

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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.

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

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.

Subsequent to the financial period ended 31 March 2016, 63,344,588 ordinary shares of RM0.50 were issued at an issue price of RM0.835 each pursuant to a Private Placement exercise on 12 April 2016.

A8. Dividends Paid

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

A9. Segmental Information

Segmental information of the Group’s business segments are based on the internal reporting structure presented by 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)	Quarter ended 31 March 2016				Year to date ended 31 March 2016			
	Property Development	Manufacturing (*)	Investment Holdings and Others	Total	Property Development	Manufacturing (*)	Investment Holdings and Others	Total
Continuing Operations								
Revenue	38,001	-	817	38,818	54,056	-	2,273	56,329
Results from Operation	2,785	-	2,547	5,332	4,432	-	9,029	13,461
- Depreciation	(61)	-	(145)	(206)	(112)	-	(290)	(402)
- Finance Cost	-	-	(21)	(21)	-	-	(27)	(27)
Profit Before Tax	2,724	-	2,381	5,105	4,320	-	8,712	13,032
Discontinuing Operations								
Profit Before Tax from discontinued operations	-	291	-	291	-	674	-	674
Profit Before Tax from assets held for Sale	(294)	-	220	(74)	2,546	-	435	2,981
Profit Before Tax	(294)	291	220	217	2,546	674	435	3,655
Total Profit Before Tax	2,430	291	2,601	5,322	6,866	674	9,147	16,687

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

Business Segment Analysis (RM'000)	Quarter ended 31 March 2015				6 months ended 31 March 2015			
	Property Development	Manufacturing (*)	Investment Holdings and Others	Total	Property Development	Manufacturing (*)	Investment Holdings and Others	Total
<u>Continuing Operations</u>								
Revenue	12,509	-	4,564	17,073	27,781	-	8,267	36,048
Results from Operation	3,046	-	(746)	2,300	6,928	-	(2,685)	4,243
- Depreciation	(56)	-	(141)	(197)	(89)	-	(322)	(411)
- Finance Cost	-	-	(5)	(5)	-	-	(11)	(11)
Profit Before Tax	2,990	-	(892)	2,098	6,839	-	(3,018)	3,821
<u>Discontinuing Operations</u>								
Profit Before Tax from discontinued operations	-	211	-	211	-	437	-	437
Total Profit Before Tax	2,990	211	(892)	2,309	6,839	437	(3,018)	4,258

Note : (*) Disposed of on 31 March 2016

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 changes in composition of the Group during the current quarter under review, except as follows:-

- 1) On 3 February 2016, the Company entered into and completed a share sale and purchase agreement with Carefeel Cotton Industries (M) Sdn Bhd and Peekay Global Sdn Bhd for the acquisition of 9,500 ordinary shares of RM1.00 each in Sunsuria Forum Sdn Bhd (“SFSB”), representing a 19% equity interest in SFSB for a cash consideration of RM2,805,680 (“Acquisition 1”).

On 25 March 2016, the Company entered into and completed a share sale and purchase agreement with a related company, Sunsuria Development Sdn Bhd (“SDSB”), for the acquisition of 16,000 ordinary shares of RM1.00 each in SFSB, representing a 32% equity interest in SFSB for a cash consideration of RM4,500,000 (“Acquisition 2”).

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

Upon the completion of Acquisition 1 and Acquisition 2, Sunsuria Berhad owns an aggregate of 51% equity interests in SFSB while the remaining 49% is held by SDSB.

Included in the Goodwill as at 31 March 2016 is RM3,725,865 arisen from the above acquisitions. The computation of goodwill/negative goodwill which forms the basis of the net gain on bargain purchase, is determined based on the provisional fair values of the net assets and liabilities acquired. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangibles assets, liabilities assumed as of the acquisition date, in accordance with FRS 3 Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa to be reflected as discount on acquisition. Accordingly, the final determination may differ from what is reflected in the statement of financial position as at 31 March 2016. In accordance to Para 45 of FRS 3 Business Combination, the acquirer has measurement period or not exceeding one year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

- 2) On 31 March 2016, Maica Wood Industries Sdn Bhd (“MWISB”), a 99.78%-owned subsidiary company of the Company, entered into and completed a share sale and purchase agreement with Low Fatt Wood Industries Sdn Bhd and Dato’ Low Kian Chuan (collectively referred as the “Purchasers”) for the disposal by MWISB of its entire 100% equity interest comprising 2,000,000 ordinary shares of RM1.00 each fully paid-up in Maicador Sdn Bhd (“Maicador”) to the Purchasers for a cash consideration of RM3,210,000. Upon completion of the disposal, Maicador ceased to be the indirect subsidiary of the Company.

Subsequent to the financial period ended 31 March 2016, the changes to the composition of the Group are as follows:-

- 1) On 20 April 2016, the Company has incorporated a company, namely Sunsuria Everrich Sdn Bhd (“SESB”) with two (2) ordinary shares of RM1.00 each, held by its subsidiaries, Sunsuria City Sdn Bhd (formerly known as Sime Darby Sunsuria Development Sdn Bhd) (“SCSB”) and Sunsuria Gateway Sdn Bhd (“SGSB”). On 6 May 2016, SESB increased its paid up capital from RM2.00 to RM250,000 by issuing 137,499, 12,299 and 100,000 ordinary shares of RM1.00 each to SCSB, SGSB and Welcome Global Co. Ltd respectively. Consequent thereof, SESB became an indirect subsidiary of the Company with an effective equity interest of 60%.
- 2) On 3 May 2016, the Company has incorporated a company, namely Sunsuria Genlin Sdn Bhd (“SGESB”), with two (2) ordinary shares of RM1.00 each, held by its subsidiaries, Ambang Arena Sdn Bhd and SGSB. As a result, SGESB became an indirect subsidiary of the Company with an effective equity interest of 99.99%.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

A.13 Discontinued Operation

In March 2016, the Group has discontinued the subsidiary’s manufacturing business subsequent to the disposal of all shares held under its subsidiary. The results and cash flow attributable to the discontinued operation are as follows:

	3-month ended		6-month ended	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Revenue	<u>4,554</u>	<u>3,942</u>	<u>9,301</u>	<u>8,124</u>
Result :				
Profit before tax	<u>291</u>	<u>211</u>	<u>674</u>	<u>437</u>
Taxation	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(11)</u>
Profit from discontinued operations	<u><u>291</u></u>	<u><u>200</u></u>	<u><u>674</u></u>	<u><u>426</u></u>
Cash Flow				
Net cash flow from operating activities			<u>7,683</u>	N/A
Net cash flow from investing activities			<u>(30)</u>	N/A
Net cash flow used in financing activities			<u>(7,250)</u>	N/A
Net cash inflow			<u><u>403</u></u>	<u><u>N/A</u></u>

A14. 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 MARCH 2016

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 from continuing operations ('PBT') of RM38.82million and RM5.11million respectively, as compared to RM17.07million and RM2.10million recorded in the previous corresponding quarter. The increase in PBT was mainly contributed by the gain from the disposal of shares in a subsidiary.

The segmental performances for the current quarter ended 31 March 2016 are as follows:

(a) Property Development Segment

For the current quarter under review, this segment recorded revenue and total profit before tax of RM38.0million and RM2.43million respectively, as compared to RM12.51million and RM2.99million respectively in the previous corresponding quarter. The lower profit was mainly due to upfront expenses incurred for the Sunsuria City project.

(b) Manufacturing Segment

For the current quarter under review, this segment recorded revenue and total profit before tax of RM4.55million and RM291,000 respectively, as compared to RM3.94million and RM211,000 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.

This segment had been disposed of on 31 March 2016.

Financial Year-to-date Results

For the 6-month period ended 31 March 2016, the Group recorded revenue and profit before tax from continuing operations of RM56.33million and RM13.03million respectively, as compared to the 6-month financial period ended 31 March 2015 of RM36.05million and RM3.82million in previous year. The higher PBT for the current year has taken into consideration the effects of the disposal of a piece of leasehold land and the disposal of shares in a subsidiary.

The property development segment has generated revenue and total profit before tax of RM54.06million and RM6.87million respectively, as compared to RM27.78million and RM6.84million in preceding quarter. The higher revenue was mainly due to profit contribution from Suria Residence, a serviced apartment project located in Suria Jelutong.

B2. Variation of Results against Preceding Quarter

The Group registered revenue and profit before tax from continuing operations of RM38.82million and RM5.11million respectively in the current quarter as compared to RM17.51million and RM7.93million respectively in the preceding quarter. Despite the higher revenue, the lower PBT was mainly due to upfront expenses incurred for the Sunsuria City project.

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.

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

B4. Variance from Profit Forecast and Profit Guarantee

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

B5. Taxation

The breakdown of the Malaysian income tax charge is as follows:

	Individual quarter		Year To Date	
	Current Year 31/03/2016 RM'000	Preceding Year 31/03/2015 RM'000	Current Year 31/03/2016 RM'000	Preceding 6-month 31/03/2015 RM'000
Current Taxation	1,455	835	3,400	1,609
Deferred Taxation	713	-	713	-
Provision based on current year's profit	<u>2,168</u>	<u>835</u>	<u>4,113</u>	<u>1,609</u>
Represented by :				
Continuing operations	2,114	824	4,007	1,598
Discontinuing operations	54	11	106	11
Provision based on current year's profit	<u>2,168</u>	<u>835</u>	<u>4,113</u>	<u>1,609</u>

The effective tax rate of the Group for the current financial quarter is slightly higher than the applicable statutory tax rate mainly due to loss-making in certain companies and some non-tax deductible expenses.

B6. Corporate Proposals

- l) On 27 July 2015, the Company had completed 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 of the Company's existing shares held together with 158,361,472 Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed for.

Accordingly, the proceeds raised under the Rights Issue exercise amounting to RM380.07million as at 31 March 2016 had been fully utilised as set out as below:-

Purpose	Proposed Utilisation	Reallocation of Proceed	Actual Utilisation	Balance Unutilised
	RM'000	RM'000	RM'000	RM'000
To partially settle the balance consideration for asset subscription / acquisition exercises ("Acquisitions")	370,067	-	(370,067)	-
Working capital	5,000	339	(5,339)	-
To defray expenses relating to the Acquisitions and Rights Issue exercises	5,000	(339)	(4,661)	-
Total	380,067	-	(380,067)	-

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

- II) The following corporate proposals announced by the Company have not been completed as at 16 May 2016 (being the latest practicable date), which is not earlier than 7 days from the date of issuance of these Interim Financial Statements:

On 12 April 2016, Concord Property Management Sdn Bhd (“CPMSB”), a wholly-owned subsidiary, has served a written notice to Creed Investment Pte Ltd (“Creed”) to exercise the Put Option in relation to CI Medini Sdn Bhd (“CIMSB”) (“Put Option Notice”) by requiring Creed to purchase the following shares in accordance with the terms and conditions of the Shareholders’ Agreement:

- (i) purchase from Sunsuria Berhad the entire equity interest currently held in CPMSB comprising two (2) ordinary shares of RM1.00 each (“Concord Sale Shares”). CPMSB currently hold 20% equity interest in CIMSB comprising 250,000 ordinary shares of RM1.00 each in CIMSB; and
- (ii) purchase from a wholly-owned subsidiary of Sunsuria Berhad, Sunsuria North Sdn Bhd (“SNSB”), the 0.95% equity interest currently held by SNSB in CIMSB comprising 12,500 ordinary shares of RM1.00 each in CIMSB (“CI Medini Sale Shares”)

(the Concord Sale Shares and CI Medini Sale Shares are collectively referred to as the “Sale Shares”), for a total cash consideration of RM39.94 million for the acquisition of the Sale Shares (“**Sale Shares Consideration**”), together with RM15.50 million for the settlement of the total amounts owing by CPMSB and CIMSB to Sunsuria Berhad as at 12 April 2016 and equivalent entitled amount for payment of the Dividend by CIMSB to CPMSB and SNSB collectively (“**Dividend Payment**”) (“**Exercise of Put Option**”). Upon completion of the Exercise of Put Option, Sunsuria and its group of companies will receive a total cash proceed of RM55.44 million pursuant to the Exercise of Put Option and any Dividend Payment.

Upon completion of the Exercise of Put Option, CPMSB will cease to be a subsidiary of Sunsuria Berhad and CIMSB will cease to be an associate company of the Sunsuria Group. The exercise is currently pending the completion of due diligence review by Creed.

B7. Group Borrowings

	As at 31/03/2016	As at 31/03/2015
	RM'000	RM'000
Secured short term borrowings	6,117	30,094
Secured long term borrowings	162,106	347
Total	168,223	30,441
Represented by :		
Continuing Operations	168,223	30,441
Discontinuing Operations	-	-
Total	168,223	30,441

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

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	
	Current Year	Preceding Year	Current Year	Preceding 6-month
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary equity holders of the Company (RM'000)	3,151	1,473	12,557	2,646
Weighted average number of ordinary shares in issues ('000)	735,487	158,360	735,487	158,360
Basic EPS :				
- Continuing Operations (sen)	0.41	0.80	1.23	1.40
- Discontinuing Operations (sen)	0.02	0.13	0.48	0.27
Total	0.43	0.93	1.71	1.67

(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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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

B11. Realised/Unrealised Retained Profits

	Current quarter 31/03/2016 RM'000	Immediate preceding quarter 31/12/2015 RM'000
Total (accumulated losses)/retained profits of the Group:		
- Realised	(20,435)	(33,549)
- Unrealised	444	444
	(19,991)	(33,105)
Total share of (accumulated losses) from associate		
- Unrealised	(282)	(282)
Consolidation Adjustment	42,728	52,691
Total retained profits c/f	22,455	19,304

B12. Notes to the Statement of Comprehensive Income

Description	Current quarter 31/03/2016 RM'000	Year to date 31/03/2016 RM'000
Profit for the period is arrived at after crediting/(charging) :		
- Interest income	371	869
- Other income including investment income	3,063	9,391
- Interest expense	(21)	(27)
- Depreciation and amortisation	(216)	(415)

BY ORDER OF THE BOARD
Secretary
23 May 2016