

**UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2017**

Consolidated Statement of Comprehensive Income

	Individual			Cumulative		
	Current year	Preceding year	Changes	Current year	Preceding year	Changes
	30-Jun-2017 RM'000	30-Jun-2016 RM'000	%	30-Jun-2017 RM'000	30-Jun-2016 RM'000	%
Revenue	66,702	44,604	50%	117,473	87,927	34%
Cost of sales	(47,904)	(37,141)	29%	(89,861)	(72,425)	24%
Gross profit	18,798	7,463		27,612	15,502	78%
Interest income	47	45	5%	93	118	-21%
Other income	707	501	41%	1,876	608	208%
Employee benefits expense	(8,174)	(4,519)	-81%	(15,223)	(10,352)	-47%
Other operating expenses	(4,648)	(5,951)	22%	(9,154)	(9,245)	1%
Operating profit / (loss)	6,730	(2,461)		5,204	(3,369)	254%
Finance cost	(231)	(2,563)	91%	(442)	(5,145)	91%
Profit / (Loss) before tax	6,499	(5,024)		4,762	(8,514)	156%
Income tax expenses	(1,983)	(698)	-184%	(2,307)	(1,246)	-85%
Profit / (Loss) for the period	4,516	(5,722)	179%	2,455	(9,760)	125%
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	284	419	-32%	280	(43)	751%
Total comprehensive income for the year	4,800	(5,303)	191%	2,735	(9,803)	128%
Profit / (Loss) Attributable to:						
Owners of the parent	4,541	(6,016)	175%	3,197	(9,874)	132%
Non-controlling interests	(25)	294	-109%	(742)	114	-751%
	4,516	(5,722)	179%	2,455	(9,760)	125%
Comprehensive income Attributable to:						
Equity holders of the Company	4,825	(5,597)	186%	3,477	(9,917)	135%
Non-controlling interests	(25)	294	-108%	(742)	114	-751%
	4,800	(5,303)	191%	2,735	(9,803)	128%
Earnings per share attributable to equity holders of the Company:						
Basic earnings per share (sen)	1.47	(1.94)		1.03	(3.19)	
Diluted earnings per share (sen)	-	-		-	-	

The Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report.

(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2017**

Consolidated Statement of Comprehensive Income

	Individual		Cumulative	
	Current year 30-Jun-2017 RM'000	Preceding year 30-Jun-2016 RM'000	Current year 30-Jun-2017 RM'000	Preceding year 30-Jun-2016 RM'000
Profit / (Loss) For The Period	4,516	(5,722)	2,455	(9,760)
Other Comprehensive Income/(Loss) For The Period, Net Of Income Tax	284	419	280	(43)
Total Comprehensive Income For The Period, Net Of Income Tax	4,800	(5,303)	2,735	(9,803)
Total Comprehensive Income Attributable To:				
Owners of the Company	4,541	(6,016)	3,197	(9,874)
Non-controlling interests	(25)	294	(742)	114
	4,516	(5,722)	2,455	(9,760)

Note: 1 - Included in the Total Comprehensive Income for the period are the followings:-

Interest Income	47	45	93	118
Other Income Including Investment Income	707	501	1,876	608
Interest Expenses	(231)	(2,563)	(442)	(5,145)
Depreciation and Amortization	(537)	(620)	(1,177)	(1,256)

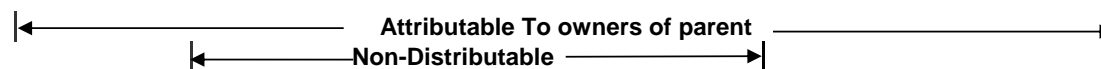
The Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report.

Damansara Realty Berhad (4030-D)
Condensed Consolidated Statement of Financial Position
As at 30 June 2017

	Unaudited 30-Jun-2017 <i>RM'000</i>	Audited 31-Dec-2016 <i>RM'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	21,262	23,216
Land held for property development	218,500	227,342
Investment properties	1,509	3,054
Investment in associates*	-	-
Deferred tax assets	608	779
Other investments	51	51
Goodwill on consolidation	1,410	1,410
	243,340	255,852
Current assets		
Property development costs	7,588	-
Inventories	3,365	4,000
Trade receivables and other receivables	95,675	51,815
Other current assets	3,297	5,385
Cash and bank balances	12,033	25,672
	121,958	86,872
TOTAL ASSETS	365,298	342,724
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	11,233	14,230
Trade and other payables	251,298	227,298
	262,531	241,528
Net current assets / (liabilities)	(140,573)	(154,656)
Non-current liabilities		
Loans and borrowings	4,137	5,013
Deferred tax liabilities	472	480
	4,609	5,493
Total Liabilities	267,140	247,021
Net assets	98,158	95,703
Equity attributable to owners of the parent		
Share capital	154,685	154,685
Share premium	156	156
Accumulated losses	(43,534)	(47,011)
Merger Reserve	(18,568)	(18,568)
Capital reserve	85	85
Exchange reserve	(1,658)	(1,378)
Shareholders' equity	91,166	87,969
Non-controlling interests	6,992	7,734
Total equity	98,158	95,703
TOTAL EQUITY AND LIABILITIES	365,298	342,724
Net Assets Per Share Attributable to Owners of the Company (RM)	0.295	0.284

The Consolidated Statement of Financial Position should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report.

Damansara Realty Berhad (4030-D)
Condensed consolidated statement of changes in equity
For the financial period ended 30 June 2017



	Equity Total RM'000	Equity attributable to owners of the parent Total RM'000	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Merger Reserve RM'000	Exchange Reserve RM'000	Accumulated losses RM'000	Non- controlling interest RM'000
2017									
Opening balance at 1 January 2017	95,703	87,969	154,685	156	85	(18,568)	(1,378)	(47,011)	7,734
Total comprehensive income	2,455	3,197	-	-	-	-	(280)	3,477	(742)
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	-
Closing balance at 30 June 2017	98,158	91,166	154,685	156	85	(18,568)	(1,658)	(43,534)	6,992
2016									
Opening balance at 1 January 2016	123,484	114,796	154,685	156	85	(18,568)	(1,031)	(20,531)	8,688
Total comprehensive income	(9,760)	(9,874)	-	-	-	-	43	(9,917)	114
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	-
Closing balance at 30 June 2016	113,724	104,922	154,685	156	85	(18,568)	(988)	(30,448)	8,802

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report.

Damansara Realty Berhad (4030-D)
Condensed Consolidated Statement of cash flows
For the financial period ended 30 June 2017

	6 months ended 30-Jun-2017 <i>RM'000</i>	6 months ended 30-Jun-2016 <i>RM'000</i>
Receipt from customers	84,149	85,154
Payment to suppliers, creditors and employees	(88,070)	(90,736)
Payment of income taxes (paid)	(4,421)	(5,818)
Interest paid	(2,024)	(254)
Total Cash flow used in operating activities	(10,366)	(11,654)
Purchase of property, plant and equipment	(1,241)	(902)
Interest received	53	173
Total Cash flow used in investing activities	(1,188)	(729)
Cash flow from financing activities		
Net drawdown/repayment of obligations under finance leases	(1,261)	(1,170)
Net of drawdown/repayment of loan & borrowings	(824)	(1,690)
Total Cash flow used in financing activities	(2,085)	(2,860)
Decrease in cash and cash equivalents	(13,639)	(15,243)
Cash and cash equivalents as at 1 January	25,672	41,003
Cash and cash equivalents as at 30 June	12,033	25,760

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report.

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017

A1 BASIS OF PREPARATION

This interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. The 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 31 December 2016.

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Amendments to FRS 12

Annual Improvements to FRS Standards 2014
- 2016 Cycle

Amendments to FRS 107

Disclosure Initiative

Amendments to FRS 112

Recognition of Deferred Tax Assets for
Unrealised Losses

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of the initial application.

A2 AUDITORS' REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group were not significantly affected by any seasonal cyclical factors.

A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the current quarter and/or financial year-to-date.

A5 SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There was no changes in estimates that have had any material effect on the financial year-to-date results.

A6 DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

DAMANSARA REALTY BERHAD (4030-D)

**A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE
SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)**

A7 DIVIDEND PAID

No dividend was paid or declared during the current financial year-to-date.

A8 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- i. Property development - the development of residential and commercial properties.
- ii. Integrated Facility Management ("IFM") - provision of property services comprising of general services, parking operation, trading of parking equipments and the provision of related consultancy services.
- iii. Project Management Consultancy ("PMC") - facility management, project management and consultant, construction management, energy management services, hospital planning,

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)

A8 SEGMENTAL INFORMATION

	HOLDING CO.		INTEGRATED FACILITY MANAGEMENT		PROPERTY DEVELOPMENT		PROJECT MANAGEMENT CONSULTANCY		OTHERS***		ADJUSTMENTS AND ELIMINATIONS		PER CONSOLIDATED	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:														
- External sales	-	-	99,090	82,115	13,258	-	5,125	5,812	-	-	-	-	117,473	87,927
- Inter company sales	3,571	-	-	-	-	-	-	-	-	-	(3,571)	-	(0)	-
Total revenue	3,571	-	99,090	82,115	13,258	-	5,125	5,812	-	-	(3,571)	-	117,473	87,927
Results:														
Interest Income	-	46	58	12	7	56	28	-	-	4	-	-	93	118
Depreciation and amortisation	275	282	811	872	17	17	74	69	-	16	-	-	1,177	1,256
Segment profit/(loss)	(2,828)	(5,637)	988	1,879	6,050	(5,990)	428	1,267	124	(33)	-	-	4,762	(8,514)
Assets :														
Segment assets	94,803	93,934	96,721	77,694	260,236	235,391	20,835	23,104	39,876	43,559	(147,173)	(132,010)	365,298	341,672
Segment liabilities	54,945	56,960	83,645	53,993	261,011	230,493	8,094	10,024	111,423	112,650	(251,978)	(236,172)	267,140	227,948

*** Others represent dormant companies

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2016.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the current quarter under review.

A11 MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Board of Damansara Realty Berhad ("DBhd" or "the Company") wishes to announce that its external auditors, Messrs. Jamal Amin and Partners have issued a statement of "Material Uncertainty Related To Going Concern" ("Statement") in respect of Damansara Realty Berhad's Financial Statements for the Financial Year Ended 31 December 2016 ("FS2016")

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements, the description of the statement is as follows:

"Material Uncertainty Related To Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Group incurred a net loss of RM27 million during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by RM155 million. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

The reference to Note 2.1 of the FS2016 is reproduced below: -

"Basis of preparation of Financial Statement

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

As at 31 December 2016, the Group current liabilities has exceeded its current assets by RM155 million. Mainly arising from due and payable of Development Rights Agreement payable to Johor City Development Sdn Bhd on the 31 December 2016. The Group have entered into a agreement to address the Group's net current liabilities position".

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)

A11 MATERIAL UNCERTAINTY RELATED TO GOING CONCERN (CONT'D)

The following are the Key Audit Matters as reported in the Independent Auditors' Report of the FS2016:-

KEY AUDIT MATTERS	OUR RESPONSE
<p>1. Impairment of assets</p> <p>a. Property, plant and equipment (Note 14 to the Financial statements)</p> <p>The carrying amount of property, plant and equipment as at 31.12.16 was RM25.082 million. From that amount, the carrying amount of property, plant and equipment for Metro Parking Group represented almost 79% of the total carrying amount of property, plant and equipment which was RM19.784 million. The Group assessed the performance of its parking operation under Metro Parking Group in 2016. There are some parking machines that are no longer in the operable conditions due to some car parks which have been closed as a result of expiry of the concession agreements between the landlords and the Metro Parking Group. The landlords also requested for new equipment for every new car park open which caused the existing the parking machines to be obsolete.</p> <p>The Group concluded that the above factors represented an indication that certain assets may be impaired and performed impairment tests as required by appropriate FRS.</p>	<p>Our audit procedures included, among others;</p> <ul style="list-style-type: none"> ● Assessed internal control designed for identification of impairment indicators; ● Evaluated the appropriateness of the Group's judgements regarding identification of assets or cash generating units which may be impaired; ● Assessed the Group's assumptions and estimates used to determine the recoverable amount of property, plant and equipment and any impairment losses recognized, using our judgement. ● Evaluated the adequacy of disclosure in respect of impairment.
<p>b. Trade and other receivables (Note 22 to the Financial Statements)</p> <p>The Group has a material credit exposure in its portfolio of trade and other receivables. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.</p>	<p>Our audit procedures included, among others;</p> <ul style="list-style-type: none"> ● Reviewed the Group's trade and other receivables schedule of debtors written off prepared by management. ● Evaluated the reasonableness of the methods and assumptions used by management to estimate the debtors written off and if management's methods and assumptions are reasonable.

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)

A11 MATERIAL UNCERTAINTY RELATED TO GOING CONCERN (CONT'D)

KEY AUDIT MATTERS	OUR RESPONSE
<p>The management conducted their impairment test to assess the recoverability and consider whether there are indicators of impairment of the trade and other receivables. Based on managements' assessment, there are indicators for impairment and management has written off RM1.207 million of Bad Debts (Note 9 to the Financial Statements).</p>	<ul style="list-style-type: none"> ● Performed test on the accuracy and completeness of the data used by management.
<p>c. Investment properties (Note 16 to the Financial Statements)</p> <p>The carrying value of investment properties amounted to RM3.054 million. Significant judgement is required by the directors in determining the fair value of investment properties and for the purposes of our audit; we identified the valuation of investment properties as representing key audit matter due to significant risk area material misstatement as a whole, combined with the significant auditor judgement while determining the fair value.</p>	<p>Our audit procedures included, among others;</p> <ul style="list-style-type: none"> ● Evaluated the reasonableness of the methods and assumptions used by management to estimate the fair values and if management's methods and assumptions are reasonable. ● Performed independent test on the fair value of the investment properties by referring to available information.
<p>d. Goodwill On Consolidation (Note 20 to the Financial Statements)</p> <p>Goodwill on consolidation arises as a result of acquisitions of subsidiaries by the TMR Group and Healthcare Technical Services Sdn. Bhd.. Under FRS, the Group is required to annually test goodwill for impairment. This assessment require the exercise of significant judgement about future market conditions, including growth rates and discount rates, particularly those effecting the business of TMR Group and Healthcare Technical Services Sdn. Bhd..</p>	<p>Our audit procedures included, among others;</p> <ul style="list-style-type: none"> ● Critically evaluating the determination of the cash-generating units; ● Evaluating whether the model used to calculate the fair value less costs to sell and value in use of the individual cash-generating units complies with the requirements of MFRS 136: Impairment of Assets; ● Validating the assumptions applied and inputs in the respective models by comparing it to historical information and approved budgets.

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)

A11 MATERIAL UNCERTAINTY RELATED TO GOING CONCERN (CONT'D)

KEY AUDIT MATTERS	OUR RESPONSE
<p>2. <u>Trade and other payables (Note 26 to the financial statements)</u></p> <p>In current year, Group undertook an exercise of writing back long outstanding balances amounted to RM11.949 million. The management performed write back on the balances which have been outstanding for more than 7 years. As a result of the write back, the Group recognized RM11.764 million in Other Income (Note 7 to the Financial Statements).</p>	<p>Our audit procedures included, among others;</p> <ul style="list-style-type: none"> ● Reviewed the Group's trade and other payables schedule of payables write back prepared by management. ● Evaluated the reasonableness of the methods and assumptions used by management to estimate the payables write back and if management's methods and assumptions are reasonable. ● Performed test on the accuracy and completeness of the data used by management.
<p>3. <u>Valuation of Inventories (Note 21 to the Financial Statements)</u></p> <p>Included in the inventories of RM3.999 million are 2 unsold shop lots in Taman Damansara Aliff, in the Group's Johor Bahru development project amounting to RM2.362 million. This project was completed in August 2016 and the Group has recognized the unsold shop lots as inventories and at cost. Previously, no recognition for the unsold shop lots due to the ongoing development of the project.</p>	<p>Our audit procedures included, among others;</p> <ul style="list-style-type: none"> ● Performed test on the accuracy and completeness of the calculation of inventories recognized. ● Assessed the measurement of the inventories whether stated at the lower of cost and net realizable value.

In relation to the above, the Board wishes to advise on the followings: -

a) The Independent Auditors have expressed unqualified opinion on the FS2016 and that their opinion is not modified in respect of the Statement on that matter;

b) The Group has already commenced the process to address the Group's current liabilities exceeded its current assets by RM 155 million which was mainly due to Johor City Development Sdn Bhd ("JCDSB") is part of the total consideration of RM180 million for JCorp and JCDSB agreeing to appoint Damansara Realty Johor Sdn. Bhd. ("DRJ"), a subsidiary of the Company, as the developer for Taman Damansara Aliff ("TDA"). On 1 July 2011, JCDSB agreed to grant an extension of time of DRJ's appointment as the developer of TDA for another 5 years until 30 September 2016. Accordingly, the term of repayment of amount due to JCDSB was modified to be repayable within 5 years until 31 December 2016. As stipulated in Note 26 (a) in FS2016.

The Company on 14 October 2016, had entered into a settlement agreement with JCorp, JCDSB and JLand for the proposed settlement of amount owing to JCDSB.

On 11 April 2017, the Company had obtained shareholders' approval on the proposed settlement of amount owing to JCDSB.

The finalisation of the settlement agreement is pending approval from the Economic Planning Unit. We expect this settlement agreement to be finalised by end of the 3rd Quarter 2017.

c) The Group is currently exploring options of fund raising to improve our net current liabilities position.

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONT'D)

A12 CHANGE IN THE COMPOSITION OF THE GROUP

There were no 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 during the current quarter under review.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group's revenue for the six months ended 30 June 2017 ("1H2017") increased by RM29.55 million, or 34%, to RM117.47 million, compared to RM87.98 million for the six months ended 30 June 2016 ("1H2016").

1H2017 gross profit increased 78% to RM27.61 million compared to RM15.50 million in 1H2016, lifting gross profit margin to 23.5% from 17.6% over the comparative periods.

The Group's operating profit rose 254.4% to RM5.2 million in 1H2017 from an operating loss of RM3.4 million in 1H2016.

The higher revenue, gross profit and gross profit margin comes following the implementation of a Strategic Restructuring Plan in September 2016 to restructure and integrate non-property operations while streamlining and accelerating the Group's property portfolio. The improved financial performance is mainly attributable to:

- i) Higher revenue in 1H2017 due primarily to contributions from Integrated Facility Management and Property Development increasing significantly by RM17.0 million and RM13.3 million, respectively;
- ii) Other income increasing to RM1.9 million in 1H2017 from RM608,000 in 1H2016 due to sales of investment properties amounting to RM0.98 million; and
- iii) Finance cost decreasing significantly by RM4.7 million, or 91%, to RM442,000 in 1H2017 from RM5.1 million in 1H2016 due to absence of finance cost from unwinding of amount due to Johor City Development Sdn Bhd.
- iv) The increase in the employee benefits are due to staff increase from IFM sector for the new projects and contracts for operational purposes.

As a result, the Group posted a net profit of RM2.5 million in 1H2017 compared to a net loss attributable to owner of the parent of RM9.9 million in 1H2016, representing a positive swing of RM12.4 million.

In relation to the Group's liquidity, the current ratio has improved to 0.46 in 1H2017 from 0.36 in 1H2016, and is expected to improve further by 2H2017.

An analysis of the results of each segment is as follows:-

a) Property Development

The Group recognises revenue from the Property Development segment based on the stage of completion and sale. The segment recorded RM13.3 million revenue in 1H2017. In comparison, this segment not register any revenue in 1H2016. The revenue increase is attributable to :-

- i. Damansara Hill 1("DH1") in Kuantan
The Group sold three units of DH1 and recognised RM0.79 million revenue in 1H2017. The remaining 46 units have a balance revenue of RM24.51 million. As at 30 June 2017, construction of DH1 has been 45% completed. We expects sales to pick up once DH1 is fully completed.
- ii. Aliff Square 1 ("AS1") in Johor Bahru
The Group did not sell at AS1 units in 1H2017 and thus did not record any revenue from AS1. There is one remaining unit at AS1 valued at RM3.88 million.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES(CON'T)

An analysis of the results of each segment is as follows:- (Con't)

a) Property Development (con't)

- iii. Aliff Square 2("AS2") in Johor Bahru
The Group sold four units of AS2 in 1H2017, contributing RM7.76 million in revenue. The remaining 12 units have a balance revenue of RM28.24 million. Despite challenging market condition, we expects to sell the remaining units by 1H2018. As at 30 June 2017, construction of AS2 has been 95% completed.

The Property Development segment recorded a profit of RM6.0 million in 1H2017 compared to loss of RM6.0 million in 1H2016, lifted by the sales of units at DH1 and AS2.

b) Integrated Facility Management ("IFM")

The IFM segment consists of engineering and maintenance services, cleaning services and parking operations and recorded a revenue increase of RM17.0 million to RM99.1 million in 1H2017 compared to RM82.1 million in 1H2016.

The revenue was lifted by a 92.1% increase in contribution from engineering and maintenance services which recorded RM21.5 million in 1H2017 compared to RM11.2 million in 1H2016, due primarily to the contract at RAPID at Pengerang, Johor.

The IFM segment posted a lower profit of RM988,000 in 1H2017, compared to RM1.9 million in 1H2016. The decrease in profit despite the higher revenue is due to high initial operating costs mainly on manpower. The Group expects profit from the RAPID project to increase by 2H2017.

Revenue from parking operations increased to RM60.4 million in 1H2017 from RM56.2 million in 1H2016 due primarily to better overseas operations and favourable foreign exchange rates.

Parking operations recorded a profit of RM950,000 in 1H2017, lower than the RM1.3 million in 1H2016 due to higher operating expenses.

A profit contributed from domestic operation has dropped significantly as compared to overseas due to loss of 4 major car parks as compared to 1 car park from overseas. However, as at 2ndQtr17, the parking operation both domestic and overseas gained an additional 6 new contracts for car parks.

Cleaning services recorded a 16.1% increase in revenue to RM17.2 million in 1H2017 from RM14.8 million in 1H2016. Profit increased to RM0.82 million from RM0.43 million over the comparative periods, due to higher contributions from a new project secured in 1H2017.

c) Project Management Consultancy ("PMC")

The PMC segment recorded a 11.7% decrease in revenue to RM5.13 million in 1H2017 from RM5.81 million in 1H2016. In line with the lower revenue, the PMC segment recorded lower revenue of RM0.43 million from RM1.27 million over the comparative periods due to contracts ending and an increase in operating expenses.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B2 MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE IMMEDIATE PRECEDING QUARTER

	Current Quarter 30-Jun-17	Immediate Preceding Quarter 31-Mar-17	Changes %
Revenue	66,702	50,771	31%
Operating Profit	18,798	8,814	113%
Profit / (Loss) Before Interest and Tax	6,730	(1,526)	341%
Profit / (Loss) Before Tax	6,499	(1,737)	274%
Profit / (Loss) After Tax	4,516	(2,061)	119%
Profit / (Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	4,825	(1,348)	258%

The Group's revenue for the three months ended 30 June 2017 ("2Q17") increased 31% to RM66.7 million from RM50.8 million the three months ended 31 March 2017 ("1Q17"). The increase was mainly due to sales of property from AS2 and DH1 and higher contribution from IFM mainly due to higher contribution from RAPID Temporary Executive Village (RTEV) and RAPID Temporary Management Offices (RTMO) in Pengerang.

Staff costs increased RM1.3 million to RM8.17 million in 2Q17 compared to RM7.05 million. Tax expense rose by RM1.66 million in 2Q17 compared to 1Q17, in line with the higher revenue.

In 2Q17, the Group's profit before tax increased to RM6.5 million from a loss before tax of RM2.06 million in 1Q17 in tandem with increase in revenue and lower operating expenses.

DAMANSARA REALTY BERHAD (4030-D)**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.****B3 CURRENT YEAR'S PROSPECTS**

The Group implemented a Strategic Restructuring Plan ("SRP") with the main objective of accelerating corporate recovery and enhancing shareholder value. In view of the actions undertaken, the Group expects to achieve a revenue growth for the financial year ending 31 December 2017, mainly from the following activities:-

a) Property Development

- i) Joint venture with Country Garden Management to develop a 53-acre integrated township in Johor Bahru, known as Central Park, as mentioned in para B6 (6).
- ii) Expected sales from property development in Damansara Hills 1 (46 units), Kuantan, Pahang and Aliff Square 2 (12 units), and one unit of Aliff Square 1, Johor Bahru, Johor.

b) Integrated Facility Management ("IFM")

Full year operations for the following contracts secured in 2016:

- i) "Comprehensive Cleaning and Related Services (Category1)" contract at KL International Airport by Malaysia Airports (Sepang) Sdn Bhd for a total contract sum of RM 28.90 million from 1 April 2016 until 31 March 2019.
- ii) Operation and Maintenance of RAPID Temporary Executive Village (RTEV) and RAPID Temporary Management Offices (RTMO) (the "RTEV and RTMO Contract") by Petronas Refinery and Petrochemical Corporation Sdn Bhd ("PRPC"). The RTEV and RTMO Contract is for 38 months commencing in January 2017 with an estimated contract value of RM124.0 million.

B4 PROFIT FORECAST/PROFIT GUARANTEE

There were no changes in Profit forecast / profit guarantee during the current quarter under review.

B5 INCOME TAX EXPENSE

	Individual quarter		Preceding quarter	
	Year	Year	Year	Year
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current tax	1,983	698	2,307	1,246
	<u>1,983</u>	<u>698</u>	<u>2,307</u>	<u>1,246</u>

B6 STATUS OF CORPORATE PROPOSAL**1) New Issues Of Securities (Chapter 6 Of Listing Requirements)-Bonus Issues**

The Company on 6 June 2017 entered into a supplemental letter ("Supplemental Letter 3") with Advance Opportunities Fund I and Advance Capital Partners Assets Management Private Limited to amend the Fulfilment Date stipulated in the Subscription Agreement (as supplemented by the supplemental letter dated 7 March 2017 (Supplemental Letter 2)). The revision is as follows:

Original term per Subscription Agreement	Revised term per Supplemental
"Fulfilment Date means 7 June 2017, or such other date as the Parties may agree in writing"	"Fulfilment Date means 7 September 2017, or such other date as the Parties may agree in writing".

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B6 STATUS OF CORPORATE PROPOSAL (CON'T)

1) New Issues Of Securities (Chapter 6 Of Listing Requirements)-Bonus Issues (Con't)

On 22 June 2017 entered into a supplemental agreement with the Subscriber and ACPAM ("Supplemental Letter 2") to vary and amend certain commercial terms of the subscription agreement (as supplemented by the supplemental letter dated 6 June 2017)("Subscription Agreement") and the relevant provisions of the Subscription Agreement pursuant to the implementation of the Companies Act,2016.

The Company would make the appropriate announcement upon approval from relevant authority for the proposals in due course.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B7 BORROWINGS AND DEBT SECURITIES

As at 2nd quarter ended 2017					
Long Term		Short Term		Total Borrowings	
Foreign denomination RM ('000)	RM ('000) denomination	Foreign denomination RM ('000)	RM ('000) denomination	Foreign denomination RM ('000)	RM ('000) denomination
Secured					
Term Loan	0	1,636	0	11	1,647
Hire purchase	1,603	898	1,107	756	1,654
Unsecured					
Advanced from shareholder of a subsidiary	0	0	0	1,805	1,805
Advanced from shareholder	0	0	0	7,554	7,554
Total	1,603	2,534	1,107	10,126	12,660

As at 2nd quarter ended 2016					
Long Term		Short Term		Total Borrowings	
Foreign denomination ('000)	RM ('000) denomination	Foreign denomination RM ('000)	RM ('000) denomination	Foreign denomination RM ('000)	RM ('000) denomination
Secured					
Bank Overdraft	-	-	-	(76)	(76)
Term Loan	-	127	-	2,611	2,738
Hire purchase	3,237	1,137	(158)	1,415	2,552
Revolving Credit	-	-	-	85	85
Unsecured					
Advanced from shareholder of a subsidiary	-	-	-	1,805	1,805
Advanced from shareholder	-	-	-	7,388	7,388
Total	3,237	1,264	(158)	13,228	14,492

Advance from shareholder increase in current year due to increase in interest charged by 2.5% .
Hire purchase decrease due to repayment and interest charged on average of 5.5%.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B8 CHANGES IN MATERIAL LITIGATION

a) Bungsar Hill Holdings Sdn Bhd v Damansara Realty Berhad

On 4 February 2016, The Federal Court registrar has fixed the matter for hearing on 12 May 2016. The Federal Court had on 12 May 2016 granted BHH's leave to appeal on one single question on law only. The suit has been fixed for case management on 18 November 2016.

During the case management on 18 November 2016, the parties' solicitors had informed the Federal Court that the Grounds of Judgment from the Court of Appeal had not been obtained despite of the several requests made. The Federal Court also informed that the Appeal cannot be heard until the Grounds of Judgment had been obtained from the Court of Appeal. The next case management is fixed on 21 September 2017 pending the receipt of the Court of Appeal's Grounds of Judgments.

b) Om Cahaya Mineral Asia Berhad v Damansara Realty (Pahang) Sdn Bhd

On 5 February 2016, Om Cahaya Mineral Asia Berhad ("Om Cahaya") has filed a claim for unlawful termination of contract in relation to their alleged appointment to carry out mining works at Damansara Realty (Pahang) Sdn Bhd's ("DRP") land in Kuantan, Pahang.

DRP had on 14 April 2016 filed an application to strike out the suit to the court. The matter has come up for hearing of the striking out application on 27 May 2016 whereby the Kuala Lumpur High Court has allowed DRP's application to strike out Om Cahaya's summons and statement of claim with costs.

Om Cahaya appealed to the Court of Appeal against the Kuala Lumpur High Court decision in striking out the suit. On 6 March 2017, the Court of Appeal allowed Om Cahaya's appeal, overturned the Kuala Lumpur High Court's decision and ordered to revert the case to the Kuala Lumpur High Court ("decision of the Court of Appeal").

In the Kuala Lumpur High Court, Om Cahaya has filed an application to transfer the case to the Kuantan High Court ("transfer application"). During the case management on 17 April 2017, the Court has instructed DRP to reply to Om Cahaya's transfer application by 28 April 2017 and for Om Cahaya to reply to DRP's reply by 12 May 2017. On 12 May 2017, the Court fix a case management date on 07 June 2017 for the parties to file their written submissions in Court, and a Hearing date for the transfer application on 21 June 2017 before the Judicial Commissioner Dato' Nik Hasmad binti Nik Mohamad.

On 7 June 2017, Om Cahaya withdrew their transfer application. Due to that, during the case management on 21 June 2017, the learned judge gave the pre-trial directions that the Bundle of Pleadings, Agreed Facts, Issues to be Tried and Summary of Case to be filed by the next Case Management date on 27 July 2017. During the Case Management on 27 July 2017, the learned judge re-fixed the matter for Case Management on 21 August 2017 as both parties informed the Court that they are still sorting out the Issues to be Tried, Agreed Facts and documents. The Learned Judge also expects an update on the outcome of DRP's application for leave to appeal to the Federal Court (as mention below) during the upcoming case management on 21 August 2017.

Meanwhile, on 04 April 2017, DRP filed an application for leave to appeal to the Federal Court against the aforesaid decision of the Court of Appeal ("leave application"). During the case management on 26 April 2017, the Court has fixed the Hearing for DRP's leave application on 14 August 2017. However, during the Hearing on 14 August 2017, the Federal Court adjourned the case pending the receipt of the Court of Appeal's Grounds of Judgment. The Federal Court shall notify all parties on the new case management date in due course.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017.

B9 DIVIDEND

The Directors did not recommend any dividend for the current quarter under review.

B10 EARNINGS PER SHARE ("EPS")

	<u>Cumulative 6 months</u>	
	<u>Current</u> <u>Quarter</u> <u>30-Jun-17</u>	<u>Preceding</u> <u>Year Quarter</u> <u>30-Jun-16</u>
a) Basic EPS		
Net (loss)/profit attributable to ordinary shareholders (RM'000)	3,197	(9,874)
Weighted average number of ordinary shares in issue ('000)	309,371	309,371
Basic earnings per ordinary share (sen)	1.03	(3.19)

Basic earnings per share is calculated by dividing the net (loss)/profit for the quarter by the weighted average number of ordinary shares in issue during the current quarter under review.

b) Diluted EPS

Diluted earnings per share is calculated by dividing the net profit/(loss) for the quarter by the weighted average number of ordinary shares in issue after taking into consideration all dilutive potential ordinary shares in issue. Diluted earnings per share is not applicable.

BY ORDER OF THE BOARD

WAN RAZMAH BINTI WAN ABD RAHMAN [MAICSA 7021383]

Secretary

Kuala Lumpur

28 August 2017