

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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 2017. 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 2017.

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 2017.

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 2017

The auditors' report on the financial statements for the financial year ended 30 September 2017 was not subject to any qualification.

A4. Seasonality or Cyclical 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.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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

A7. Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale or 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, construction, investment holding and others.

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 2018 | | | | Year to date ended 31 March 2018 | | | |
|--|-----------------------------|--------------|-------------------------------|-----------------|----------------------------------|--------------|-------------------------------|-----------------|
| | Property Development | Construction | Investment Holding and Others | Total | Property Development | Construction | Investment Holding and Others | Total |
| Revenue | | | | | | | | |
| External revenue | 145,443 | 24 | 149 | 145,616 | 255,983 | 24 | 309 | 256,316 |
| Inter-segment revenue | - | 31,326 | 243 | 31,569 | - | 51,674 | 243 | 51,917 |
| Consolidation adjustments | 145,443 | 31,350 | 392 | 177,185 | 255,983 | 51,698 | 552 | 308,233 |
| Consolidation Revenue | | | | (38,111) | | | | (58,336) |
| | | | | 139,074 | | | | 249,897 |
| Results from Operation | 61,132 | 2,644 | (4,348) | 59,428 | 107,118 | 4,987 | (8,814) | 103,291 |
| - Depreciation | (358) | (34) | (265) | (657) | (724) | (53) | (525) | (1,302) |
| - Finance Cost | (363) | (44) | (13) | (420) | (660) | (88) | (21) | (769) |
| Consolidation adjustments | 60,411 | 2,566 | (4,626) | 58,351 | 105,734 | 4,846 | (9,360) | 101,220 |
| Consolidation Profit/(Loss) Before Taxation | | | | (10,131) | | | | (14,632) |
| | | | | 48,220 | | | | 86,588 |

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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

A9. Segmental Information (Cont'd)

| Business Segment Analysis (RM'000) | Quarter ended 31 March 2017 | | | | Year to date ended 31 March 2017 | | | |
|--|-----------------------------|--------------|-------------------------------|----------------|----------------------------------|--------------|-------------------------------|----------------|
| | Property Development | Construction | Investment Holding and Others | Total | Property Development | Construction | Investment Holding and Others | Total |
| Revenue | | | | | | | | |
| External revenue | 102,985 | - | 163 | 103,148 | 168,798 | - | 327 | 169,125 |
| Inter-segment revenue | - | - | 1,565 | 1,565 | - | - | 2,419 | 2,419 |
| | 102,985 | - | 1,728 | 104,713 | 168,798 | - | 2,746 | 171,544 |
| Consolidation adjustments | | | | (1,031) | | | | (4,060) |
| Consolidation Revenue | | | | 103,682 | | | | 167,484 |
| Results from Operation | 37,560 | (3) | (2,661) | 34,896 | 60,488 | (5) | (4,059) | 56,424 |
| - Depreciation | (86) | - | (175) | (261) | (169) | - | (347) | (516) |
| - Finance Cost | (361) | - | (4) | (365) | (620) | - | (85) | (705) |
| | 37,113 | (3) | (2,840) | 34,270 | 59,699 | (5) | (4,491) | 55,203 |
| Consolidation adjustments | | | | (2,723) | | | | (5,491) |
| Consolidation Profit/(Loss) Before Taxation | | | | 31,547 | | | | 49,712 |

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 for the following:-

On 6 April 2018 Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd) (“SBSB”) had entered into a Supplemental Agreement with Citicc International Investments Ltd (“CITIC”) to amend and vary certain terms of the Shareholders’ Agreement between CITIC and SBSB dated 28 June 2017.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review except for the Internal Reorganisation of the shareholding structure of Sunsuria Education Sdn Bhd (formerly known as Sunsuria Times Sdn Bhd) (“SESB”) whereby on 26 March 2018, the Company has acquired the entire issued shares of SESB from Sunsuria North Sdn Bhd, a wholly-owned subsidiary of the Company for a total cash consideration sum of RM200,000.00 (Ringgit Malaysia Two Hundred Thousand) only.

Upon completion of the Internal Reorganisation, SESB becomes a direct wholly-owned subsidiary of the Company.

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 2017.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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

| | 3 months ended | | | 6 months ended | | |
|--|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| | 31/03/2018 RM'000 | 31/03/2017 RM'000 | Changes (RM'000 / %) | 31/03/2018 RM'000 | 31/03/2017 RM'000 | Changes (RM'000 / %) |
| Revenue | 139,074 | 103,682 | 35,392 / 34% | 249,897 | 167,484 | 82,413 / 49% |
| Cost of sales | (63,295) | (58,099) | (5,196) / (9%) | (114,404) | (89,721) | (24,683) / (28%) |
| Gross profit | 75,779 | 45,583 | 30,196 / 66% | 135,493 | 77,763 | 57,730 / 74% |
| Profit before taxation | 48,220 | 31,547 | 16,673 / 53% | 86,588 | 49,712 | 36,876 / 74% |
| Profit after taxation | 36,944 | 22,098 | 14,846 / 67% | 66,531 | 36,290 | 30,241 / 83% |
| Profit attributable to owners of the Company | 30,391 | 18,009 | 12,382 / 69% | 51,233 | 28,643 | 22,590 / 79% |

Quarterly Results

The Group recorded a 34% growth in revenue of RM139.07million for the current quarter under review compared to RM103.68million reported in the corresponding quarter of the previous year. Profit before taxation also increased by 53% to RM48.22million in the current quarter under review compared to RM31.55million in the corresponding period of the previous year.

Financial Year-to date Results

The Year-to-Date revenue for the Group also increased to RM249.90million compared to RM167.48million in the corresponding period of the previous year. Profit before taxation also increased by 74% to RM86.59million compared to RM49.71million in the corresponding period of the previous year.

The Group's on-going projects i.e. Forum 1 at Setia Alam, Suria Residence at Bukit Jelutong, Bell Avenue, Jasper Square, The Olive, Bell Suites SOHO and Monet Lily at Sunsuria City continue to contribute to the revenue and profit growth.

B2. Variation of Results against the Preceding Quarter

| | Current Quarter 31/03/2018 RM'000 | Immediate Preceding Quarter 31/12/2017 RM'000 | Changes (RM'000 / %) |
|---|--|---|-------------------------|
| Revenue | 139,074 | 110,823 | 28,251 / 25% |
| Cost of sales | (63,295) | (51,109) | (12,186) / (24%) |
| Gross profit | 75,779 | 59,714 | 16,065 / 27% |
| Profit before taxation | 48,220 | 38,368 | 9,852 / 26% |
| Profit after taxation | 36,944 | 29,587 | 7,357 / 25% |
| Profit after taxation attributable to owners of the company | 30,391 | 20,842 | 9,549 / 46% |

The Group continues to register an uptrend in both revenue and profit before taxation on a quarter to quarter basis. Revenue for the current quarter was RM139.07million compared to RM110.82million in the preceding quarter. Profit before taxation also increased by 26% to RM48.22million in the current quarter compared to RM38.37million in the preceding quarter as construction work progresses well at the Group's various on-going development sites.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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

B3. Prospects

The new Government strongly promotes transparency and good governance, which augurs well for the people of Malaysia and the business community at large. On this note, the Board and the Management believe that the commitments and measures to be taken by the Government will spur domestic consumption, increase investor confidence and enhance economic growth. In the mid and longer term, these positive measures are expected to translate into continuous demand for housing and commercial properties. With the current take-up rates on the Group's on-going projects at Sunsuria City and new launches in the pipeline, we foresee that the Group will continue to deliver good results.

B4. Variance from Profit Forecast and Profit Guarantee

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

B5. Income tax expense

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

| | Individual quarter | | Year To Date | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31/03/2018 RM'000 | 31/03/2017 RM'000 | 31/03/2018 RM'000 | 31/03/2017 RM'000 |
| Current Taxation | 17,261 | 10,624 | 26,509 | 16,212 |
| Deferred Taxation | (5,985) | (1,175) | (6,452) | (2,790) |
| Provision based on current year's profit | <u>11,276</u> | <u>9,449</u> | <u>20,057</u> | <u>13,422</u> |

The effective tax rate of the Group for the year-to-date is lower than the applicable statutory tax rate mainly due to over provision of taxation in the previous financial year by a subsidiary.

B6. Corporate Proposals

There were no other corporate proposals announced by the Company that have not been completed as at 17 May 2018 (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 31/03/2018 RM'000 | As at 31/03/2017 RM'000 |
|-------------------------------|----------------------------|----------------------------|
| Secured short term borrowings | 12,836 | 12,623 |
| Secured long term borrowings | <u>158,580</u> | <u>181,344</u> |
| Total | <u>171,416</u> | <u>193,967</u> |

The Group's borrowings as at 31 March 2018 were dominated in Ringgit Malaysia. There were no borrowings in foreign currency during the financial period under review.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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. 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 | |
|--|--------------------|------------|----------------|------------|
| | 31/03/2018 | 31/03/2017 | 31/03/2018 | 31/03/2017 |
| Net profit attributable to ordinary equity holders of the Company (RM'000) | 30,391 | 18,009 | 51,233 | 28,643 |
| Weighted average number of ordinary shares in issues ('000) | 798,834 | 798,833 | 798,834 | 798,833 |
| Basic EPS (sen) | 3.80 | 2.25 | 6.41 | 3.59 |

(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 financial period. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

B10. Notes to the Statement of Comprehensive Income

| Description | Current Quarter 31/03/2018 RM'000 | Year to date 31/03/2018 RM'000 |
|--|---|--------------------------------------|
| Profit for the period is arrived at after crediting/(charging) : | | |
| - Interest income | 794 | 1,618 |
| - Loss on disposal of properties | (140) | (213) |
| - Other income including investment income | 116 | 376 |
| - Interest expense | (419) | (769) |
| - Depreciation and amortisation | (657) | (1,299) |

BY ORDER OF THE BOARD

Company Secretary
24 May 2018