

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015**

**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134**

**A1. Basis of Preparation**

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in the Financial Reporting Standards (“FRS”) No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the period ended 30 September 2015. 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 period ended 30 September 2015.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended 30 September 2015.

**Malaysian Financial Reporting Standards (MFRS Framework)**

Malaysian Accounting Standards Board (“MASB”) has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called “transitioning entities”).

As announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 30 September 2019. The Group is currently assessing the possible financial impact that may arise from the adoption of MFRSs and the process is still ongoing.

**A3. Auditors' Report for the Financial Year Ended 30 September 2015**

The auditors' report on the financial statements for the financial period ended 30 September 2015 was not subject to any qualification.

**A4. Seasonality or Cyclicity Factors**

The Group's operations during the financial period under review were not materially affected by any seasonal or cyclical factors.

**A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

**A6. Material Changes in Estimates of Amounts**

There were no changes in estimates that have had any material effect on the results for the current quarter and current financial year under review.

**A7. Debts and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

**SUNSURIA BERHAD**

(Company No.: 8235-K)

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**A8. Dividends Paid**

The company did not pay any dividend for the quarter under review.

**A9. Segmental Information**

Segmental information is presented in respect of the Group’s business segments that are based on the internal reporting structure presented to the management of the Company. The Group’s business segments include property development, manufacturing and investment holding.

The information by geographical location is not presented as the Group’s activities are carried out pre-dominantly in Malaysia.

Business Segment Analysis (RM'000)	Year to date and Quarter ended 31 December 2015				Year to date and Quarter ended 31 December 2014			
	Property Development	Manufacturing	Investment Holdings and Others	Total	Property Development	Manufacturing	Investment Holdings and Others	Total
<b>Continuing Operations</b>								
Revenue	16,055	4,747	1,456	<b>22,258</b>	15,272	4,183	3,702	23,157
Results from Operation	1,647	386	6,482	<b>8,515</b>	3,883	230	(1,940)	2,173
-Depreciation	(51)	(3)	(145)	<b>(199)</b>	(34)	(4)	(180)	(218)
-Net Finance Cost	-	-	(6)	<b>(6)</b>	-	-	(6)	(6)
Profit Before Tax	1,596	383	6,331	<b>8,310</b>	3,849	226	(2,126)	1,949
<b>Discontinuing Operations</b>								
Profit Before Tax from Assets held for Sale	2,840	-	215	<b>3,055</b>	-	-	-	-
<b>Total Profit Before Tax</b>	<b>4,436</b>	<b>383</b>	<b>6,546</b>	<b>11,365</b>	<b>3,849</b>	<b>226</b>	<b>(2,126)</b>	<b>1,949</b>

**A10. Valuation on Property, Plant and Equipment**

There was no valuation done on the Group’s property, plant and equipment during the financial period under review.

**A11. Material Events Subsequent to the End of the Period**

There was no material event subsequent to the end of the current quarter up to the date of this report that have not been reflected in the interim financial statements.

**A12. Changes in the Composition of the Group**

There were no major changes in the composition of the Group during the current quarter under review.

**A13. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last audited financial position as at 30 September 2015.

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD**

**B1. Review of Performance**

**Quarterly Results**

For the current quarter under review, the Group achieved revenue and profit before tax ('PBT') of RM22.26million and RM8.31million respectively, as compared to RM23.16million and RM1.95million recorded in the previous corresponding quarter. The increase in PBT was mainly contributed by the gain from the disposal of a piece of leasehold land.

The segmental performances for the current quarter ended 31 December 2015 are as follows:

**(a) Property Development Segment**

For the current quarter under review, this segment recorded revenue and PBT from continuing operations of RM16.1million and RM1.60million respectively, as compared to RM15.27million and RM3.85million respectively in the previous corresponding quarter. The lower profit was due to upfront expenses incurred for the Sunsuria City project.

**(b) Manufacturing Segment**

For the current quarter under review, this segment recorded revenue and PBT from continuing operations of RM4.75million and RM383,000 respectively, as compared to RM4.18million and RM226,000 respectively in the previous corresponding quarter. The profit has improved in the current quarter as compared to the previous corresponding quarter due to improved product profit margin.

**B2. Variation of Result against Preceding Quarter**

The Group registered revenue and PBT of RM22.26million and RM8.31million respectively in the current quarter as compared to RM36.68million and RM5.83million respectively in the preceding quarter. Despite of the lower revenue, the higher PBT was mainly contributed by the gain arising from the sale of a piece of leasehold land.

**B3. Prospects**

For the financial year ending 30 September 2016, the Group recognises that the outlook remains challenging due to the weak market condition.

However, barring unforeseen circumstances, the Group is confident to deliver an improved performance as the property development business will continue to drive the growth of the Group, premised on the prime location of existing land banks and the right product mix with the right pricing strategy.

**B4. Variance from Profit Forecast and Profit Guarantee**

Not applicable as there were no profit forecast and profit guarantee published.

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**B5. Taxation**

The breakdown of Malaysian income tax charge is as follows:

	Individual Quarter and Year to date	
	31/12/2015	31/12/2014
	RM'000	RM'000
Current Taxation	1,945	774
Deferred Taxation	-	-
Provision based on current year's profit	<u>1,945</u>	<u>774</u>
Represented by :		
Continuing operations	1,893	774
Discontinuing operations	<u>52</u>	<u>-</u>
	<u>1,945</u>	<u>774</u>

The effective tax rate of the Group for the current financial quarter is slightly lower than the statutory tax rate due to certain income which were not subject to income tax.

**B6. Corporate Proposals**

The following corporate proposals announced by the Company have not been completed as at 19 February 2016 (being the latest practicable date), which is not earlier than 7 days from the date of issuance of these Interim Financial Statements:

- (i) On 28 March 2014, the Board via RHB Investment Bank Berhad, AmlInvestment Bank Berhad and Astramina Advisory Sdn Bhd (“Joint Advisers”) had announced a proposal whereby the Company will undertake a private placement of up to 63,344,588 Sunsuria Shares representing approximately 10% of the enlarged issued and paid up share capital of Sunsuria after the Rights Issue exercise at an issue price to be determined later (“Private Placement”).

The Company has obtained shareholders’ approval for the Private Placement on 12 May 2014. Subsequently, Bursa Securities had, vide its letters dated 2 October 2014, 2 April 2015 and 22 October 2015, approved extensions of time of six (6) months until 10 April 2016 for Sunsuria to complete the implementation of the Private Placement.

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ii) **Status of utilisation of proceeds**

The issuance of 475,084,416 Rights Shares at an issue price of RM0.80 per Rights Share, as fully paid up, on the basis of 3 Rights Shares for 1 existing of the Company's shares held together with 158,361,472 Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed for :

As at 30 September 2015, the status of the utilisation of proceeds raised under the Rights Issue exercise, which was completed on 27 July 2015, amounting to RM380.07million, is as set out below:-

Purpose	Proposed Utilisation	Actual Utilisation	Reallocation of Proceed	Balance Unutilised	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	RM'000	
To partially settle the balance consideration for the assets subscription / acquisition exercises ("Acquisitions")	370,067	(370,067)	-	-	-
Working capital	5,000	-	339	5,339	Financial Year 2016
To defray expenses relating to the Acquisitions and Rights Issue exercises	5,000	(4,661)	(339)	-	-
<b>Total</b>	<b>380,067</b>	<b>(374,728)</b>	<b>-</b>	<b>5,339</b>	

- ii) On 26 February 2016, the Company obtained the shareholders' approval for the Proposed New Shareholders' Mandate for purchase by the Company of up to ten percent (10%) of its own issued and paid-up share capital ("Proposed Share Buy-Back"), which was announced by the Board on 29 January 2016.

**B7. Group Borrowings**

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Secured short term borrowings	2,616	-
Secured long term borrowings	48,846	-
Total	<u>51,462</u>	<u>-</u>
Represented by :		
Continuing Operations	51,462	-
Discontinuing Operations	-	-
Total	<u>51,462</u>	<u>-</u>

There were no borrowings in foreign currency during the financial period under review.

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**B8. Material Litigation**

There was no material litigation against the Group as at the reporting date.

**B9. Dividend Proposed**

There was no dividend proposed for the quarter under review.

**B10. Earnings per share**

**(a) Basic earnings per ordinary share (Basic EPS)**

The basic EPS has been calculated by dividing the Group's net profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual quarter		Year to date	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary equity holders of the Company (RM'000)	<b>9,406</b>	1,173	<b>9,406</b>	1,173
Weighted average number of ordinary shares in issues ('000)	<b>735,487</b>	158,360	<b>735,487</b>	158,360
Basic EPS :				
- Continuing Operations (sen)	<b>0.87</b>	0.74	<b>0.87</b>	0.74
- Discontinuing Operations (sen)	<b>0.41</b>	-	<b>0.41</b>	-
Total	<b>1.28</b>	0.74	<b>1.28</b>	0.74

**(b) Diluted earnings per ordinary share**

In the current financial period, the diluted earnings per share for the Group is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's share.

In the previous year's corresponding financial period, the diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial period.

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**B11. Realised/Unrealised Retained Profits/(Losses)**

	<b>Current quarter 31/12/2015 RM'000</b>	<b>Immediate preceding quarter 30/09/2015 RM'000</b>
Total retained profits/(loss) of the Group:		
- Realised	<b>(33,549)</b>	(35,647)
- Unrealised	<b>444</b>	444
	<b>(33,105)</b>	(35,203)
Total share of retained earnings from associate		
- Unrealised	<b>(282)</b>	(282)
Consolidation Adjustment	<b>52,691</b>	45,383
Total retained profits/(loss) c/f	<b>19,304</b>	9,898

**B12. Notes to the Statement of Comprehensive Income**

<b>Description</b>	<b>Individual Quarter and Year to date 31/12/2015 RM'000</b>
Profit for the period is arrived at after crediting/(charging) :	
- Interest income	715
- Other income including investment income	6,111
- Interest expense	(6)
- Depreciation and amortisation	(199)

BY ORDER OF THE BOARD  
Secretary  
Kuala Lumpur  
26 February 2016