

**UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED
 30 SEPTEMBER 2017**
Consolidated Statement of Comprehensive Income

	Individual			Cumulative		
	Current year	Preceding year	Changes	Current year	Preceding year	Changes
	30-Sep-2017 RM'000	30-Sep-2016 RM'000	%	30-Sep-2017 RM'000	30-Sep-2016 RM'000	%
Revenue	64,760	45,180	43%	182,233	133,107	37%
Cost of sales	(50,775)	(37,424)	-36%	(140,636)	(109,849)	-28%
Gross profit	13,985	7,756	80%	41,597	23,258	79%
Interest income	48	54	-11%	141	172	-18%
Other income	290	802	-64%	2,166	1,411	53%
Employee benefits expense	(7,250)	(4,567)	-59%	(22,473)	(14,919)	-51%
Other operating expenses	(5,972)	(5,817)	-3%	(15,126)	(15,063)	0%
Operating profit / (loss)	1,101	(1,772)	162%	6,305	(5,141)	223%
Finance cost	(240)	(2,241)	89%	(682)	(7,386)	91%
Profit / (Loss) before tax	861	(4,013)	121%	5,623	(12,527)	145%
Income tax expenses	(324)	(739)	56%	(2,631)	(1,985)	-33%
Profit / (Loss) for the period	537	(4,752)	111%	2,992	(14,512)	121%
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	274	338	-19%	554	295	88%
Total comprehensive income for the year	811	(4,414)	118%	3,546	(14,217)	125%
(Loss) / Profit Attributable to:						
Owners of the parent	(906)	(4,657)	81%	2,291	(14,531)	116%
Non-controlling interests	1,443	(95)	1618%	701	19	3618%
	537	(4,752)	111%	2,992	(14,512)	121%
Comprehensive income Attributable to:						
Equity holders of the Company	(632)	(4,320)	85%	2,845	(14,236)	120%
Non-controlling interests	1,443	(94)	1635%	701	19	3618%
	811	(4,414)	118%	3,546	(14,217)	125%
Earnings per share attributable to equity holders of the Company:						
Basic earnings per share (sen)	(0.29)	(1.51)		0.74	(4.70)	
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 SEPTEMBER 2017**

Consolidated Statement of Comprehensive Income

	Individual		Cumulative	
	Current year 30-Sep-2017 RM'000	Preceding year 30-Sep-2016 RM'000	Current year 30-Sep-2017 RM'000	Preceding year 30-Sep-2016 RM'000
Profit / (Loss) For The Period	537	(4,752)	2,992	(14,512)
Other Comprehensive Income/(Loss) For The Period, Net Of Income Tax	274	338	554	295
Total Comprehensive Income For The Period, Net Of Income Tax	811	(4,414)	3,546	(14,217)
Total Comprehensive Income Attributable To:				
Owners of the Company	(906)	(4,657)	2,291	(14,531)
Non-controlling interests	1,443	(95)	701	19
	537	(4,752)	2,992	(14,512)

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

Interest Income	48	54	141	172
Other Income Including Investment Income	290	802	2,166	1,411
Interest Expenses	(240)	(2,241)	(682)	(7,386)
Depreciation and Amortization	(530)	(584)	(1,707)	(1,840)

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 September 2017

	Unaudited 30-Sep-2017 <i>RM'000</i>	Audited 31-Dec-2016 <i>RM'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	25,741	23,216
Land held for property development	227,728	227,342
Investment properties	1,500	3,054
Investment in associates*	-	-
Deferred tax assets	579	779
Other investments	51	51
Other Assets	-	-
Goodwill on consolidation	1,410	1,410
	257,009	255,852
Current assets		
Property development costs	7,094	-
Inventories	3,724	4,000
Trade receivables and other receivables	103,630	51,815
Other current assets	6,113	5,385
Cash and bank balances	8,878	25,672
	129,439	86,872
TOTAL ASSETS	386,448	342,724
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	11,394	14,230
Trade and other payables	268,698	227,298
	280,092	241,528
Net current liabilities	(150,653)	(154,656)
Non-current liabilities		
Loans and borrowings	7,192	5,013
Deferred tax liabilities	469	480
	7,661	5,493
Total Liabilities	287,753	247,021
Net assets	98,695	95,703
Equity attributable to owners of the parent		
Share capital	154,685	154,685
Share premium	156	156
Accumulated losses	(44,166)	(47,011)
Merger Reserve	(18,568)	(18,568)
Capital reserve	85	85
Exchange reserve	(1,932)	(1,378)
Shareholders' equity	90,260	87,969
Non-controlling interests	8,435	7,734
Total equity	98,695	95,703
TOTAL EQUITY AND LIABILITIES	386,448	342,724
Net Assets Per Share Attributable to Owners of the Company (RM)	0.292	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 September 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	2,992	2,291	-	-	-	-	(554)	2,845	701
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	-
Closing balance at 30 September 2017	98,695	90,260	154,685	156	85	(18,568)	(1,932)	(44,166)	8,435
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	(14,512)	(14,531)	-	-	-	-	(295)	(14,236)	19
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	-
Closing balance at 30 September 2016	108,972	100,265	154,685	156	85	(18,568)	(1,326)	(34,767)	8,707

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 September 2017

	9 months ended 30-Sep-2017 <i>RM'000</i>	9 months ended 30-Sep-2016 <i>RM'000</i>
Receipt from customers	127,134	125,562
Payment to suppliers, creditors and employees	(126,098)	(120,273)
Payment of income taxes (paid)/refunded	(6,148)	(11,310)
Interest paid	(499)	(548)
Total Cash flow used in operating activities	(5,611)	(6,569)
Purchase of property, plant and equipment	(7,055)	(2,051)
Interest received	112	374
Total Cash flow used in investing activities	(6,943)	(1,677)
Cash flow from financing activities		
Net drawdown/repayment of obligations under finance leases	(1,901)	(2,704)
Net of drawdown/repayment of loan & borrowings	(2,339)	(3,473)
Total Cash flow used in financing activities	(4,240)	(6,177)
Decrease in cash and cash equivalents	(16,794)	(14,423)
Cash and cash equivalents as at 1 January	25,672	41,003
Cash and cash equivalents as at 30 September	8,878	26,580

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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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.

Malaysian Financial Reporting Standards (MFRS Frameworks)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venture (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The financial statements could be different if prepared under the MFRS Framework.

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.

DAMANSARA REALTY BERHAD (4030-D)

**A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE
THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (CONT'D)**

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.

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 and Land Development ("PLD") - 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, maintenance

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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (CONT'D)

A8 SEGMENTAL INFORMATION

	HOLDING CO.		INTEGRATED FACILITY MANAGEMENT *		PROPERTY AND LAND DEVELOPMENT		PROJECT MANAGEMENT CONSULTANCY		OTHERS		ADJUSTMENTS AND ELIMINATIONS		PER CONSOLIDATED	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-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	-	-	157,648	122,682	15,680	2,965	8,905	7,460	-	-	-	-	182,233	133,107
- Inter company sales	5,332	-	-	-	-	3,218	-	-	-	-	(5,332)	(3,218)	0	-
Total revenue	5,332	-	157,648	122,682	15,680	6,183	8,905	7,460	-	-	(5,332)	(3,218)	182,233	133,107
Results:														
Interest Income	-	50	95	15	10	102	36	-	-	5	-	-	141	172
Depreciation and amortisation	408	430	1,161	1,266	28	25	109	104	1	15	-	-	1,707	1,840
Segment profit/(loss)	(5,084)	(8,649)	5,804	1,941	4,444	(5,284)	351	1,357	108	(26)	-	(1,866)	5,623	(12,527)
Assets :														
Segment assets	93,467	91,394	112,025	89,100	267,788	236,321	20,574	21,828	39,609	43,519	(147,015)	(133,449)	386,448	348,713
Segment liabilities	55,863	57,433	94,456	63,893	269,783	231,266	7,892	8,680	111,106	112,603	(251,347)	(234,134)	287,753	239,741

* Note : inclusive overseas operations

	30-Sep-17					
	Singapore SGD ('000)	RM ('000)	Philippines PHP ('000)	RM ('000)	Malaysia RM ('000)	Total RM ('000)
Revenue	9,329	29,099	294,844	24,531	104,018	157,648
Profit / (loss)	(8)	(25)	25,450	2,117	3,712	5,804
Assets	5,778	18,023	127,356	10,596	83,406	112,025
Liabilities	4,758	14,842	81,786	6,805	72,809	94,456

	30-Sep-16					
	Singapore SGD ('000)	RM ('000)	Philippines PHP ('000)	RM ('000)	Malaysia RM ('000)	Total RM ('000)
Revenue	8,681	26,297	205,378	17,519	78,866	122,682
Profit / (loss)	(53)	(161)	17,224	1,469	633	1,941
Assets	3,245	9,830	99,419	8,480	70,790	89,100
Liabilities	2,143	6,492	57,746	4,926	52,475	63,893

Exchange rate : RM3.1193RM0.0832RM3.0293RM0.0853

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 which exceed its current assets by RM 155 million. This amount mainly due to Johor City Development Sdn Bhd ("JCDSB") and 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 terms 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.

On 22 November 2017, the Company received the approval from Economic Planning Unit for the Proposed Acquisition 1 and accordingly the Proposed Acquisition 1 has been completed in accordance with the terms and conditions of the Spa 1 on 22 November 2017.

In view, thereof, the Aggregate Settlement Sum of RM141,526,000 payable by DRJ to JCD and JLand under the Settlement Agreement has now been reduced to RM11,226,000, which is payable by DAC Land to JLand in accordance with the terms of the SPA2.

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
THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017.

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

The Group's revenue for the nine months ended 30 September 2017 ("Q3 FY2017") increased by RM49.13 million, or 37%, to RM182.23 million, compared to RM133.11 million for the nine months ended 30 September 2016 ("Q3 FY2016").

Q3 FY2017 gross profit increased 79% to RM41.60 million compared to RM23.26 million in Q3 FY2016, lifting gross profit margin to 23% from 17% over the comparative periods.

The Group's operating profit rose 121% to RM2.99 million in Q3 FY2017 from an operating loss of RM14.51 million in Q3FY2016.

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 Q3 FY2017 due primarily to contributions from Integrated Facility Management and Property Development increasing significantly by RM34.97 million and RM9.50 million, respectively;
- ii) Other income increasing to RM2.17 million in Q3 FY2017 from RM1.41 million in Q3 FY2016 due to sales of investment properties amounting to RM0.98 million; and
- iii) Finance cost decreasing significantly by RM6.7 million, or 91%, to RM0.68 million in Q3 FY2017 from RM7.39 million in Q3 FY2016 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.

In relation to the Group's liquidity, the current ratio has improved to 0.46 in Q3 FY2017 from 0.36 in Q3 FY2016, and is expected to improve further by 2H2017.

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

a) Property and Land Development ("PLD")

The Group recognises revenue from the Property Development segment based on the stage of completion and sale. The segment recorded RM15.68 million revenue in Q3FY2017, in comparison, RM2.97 in Q3 FY2016. The revenue increase is attributable to :-

- i. **Damansara Hill 1 ("DH1")**
The Group sold four units of DH1 and recognised RM1.36 million revenue in Q3 FY2017. The remaining 45 units will generate revenue of RM23.93 million. As at 30 September 2017, DH1 recorded average completion of 52% and we expect sales to pick up once DH1 is fully completed.
- ii. **Aliff Square 2 ("AS2").**
The Group sold five units of AS2 in Q3 FY2017, contributing RM10.49 million in revenue. The remaining 11 units will generate revenue of RM26.68 million once sold. Despite challenging market condition, we expect to sell the remaining units by 1H2018. As at 30 September 2017, construction of AS2 has been 95% completed.

Property Development recorded a segmental profit of RM4.44 million as compared to loss of RM 5.28 million in Q3 FY2016.

DAMANSARA REALTY BERHAD (4030-D)**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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)

b) Integrated Facility Management ("IFM")

The IFM contributed to 87% of overall Group revenue of RM182.23 million in Q3 FY2017.

The IFM segment, consisting of engineering and maintenance services, cleaning services and parking operations, recorded a revenue increase of 29% or RM34.97 million to RM157.65 million in Q3 FY2017 compared to RM122.68 million in Q3 FY2016. This increased is mainly from new contracts secured during the year.

The IFM segment profit grew 199% to RM5.80 million against RM1.94 million in Q3 FY2017, resulting in a 4% margin as compared to only 1.5% in Q3 FY2016.

Inclusive in IFM segment, overseas operation revenue contribution from Singapore and Phillipines amounting to RM29.1 million (SGD 9.4 million) and RM24.5 million (PHP 294.8 million). Loss and profit before tax shows RM0.02 million (SGD 0.08 million) and RM2.1 million (PHP 25.4 million) respectively.

c) Project Management Consultancy ("PMC")

The PMC segment recorded a higher revenue in Q3 FY2017 of RM8.91 million, an increase of RM1.45 million or 19% over the previous corresponding period.

Profit for Q3 FY2017 was lower at RM0.35 million, by over RM1.01 million compared to Q3 FY2016, due to the completion of high margin Construction Consultancy contract in Q3 FY2016.

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

	Current Quarter 30-Sep-17 <i>RM'000</i>	Immediate Preceding Quarter 30-Jun-17 <i>RM'000</i>	Changes %
Revenue	64,760	66,702	-3%
Operating Profit	13,985	18,798	-26%
Profit Before Interest and Tax	1,101	6,730	-84%
Profit Before Tax	861	6,499	-87%
Profit After Tax	537	4,516	-88%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	(632)	4,824	-113%

The Group's revenue for the three months period ended 30 September 2017 ("3Q 2017") decreased 3% to RM64.76 million from RM66.70 million the three months ended 30 June 2017 ("2Q 2017"). The decrease was mainly due to lower sales of property from AS2 and DH1.

Staff costs decreased RM0.92 million to RM7.25 million in 3Q 2017 compared to RM8.17 million in 2Q FY2017. Tax expense reduce by RM1.74 million in 3Q 2017 compared to 2Q 2017, in line with the lower revenue.

In 3Q 2017, the Group's profit before tax decreased to RM0.86 million from a profit before tax of RM6.50 million in 2Q 2017 in tandem with decrease in revenue and higher operating expenses.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017.

B3 CURRENT YEAR'S PROSPECTS

The Group has implemented a Strategic Restructuring Plan to accelerate corporate recovery and enhance shareholder value. In view of the actions undertaken, the Group expects to achieve revenue / profitability growth for the financial year ending 31 December 2017, mainly from the following activities:-

a) Property Development Activities

- 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 DH1 (46 units), Kuantan, Pahang and Aliff Square 2 (12 units), and 1 unit of Aliff Square 1, Johor Bahru, Johor.

b) Property Services Activities

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 said RTEV and RTMO Contract is for 38 months commencing in January 2017. The estimated contract value is RM 124.0 million.

DAMANSARA REALTY BERHAD (4030-D)**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017.****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-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	RM'000	RM'000	RM'000	RM'000
Current tax	324	739	2,631	1,985
	<u>324</u>	<u>739</u>	<u>2,631</u>	<u>1,985</u>

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

Since the last quarter report ended 28 August 2017, the following are the changes:-

On 26 September 2017 a change of exercise price from RM0.83 per warrant to RM0.58 per warrant, representing a premium of approximately 5.84% to the 45 day VWAMP of DBhd Shares up to including 25 September 2017 being the last trading day prior of the warrant of RM0.548.

On 2 October 2017, The Bursa Securities had approved the following:-

- i) the admission of 154,685,630 Warrants to the Official List of Bursa Securities; and
- ii) the listing and quotation for:
 - a) 154,685,630 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants;
 - b) up to 154,685,630 new DBhd Shares to be issued pursuant to the exercise of the Warrants; and
 - c) up to 300,000,000 new DBhd Shared to be issued upon conversion of the Notes pursuant to the Proposed Notes Issue on the Main Market of Bursa Securities.

The approval granted by Bursa Securities for the Proposals is subject to the following conditions:

- i) DBhd to comply with Paragraph 8.02 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") prior to the quotation of all the new DBhd Shares to be issued upon conversion of the Notes pursuant to the Proposed Notes Issue;
- ii) to fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- iii) to inform Bursa Securities upon the completion of the Proposals; and
- iv) to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.

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

During Extraordinary General Meeting on 8 November 2017, the shareholders had approved the above corporate proposal.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017.

B7 BORROWINGS AND DEBT SECURITIES

As at 3rd quarter ended 2017								
Long Term			Short Term			Total Borrowings		
Foreign denomination ('000)	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination ('000)	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination ('000)	Foreign denomination RM ('000)	Denomination RM ('000)
Secured								
Term Loan:-	-	1,644	-	-	12	-	-	1,656
SGD 989	3,078	-	-	-	-	SGD 989	3,078	-
Hire purchase :-	-	860	-	-	516	-	-	1,376
SGD 486	1,513	-	SGD 465	1,447	-	SGD 951	2,960	-
PHP 1,161	97	-	PHP 190	16	-	PHP 1,351	113	-
Unsecured								
Advanced from shareholder of a subsidiary	-	-	-	-	1,805	-	-	1,805
Advanced from shareholder	-	-	-	-	7,598	-	-	7,598
Total	4,688	2,504		1,463	9,931		6,151	12,435

As at 3rd quarter ended 2016								
Long Term			Short Term			Total Borrowings		
Foreign denomination ('000)	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination ('000)	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination ('000)	Foreign denomination RM ('000)	Denomination RM ('000)
Secured								
Bank Overdraft	-	-	-	-	(73)	0	-	(73)
Term Loan	-	625	-	-	2,841	0	-	3,466
Hire purchase :-	-	1,843	-	-	88	0	-	1,932
SGD 986	2,988	-	SGD 54	165	-	SGD 1,040	3,152	-
PHP 260	22	-	PHP 59	5	-	PHP 319	27	-
Revolving Credit	-	-	-	-	85	0	-	85
Unsecured								
Advanced from shareholder of a subsidiary	-	-	-	-	1,805	-	-	1,805
Advanced from shareholder	-	-	-	-	7,423	-	-	7,423
Total	3,010	2,468		170	12,169		3,179	14,638

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%.

Exchange rate :-	<u>2017</u>	<u>2016</u>
Singapore (SGD)	RM 3.1193	RM 3.0293
Phillipines (PHP)	RM 0.0832	RM 0.0853

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017.

B8 CHANGES IN MATERIAL LITIGATION

Since the last report for the quarter ended 30 June 2017, the following are the changes:

a) Bungsar Hill Holdings Sdn Bhd v Damansara Realty Berhad

On 4 February 2016, the Federal Court ("FC") registrar has fixed the matter for hearing on 12 May 2016. The FC 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 FC that the Grounds of Judgment ("GOJ") from the Court of Appeal ("COA") had not been obtained despite of the several requests made. The FC also informed that the Appeal cannot be heard until the GOJ had been obtained from the COA. During the case management on 22 November 2017, the FC fixed another case management on 24 January 2018 pending the receipt of the COA's GOJ.

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

On 5 February 2016, Om Cahaya Mineral Asia Berhad ("Om Cahaya") 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.

On 14 April 2016, DRP filed an application to strike out the suit. On 27 May 2016 the Kuala Lumpur High Court ("KLHC") allowed DRP's application to strike out Om Cahaya's summons and statement of claim ("Decision") with costs of RM5,000.00 and allocator fee of RM200.00.

Om Cahaya appealed to the Court of Appeal ("COA") against the Decision and the COA fixed a case management on 8 November 2016 pending the extraction of the sealed order. The COA then fixed another case management date on 20 November 2017 for the parties to file their written submissions together with their bundle of authorities, executive summary and common chronology of facts. The COA also fixed the Hearing date of the appeal on 6 March 2017.

On 6 March 2016, the COA allowed Om Cahaya's appeal against the Decision with cost in cause and ordered for the case to be reverted to KLHC for trial. The COA fixed a case management date at the KLHC on 13 March 2017. On 13 March 2017, the KLHC fixed a new case management date on 27 March 2017 pending the duly sealed COA Order dated 6 March 2017. The KLHC subsequently postponed the case management to 31 March 2017 and subsequently, on 18 April 2017.

On 17 April 2017, Om Cahaya filed in an application to the KLHC to transfer the case to Kuantan High Court and subsequently withdrew the same on 7 June 2017 with no order to costs. On 21 June 2017, the KLHC directed the parties to file cause papers for trial by the next case management date, on 6 November 2017.

On 20 April 2017, the parties updated the Federal Court ("FC") of the case and the FC fixed a new case management date on 27 April 2017 for hearing date with respect to DRP's leave to appeal to the FC. On 27 April 2017, the FC further fixed another date, on 14 August 2017, pending receipt of the ground of judgment ("GOJ") from the COA. Thereafter, the FC fixed another date, on 15 November 2017 whereby the parties were required to update the FC on the receipt of the COA's GOJ. On 15 November 2017, the FC then fixed another case management on 9 January 2018 pending receipt of the said GOJ.

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017.

B8 CHANGES IN MATERIAL LITIGATION (Con't)

b) Om Cahaya Mineral Asia Berhad v Damansara Realty (Pahang) Sdn Bhd (con't)

On 6 November 2017, DRP informed the KLHC that DRP has filed the stay application pending leave of appeal from the FC ("stay application"). On 17 November 2017, the KLHC allowed DRP's stay application. The KLHC then fixed a case management on 17 January 2018 for the parties to update the KLHC on the status of FC case.

B9 DIVIDEND

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

B10 EARNINGS PER SHARE ("EPS")

	Cumulative 9 months	
	Current Quarter 30-Sep-17	Preceding Year Quarter 30-Sep-16
a) Basic EPS		
Net (loss)/profit attributable to ordinary shareholders (RM'000)	2,291	(14,531)
Weighted average number of ordinary shares in issue ('000)	309,371	309,371
Basic earnings per ordinary share (sen)	0.74	(4.70)

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

30 November 2017