	<u>40,851</u>	<u>60,558</u>
Current Liabilities		
Payables and Accruals	45,584	64,080
Loans and Borrowings	18,738	54,501
Lease Liability	387	1,210
Taxation	2,999	157
	<u>67,708</u>	<u>119,948</u>
Total Liabilities	<u>108,559</u>	<u>180,506</u>
Total Equity and Liabilities	<u>336,692</u>	<u>406,906</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 30 April 2021
(The figures have not been audited)

	<----- Attributable to Shareholders of the Company ----->				Total	Non-Controlling Interest	Total Equity
	<----- Non-Distributable ----->		Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Retained Profits RM'000	RM'000	RM'000	RM'000
9 months period ended							
<u>30 April 2021</u>							
Balance at beginning of year 01 August 2020	142,310	(761)	32,066	41,884	215,499	10,901	226,400
Exercise of Employees' Share Options	1,217	-	-	-	1,217	-	1,217
Total comprehensive income for the period	-	-	-	4,909	4,909	2,718	7,627
Dividend to owners of the Company	-	-	-	(7,111)	(7,111)	-	(7,111)
Balance at end of period 30 April 2021	<u>143,527</u>	<u>(761)</u>	<u>32,066</u>	<u>39,682</u>	<u>214,514</u>	<u>13,619</u>	<u>228,133</u>
9 months period ended							
<u>30 April 2020</u>							
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>(36)</u>	<u>-</u>	<u>(36)</u>
	154,810	(5,670)	38,911	52,649	240,700	-	240,700
Total comprehensive loss for the period	-	-	-	(13,728)	(13,728)	-	(13,728)
Treasury shares acquired	-	(4,208)	-	-	(4,208)	-	(4,208)
Balance at end of period 30 April 2020	<u>154,810</u>	<u>(9,878)</u>	<u>38,911</u>	<u>38,921</u>	<u>222,764</u>	<u>-</u>	<u>222,764</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 30 April 2021

(The figures have not been audited)

	<u>FY 2021</u> 9 Months Ended 30/04/2021 <u>RM'000</u>	<u>FY 2020</u> 9 Months Ended 30/04/2020 <u>RM'000</u>
Profit/(Loss) before taxation	9,359	(13,728)
Adjustments for :		
Depreciation of property, plant and equipment/ right-of-use assets	3,291	4,661
Interest expense	4,057	3,252
Interest income	(215)	(179)
(Gain)/Loss on disposal of property, plant and equipment	(674)	(1,358)
Operating profit/(loss) before working capital changes	<u>15,818</u>	<u>(7,352)</u>
Changes in working capital :		
Net change in current assets	106,367	28,596
Net change in current liabilities	(18,495)	(52,511)
Cash generated from/(used in) operations	<u>103,690</u>	<u>(31,267)</u>
Interest paid	(4,057)	(3,252)
Income tax paid	(1,788)	(154)
Income tax refunded	795	3,584
Net cash generated from/(used in) operating activities	<u>98,640</u>	<u>(31,089)</u>
Investing activities :		
Purchase of property, plant and equipment	(410)	(4,152)
Proceeds from disposal of property, plant and equipment	728	20,854
Interest received	215	179
Net cash flows from/(used in) investing activities	<u>533</u>	<u>16,881</u>
Financing activities :		
Repayment of bank borrowings/changes in bills payables	(52,649)	(35,094)
Dividend paid	(7,111)	-
Proceeds from bank borrowings	-	39,700
Repayment of lease liability	(957)	(154)
Proceeds from exercise of ESOS	1,217	-
Shares buy-back	-	(4,208)
Upliftment/(Placement) of fixed deposits pledged	(133)	(2,140)
Net cash flows from/(used in) financing activities	<u>(59,633)</u>	<u>(1,896)</u>
Net increase/(decrease) in cash and cash equivalents	39,540	(16,104)
Cash and cash equivalents at beginning of year	7,383	22,513
Cash and cash equivalents at end of period	<u>46,923</u>	<u>6,409</u>
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Cash and bank balances	9,975	11,777
Fixed deposits	45,035	7,669
Cash and cash equivalents	<u>55,010</u>	<u>19,446</u>
Bank overdrafts	(52)	(5,368)
Less : Fixed deposits pledged	(8,035)	(7,669)
	<u>46,923</u>	<u>6,409</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
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Notes To The Interim Financial Report
For the quarter ended 30 April 2021

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 adoption of the following new/revised MFRSs, Amendments to MFRS and IC Interpretations which are applicable to 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 financial statements of 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 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.

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Notes To The Interim Financial Report
For the quarter ended 30 April 2021

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 Option '000
As at 1 August 2020	5,062
Forfeited	(192)
Exercised	(4,870)
As at 30 April 2021	<u><u>-</u></u>

- b) The total number of treasury shares held was 5,236,000 ordinary shares as at 30 April 2021.

8 Dividends Paid

A first interim single tier dividend of 1.25 sen per ordinary share amounting to RM7,110,913 was paid on 20 April 2021 in respect of financial year ending 31 July 2021.

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Notes To The Interim Financial Report
For the quarter ended 30 April 2021

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
9 months period ended 30 April 2021						
Revenue						
External sales	112,045	175,083	-	287,128	-	287,128
Inter-segment sales	-	-	50	50	(50)	-
Total sales	112,045	175,083	50	287,178	(50)	287,128
Results						
Segment results	1,657	12,117	(573)	13,201	-	13,201
Interest income	92	123	-	215	-	215
Finance costs	(727)	(3,330)	-	(4,057)	-	(4,057)
Profit/ (loss) before taxation	1,022	8,910	(573)	9,359	-	9,359
Taxation	(62)	(1,380)	(290)	(1,732)	-	(1,732)
Net profit/ (loss)	960	7,530	(863)	7,627	-	7,627
9 months period ended 30 April 2020						
Revenue						
External sales	87,181	1,196	-	88,377	-	88,377
Inter-segment sales	-	-	50	50	(50)	-
Total sales	87,181	1,196	50	88,427	(50)	88,377
Results						
Segment results	(4,713)	(5,409)	(533)	(10,655)	-	(10,655)
Interest income	179	-	-	179	-	179
Finance costs	(1,188)	(2,064)	-	(3,252)	-	(3,252)
Profit/ (loss) before taxation	(5,722)	(7,473)	(533)	(13,728)	-	(13,728)
Taxation	-	-	-	-	-	-
Net profit/ (loss)	(5,722)	(7,473)	(533)	(13,728)	-	(13,728)

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.

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Notes To The Interim Financial Report
For the quarter ended 30 April 2021

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 the disposal of freehold land by its wholly-owned subsidiary, Giat Armada Sdn Bhd which has been completed on 16 March 2021.

14 Contingent Liabilities

a) Group

Contingent liabilities of the Group as at 30 April 2021 in respect of bank guarantees issued in favour of government authorities, utility boards and suppliers totaling RM7.3m.

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 RM44.5m as at 30 April 2021.

15 Capital Commitment

Capital commitment of the Group as at 30 April 2021 was as follows:

RM'000

Approved and contracted for:

Purchase of property, plant and equipment

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

142

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

Sales

10,972

Sales commission

76

Purchases

4,413

Rental paid

342

Project landowner entitlement

17,142

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Notes To The Interim Financial Report
For the quarter ended 30 April 2021

17.1 Review of Performance

	<u>FY 2021</u> Current Quarter Ended 30/04/2021 <u>RM'000</u>	<u>FY 2020</u> Comparative Quarter Ended 30/04/2020 <u>RM'000</u>	Variance <u>RM'000</u>	Variance %
Revenue	111,772	13,988	97,784	699.1%
Profit / (Loss) before tax	3,536	(5,757)	9,293	161.4%

The Group reported revenue of RM111.77m in current quarter as compared to RM13.99m in the corresponding quarter last year. The significant increase of RM97.78m or 699.1% was mainly due to higher revenue recognised in the property development segment, which was contributed by an on-going project: Alstonia Residence and disposal of a freehold land as disclosed in Note 13. Lower revenue in the corresponding quarter was due to all development projects were completed, coupled with imposition of MCO by the Government that required temporary closure of businesses beginning from 18 March 2020.

The Group posted profit before tax of RM3.54m for the current quarter as compared to loss before tax of RM5.76m in the same quarter last year. The current quarter profit was due to higher revenue generated as mentioned above while the corresponding quarter loss was mainly due to temporary business closure, in which certain costs such as payroll and finance costs, were fixed and semi-fixed in nature.

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

	<u>FY 2021</u> Current Quarter Ended 30/04/2021 <u>RM'000</u>	<u>FY 2020</u> Preceding Quarter Ended 31/01/2021 <u>RM'000</u>	Variance <u>RM'000</u>	Variance %
Revenue	111,772	93,046	18,726	20.1%
Profit before tax	3,536	3,404	132	3.9%

The Group recorded higher revenue of RM111.77m in the current quarter as compared to RM93.05m in the preceding quarter. The increase of RM18.73m or 20.1% was equally contributed by the rubberwood furniture and property development segments. The sales in the rubberwood furniture segment increased were due to continuing effort to reduce inventory holding and streamlining of downstream segment. In the property development segment, sales of on-going project: Alstonia Residence were dropped but due to disposal of a freehold land as disclosed in Note 13 during the current quarter, sales in the property development segment showed the same percentage increase as the rubberwood furniture segment.

Profit before tax of RM3.54m was reported for the current quarter, improved by 3.9% as compared to the profit before tax of RM3.40m in the immediate preceding quarter. The improvement was mainly due to high revenue reported in the property development segment and lower finance costs incurred.

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Notes To The Interim Financial Report
For the quarter ended 30 April 2021

17.3 Prospects for the Current Financial Year

The business environment remains challenging due to the COVID-19 pandemic and increasing geopolitical tensions. However, the launch of COVID-19 vaccine program globally and domestically is a positive sign and are expected to lift business sentiments and lead to gradual economy recovery.

The property development segment has shown 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 30/04/2021 RM'000	<u>FY 2020</u> Current Quarter Ended 30/04/2020 RM'000	<u>FY 2021</u> 9 Months Cumulative To Date RM'000	<u>FY 2020</u> 9 Months Cumulative To Date RM'000
Interest income	(74)	(32)	(215)	(179)
Interest expense	940	1,050	4,057	3,252
Depreciation and amortisation	1,054	1,529	3,291	4,661
(Gain)/ loss on disposal of property, plant and equipment	(18)	-	(675)	(1,358)
(Gain)/ loss on foreign exchange	(35)	-	11	(3)
Reversal of impairment loss on debtors	(147)	-	(147)	-

17.6 Taxation

	<u>Current Quarter RM'000</u>	<u>Financial Year-to-date RM'000</u>
Tax expense	2,700	4,472
Current deferred tax	(2,740)	(2,740)
	<u>(40)</u>	<u>1,732</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 30 April 2021 are as follows :

	<u>RM'000</u>
Denominated in Ringgit	
- Secured current borrowings	18,738
- Secured non-current borrowings	32,817
	<u>51,555</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 30/04/2021 RM'000	<u>FY 2020</u> Comparative Quarter Ended 30/04/2020 RM'000	<u>FY 2021</u> 9 Months Cumulative To Date RM'000	<u>FY 2020</u> 9 Months Cumulative To Date RM'000
Net profit/ (loss) attributable to equity holders of the company	2,778	(5,757)	4,909	(13,728)
a) <u>Basic</u>				
Weighted average number of ordinary shares ('000)	565,653	577,755	564,541	588,088
Basic earning/ (loss) per share (sen)	0.49	(1.00)	0.87	(2.33)
b) <u>Diluted</u>				
Weighted average number of ordinary shares ('000)	565,653	577,755	564,541	588,088
Effect of dilution - ESOS ('000) *	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	565,653	577,755	564,541	588,088
Diluted earning/ (loss) per share (sen)	0.49	(1.00)	0.87	(2.33)

* The effect of potential ordinary shares arising from the exercise of ESOS was anti-dilutive in the comparative periods while the ESOS is completed as at the date of the interim financial statements and thus excluded in the computation of diluted earning per share.