

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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.

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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 30 September 2018				Year to date ended 30 September 2018			
	Property Development	Construction	Investment Holding and Others	Total	Property Development	Construction	Investment Holding and Others	Total
Revenue								
External revenue	152,159	241	168	152,568	525,335	285	632	526,252
Inter-segment revenue	70	48,598	91	48,759	70	143,312	531	143,913
	152,229	48,839	259	201,327	525,405	143,597	1,163	670,165
Consolidation adjustments				(67,564)				(178,686)
Consolidation Revenue				133,763				491,479
Results from Operation	68,183	5,073	(1,759)	71,497	228,310	14,682	(13,918)	229,074
- Depreciation	(2,060)	(49)	(333)	(2,442)	(3,159)	(144)	(1,173)	(4,476)
- Finance Cost	(11,763)	(49)	(49)	(11,861)	(12,857)	(184)	(247)	(13,288)
	54,360	4,975	(2,141)	57,194	212,294	14,354	(15,338)	211,310
Share of results in an associates				(93)				(93)
Consolidation adjustments				(18,086)				(45,504)
Consolidation Profit Before Taxation				39,015				165,713

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2018

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

A9. Segmental Information (Cont'd)

Business Segment Analysis (RM'000)	Quarter ended 30 September 2017				Year to date ended 30 September 2017			
	Property Development	Construction	Investment Holding and Others	Total	Property Development	Construction	Investment Holding and Others	Total
Revenue								
External revenue	101,459	-	153	101,612	392,151	-	642	392,793
Inter-segment revenue	-	12,447	-	12,447	-	13,837	9,925	23,762
	101,459	12,447	153	114,059	392,151	13,837	10,567	416,555
Consolidation adjustments				(5,804)				(18,076)
Consolidation Revenue				108,255				398,479
Results from Operation	81,982	1,836	(6,389)	77,429	181,126	2,126	(4,828)	178,424
- Depreciation	(323)	(2)	(208)	(533)	(698)	(2)	(751)	(1,451)
- Finance Cost	(1,931)	(37)	(16)	(1,984)	(2,979)	(37)	(104)	(3,120)
	79,728	1,797	(6,613)	74,912	177,449	2,087	(5,683)	173,853
Share of results in an associates				6				6
Consolidation adjustments				(28,132)				(35,850)
Consolidation Profit Before Taxation				46,786				138,009

A10. 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 has not been reflected in the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2018

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

A11. 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 following:-

On 20 September 2018, Sunsuria Forum Sdn Bhd, a 51%-owned subsidiary of the Company, has acquired a 100% equity interest in Greenworth Sdn Bhd (“GSB”) comprising of one (1) ordinary share in GSB for a cash consideration of RM1.00. The said acquisition has been completed and GSB becomes a wholly-owned indirect subsidiary of the Company.

On 2 November 2018, Sunsuria City Amenities Sdn Bhd, a wholly-owned subsidiary of Sunsuria Arena Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of the Company, has acquired a 100% equity interest in Cloudcubes Sdn Bhd (“CSB”) comprising of one (1) ordinary share in CSB for a cash consideration of RM1.00. The said acquisition has been completed and CSB becomes an indirect wholly-owned subsidiary of the Company.

On 5 November 2018, Sunsuria City Amenities Sdn Bhd, a wholly-owned subsidiary of Sunsuria Arena Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of the Company, has acquired a 100% equity interest in Aspen Esplanade Sdn Bhd (“AESB”) comprising of one (1) ordinary share in AESB for a cash consideration of RM1.00. The said acquisition has been completed and AESB becomes an indirect wholly-owned subsidiary of the Company.

A12. 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.

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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			12 months ended		
	30/09/2018 RM'000	30/09/2017 RM'000	Changes (RM'000 / %)	30/09/2018 RM'000	30/09/2017 RM'000	Changes (RM'000 / %)
Revenue	133,763	108,255	25,508 / 24%	491,479	398,479	93,000 / 23%
Cost of sales	(38,372)	(47,044)	8,672 / 18%	(206,630)	(180,744)	(25,886) / (14%)
Gross profit	95,391	61,211	34,180 / 56%	284,849	217,735	67,114 / 31%
Profit before taxation	39,015	46,786	(7,771) / (17%)	165,713	138,009	27,704 / 20%
Profit after taxation	29,708	39,982	(10,274) / (26%)	129,296	107,881	21,415 / 20%
Profit attributable to owners of the Company	24,857	30,203	(5,346) / (18%)	101,597	90,748	10,849 / 12%

Quarterly Results

The Group's revenue increased by 24% to RM133.8million in the current quarter compared to RM108.3million reported in the corresponding quarter of the previous year. Development projects at Sunsuria City contributed RM127.7million to the current quarter's revenue led by The Olive, Monet Lily and Bell Suites SOHO and Retails. Sunsuria City has successfully handed over its first vacant possession to the purchasers of Bell Avenue retail shops in September 2018 ahead of the scheduled completion date of December 2018. The profit before taxation for the current quarter was RM39.0million compared to RM46.8million reported in the corresponding quarter of the previous year. The lower profit before taxation reported was mainly due to a one-off RM29.5million provision for impairment in the value of investment properties and goodwill impairment of RM0.93million.

Financial Year-to date Results

For the financial year ended 30 September 2018, the Group's revenue was RM491.5million, 23% higher compared to RM398.5million in the previous financial year. Profit before taxation also increased by 20% to RM165.7million in the current year compared to RM138.0million in the previous financial year. The Group completed 3 development projects namely Suria Residence at Bukit Jelutong, The Forum 1 at Setia Alam and Bell Avenue at Sunsuria City during the current financial year. Other on-going projects that also contributed to the increase in revenue and profit before taxation were Jasper Square, The Olive, Bell Suites SOHO, Monet Lily, Monet Springtime and Monet Garden.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 30/09/2018 RM'000	Immediate Preceding Quarter 30/06/2018 RM'000	Changes (RM'000 / %)
Revenue	133,763	107,819	25,944 / 24%
Cost of sales	(38,372)	(53,854)	15,482 / 29%
Gross profit	95,391	53,965	41,426 / 77%
Profit before taxation	39,015	40,110	(1,095) / (3%)
Profit after taxation	29,708	33,057	(3,349) / (10%)
Profit after taxation attributable to owners of the company	24,857	25,507	(650) / (3%)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2018

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

B2. Variation of Results against the Preceding Quarter (Cont'd)

The current quarter's revenue increased by 24% to RM133.8million compared to RM107.8million in the preceding quarter. Profit before taxation was RM39.0million in the current quarter compared to RM40.1million in the preceding quarter mainly due to the one-off RM29.5million provision for impairment in the value of investment properties held by a subsidiary and goodwill impairment of RM0.93million. The Group completed Suria Residence in the preceding quarter and Forum 1 and Bell Avenue in the current quarter. The Group's developments in Sunsuria City namely Jasper Square, The Olive, Bell Suites SOHO, Monet Lily, Monet Springtime and Monet Garden contributed substantially to the Group's revenue and profit before taxation.

B3. Prospects

Malaysia's gross domestic product is expected to grow by 4.7% in 2019 as forecasted by the World Bank. But against the backdrop of a challenging external environment, the private sector will be the key drivers for domestic growth. The stamp duty exemption for the first RM300,000 on property transfer and loan agreement for a first time house buyer purchasing a house priced at a maximum of RM500,000 for two years augur well for the property industry. The Group in cognizance of the challenging environment will roll out more projects in the RM300,000 to RM500,000 price range in the forthcoming financial year to maintain a sustainable performance.

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	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	RM'000	RM'000	RM'000	RM'000
Current Taxation	13,786	7,576	48,445	37,061
Deferred Taxation	(4,479)	(772)	(12,028)	(6,933)
Provision based on current year's profit	<u>9,307</u>	<u>6,804</u>	<u>36,417</u>	<u>30,128</u>

The effective tax rate of the Group is lower than the applicable statutory tax rate mainly due to over-provision of taxation in the previous financial year whereby the applicable income tax rate ranges from 20% to 24% as the chargeable income of some subsidiaries has increased above the qualifying threshold as compared to the immediate preceding year of assessment.

B6. Corporate Proposals

There were no other corporate proposals announced by the Company that have not been completed as at 20 November 2018 (being the latest practicable date), which is not earlier than 7 days from the date of issuance of these Interim Financial Statements, except as follows:

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2018

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

B6. Corporate Proposals (Cont'd)

On 7 September 2018, Sunsuria Education Sdn Bhd (formerly known as Sunsuria Times Sdn Bhd) (“SESB”), a wholly owned subsidiary of the Company, has entered into an agreement with Concord College International Limited relating to the establishment and operation of a private educational institution to be known as “Concord College (Malaysia)” (the “School”) to be located at Sunsuria City (“Collaboration Agreement”).

The Collaboration Agreement is conditional upon SESB having secured the approval from the Ministry of Education of Malaysia for the establishment and operation of the School.

B7. Group Borrowings

	As at 30/09/2018	As at 30/09/2017
	RM'000	RM'000
Secured short term borrowings	15,209	14,626
Secured long term borrowings	224,630	166,722
Total	<u>239,839</u>	<u>181,348</u>

The Group's borrowings as at 30 September 2018 were dominated in Ringgit Malaysia. 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.

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	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Net profit attributable to ordinary equity holders of the Company (RM'000)	24,857	30,203	101,597	90,748
Weighted average number of ordinary shares in issues ('000)	798,834	798,832	798,834	798,832
Basic EPS (sen)	<u>3.11</u>	<u>3.78</u>	<u>12.72</u>	<u>11.36</u>

(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.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2018

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

B10. Notes to the Statement of Comprehensive Income

Description	Current Quarter 30/09/2018 RM'000	Year to date 30/09/2018 RM'000
Profit for the period is arrived at after crediting/(charging) :		
- Interest income	2,117	4,710
- Accretion of interest on :		
- trade payables	181	181
- trade receivables	(1,041)	(1,041)
- Loss on disposal of properties	(123)	(335)
- Other income including investment income	180	740
- Interest expense	(295)	(1,722)
- Depreciation and amortisation	(2,409)	(4,438)
- Impairment loss on :		
- investment properties	(29,508)	(29,508)
- goodwill	(928)	(928)
- trade receivables	(5)	(82)

BY ORDER OF THE BOARD

Company Secretary
27 November 2018