

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2017

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 year ended 30 September 2016. 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 30 September 2016.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2016.

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 2016

The auditors' report on the financial statements for the financial year ended 30 September 2016 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)

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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.

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 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 2017				Year to date ended 31 March 2017			
	Property Development	Manufacturing (*)	Investment Holdings and Others	Total	Property Development	Manufacturing (*)	Investment Holdings and Others	Total
Continuing Operations								
Revenue	103,519	-	163	103,682	167,157	-	327	167,484
Results from Operation	34,837	-	(2,664)	32,173	54,866	-	(3,933)	50,933
- Depreciation	(86)	-	(175)	(261)	(169)	-	(347)	(516)
- Finance Cost	(361)	-	(4)	(365)	(620)	-	(85)	(705)
Profit Before Tax	34,390	-	(2,843)	31,547	54,077	-	(4,365)	49,712
Discontinuing Operations								
Profit Before Tax from discontinued operations	-	-	-	-	-	-	-	-
Total Profit Before Tax	34,390	-	(2,483)	31,547	54,077	-	(4,365)	49,712

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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 Asset held for sale	(294)	-	220	(74)	2,546	-	435	2,981
	(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

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, except as follows:-

On 26 April 2017, Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd) (“SBSB”), a wholly owned subsidiary of the Company, entered into a Shares Sale and Purchase Agreement (“SSA”) with Ms Chuah Peak San to acquire 408,000 ordinary shares in Prosperspan Construction Sdn Bhd (“PPAN”), representing 51% equity interest in PPAN for a cash consideration of RM408,000 (“Shares Acquisition”).

PPAN shall become a 51% indirect-owned subsidiary of Sunsuria upon completion of the Shares Acquisition.

Subject to completion of the SSA, SBSB and Spanway Construction Sdn Bhd, the shareholder who owns the remaining 49% equity interest in PPAN, had on the same date entered into a Shareholders Agreement to regulate their respective equity participation, rights and obligations as shareholders in PPAN and the conduct of the business and affairs of PPAN.

On 27 April 2017, PPAN change its name to Sunsuria Asas Sdn Bhd.

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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 27 March 2017, a wholly-owned subsidiary of the Company, Sunsuria Arena Sdn Bhd (formerly known as Ambang Arena Sdn Bhd), and its 99.99%-owned direct subsidiary, Sunsuria Gateway Sdn Bhd, entered into a Joint Venture and Shareholders Agreement with Mr Gan Teck Boon to set-up, operate and manage the landscape, nursery, and its related businesses in all properties developed or to be developed by Sunsuria group of companies which encompasses Sunsuria’s group and its related and associated companies and any other companies under the management of Sunsuria and such other business activities as may be approved from time to time in accordance with the JVA, under a joint venture company called “Sunsuria Landscape & Nursery Sdn Bhd (formerly known as Sunsuria Genlin Sdn Bhd)”.
- 2) On 31 March 2017, the Company acquired the entire equity interest comprising of one (1) ordinary share in the capital of Goodwill Atlas Sdn Bhd (“GASB”) for a cash consideration of RM1.00 from Teng Mee Leng. GASB was incorporated on 7 March 2017 with an issued and fully paid up share capital of RM1.00. Consequent thereof, GASB became a wholly owned subsidiary of the Company.

On 14 April 2017, GASB change its name to Sunsuria Builders Sdn Bhd.

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 2016.

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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

In the current quarter under review, the Group reached a major milestone by reporting RM103.68million in revenue. This is a 167% increase in the current reporting quarter's revenue compared to RM38.82million reported in the corresponding quarter in the previous year. The Group's profit before tax also jumped by 517% to RM31.55million in the current quarter compared to RM5.11million in a similar period in the previous year. The revenue contribution was mainly from Suria Residence at Bukit Jelutong, The Forum 1 at Setia Alam and the Group's flagship projects at Sunsuria City, which contributed a commendable 45% of the revenue.

Financial Year-to-date Results

For the 6-month period ended 31 March 2017, the Group reported revenue and profit before tax of RM167.48million and RM49.71million respectively, as compared to the corresponding 6-month financial period ended 31 March 2016 of RM56.33million and RM13.03million respectively.

For the 6-month period ended 31 March 2017, the Group has 5 on-going developments namely Suria Residence, The Forum 1, as well as Bell Avenue, Jasper Square and The Olive in Sunsuria City, with total GDV of RM1.193 billion.

B2. Variation of Results against the Preceding Quarter

On a quarter to quarter basis, the Group reported a remarkable 63% increase in revenue to RM103.68million in the current quarter compared to RM63.80 million in the preceding quarter. Profit before tax also increased to RM31.55 million in the current quarter compared to RM18.17million in the preceding quarter. The higher revenue and profit before tax is attributable to strong sales and work progress achieved by the Group's current on-going developments.

B3. Prospects

The achievements to date is a signal of confidence in the Group. Therefore, the Group is upbeat and will be lining up more projects to be launched in the forthcoming quarters. While general market sentiment remains subdued, the Group is nevertheless optimistic that with the Group's right product mix at the right location, there will be a continuing demand for real estate assets. With all these positive factors, the Group expects FY2017 to be another year of continued financial growth in revenue and profit.

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. Income tax expense

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

	Individual quarter		Year To Date	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Current Taxation	10,624	1,455	16,212	3,400
Deferred Taxation	(1,175)	713	(2,790)	713
Provision based on current year's profit	<u>9,449</u>	<u>2,168</u>	<u>13,422</u>	<u>4,113</u>
Represented by :				
Continuing operations	9,449	2,114	13,422	4,007
Discontinued operations	-	54	-	106
Provision based on current year's profit	<u>9,449</u>	<u>2,168</u>	<u>13,422</u>	<u>4,113</u>

The effective tax rate of the Group for the current financial quarter and year-to-date is higher than the applicable statutory tax rate mainly due to certain expenses not being deductible for tax purposes.

B6. Corporate Proposals

Save for the Shares Sale and Purchase Agreement entered for the acquisition of shares in Sunsuria Asas Sdn Bhd (formerly known as Prospan Construction Sdn Bhd) on 26 April 2017, there were no other corporate proposals announced by the Company that have not been completed as at 18 May 2017 (being the latest practicable date), which is not earlier than 7 days from the date of issuance of these Interim Financial Statements.

B7. Group Borrowings

	As at 31/03/2017 RM'000	As at 31/03/2016 RM'000
Secured short term borrowings	12,623	6,117
Secured long term borrowings	<u>181,344</u>	<u>162,106</u>
Total	<u>193,967</u>	<u>168,223</u>
Represented by :		
Continuing Operations	193,967	168,223
Discontinued Operations	-	-
Total	<u>193,967</u>	<u>168,223</u>

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

B8. Material Litigation

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

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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	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary equity holders of the Company (RM'000)	18,009	3,151	28,643	12,557
Weighted average number of ordinary shares in issues ('000)	798,833	735,487	798,833	735,487
Basic EPS :				
- Continuing Operations (sen)	2.25	0.41	3.59	1.23
- Discontinued Operations (sen)	-	0.02	-	0.48
Total	2.25	0.43	3.59	1.71

(b) Diluted earnings per ordinary share

The potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current and previous financial period. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

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B11. Realised/Unrealised Retained Profits

	As at 31/03/2017 (Unaudited) RM'000	As at 30/09/2016 (Audited) RM'000
Total retained profits of the Group:		
- Realised	148,505	108,727
- Unrealised	<u>(21,577)</u>	<u>(20,921)</u>
	126,928	87,806
Total share of (accumulated losses) from associate		
- Realised	<u>(277)</u>	<u>(277)</u>
Consolidation Adjustment	<u>(44,293)</u>	<u>(33,814)</u>
Total retained profits c/f	<u>82,358</u>	<u>53,715</u>

B12. Notes to the Statement of Comprehensive Income

Description	Current Quarter 31/03/2017 RM'000	Year to date 31/03/2017 RM'000
Profit for the period is arrived at after crediting/(charging) :		
- Interest income	513	1,032
- Other income including investment income	318	486
- Interest expense	(365)	(705)
- Depreciation and amortisation	(261)	(516)

BY ORDER OF THE BOARD
Secretary
24 May 2017