DAMANSARA REALTY BERHAD (4030-D)

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Consolidated Statement of Comprehensive Income

	Individual			Cumulative		
	Current year	**Preceding year**	**Changes**	**Current year**	**Preceding year**	**Changes**
	31-Dec-2017	**31-Dec-2016**		**31-Dec-2017**	**31-Dec-2016**	
	RM'000	*RM'000*	%	*RM'000*	*RM'000*	%
Revenue	67,246	50,092	34%	249,479	183,200	36%
Cost of sales	(53,952)	(53,273)	-1%	(194,588)	(163,122)	-19%
Gross profit	13,294	(3,181)	518%	54,891	20,078	173%
Interest income	-	147	-100%	141	319	-56%
Other income	25,044	11,764	113%	27,210	13,175	107%
Employee benefits expense	(9,633)	(5,577)	-73%	(32,106)	(20,496)	-57%
Other operating expenses	(14,370)	(12,622)	-14%	(29,496)	(27,685)	-7%
Operating profit / (loss)	**14,335**	**(9,469)**	251%	**20,640**	**(14,609)**	**241%**
Finance cost	(663)	(2,569)	74%	(1,345)	(9,956)	86%
Share of loss of associate-co	(166)	-	-100%	(166)	-	-100%
Profit / (Loss) before tax	**13,506**	**(12,038)**	212%	**19,129**	**(24,565)**	**178%**
Income tax expenses	1,360	(1,326)	203%	(1,271)	(3,311)	62%
Profit / (Loss) for the period	**14,866**	**(13,364)**	**211%**	**17,858**	**(27,876)**	**164%**
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	(7)	20	-135%	547	315	74%
Total comprehensive income for the year	**14,859**	**(13,344)**	**211%**	**18,405**	**(27,561)**	**167%**
Profit / (Loss) for the period attributable to:						
Owners of the parent	14,729	(12,586)	217%	17,020	(27,118)	163%
Non-controlling interests	137	(778)	118%	838	(758)	211%
	14,866	**(13,364)**	**211%**	**17,858**	**(27,876)**	**164%**
Total comprehensive income for the period, net of tax attributable to:						
Owners of the parent	14,722	(12,566)	217%	17,567	(26,803)	166%
Non-controlling interests	137	(778)	118%	838	(758)	211%
	14,859	**(13,344)**	**211%**	**18,405**	**(27,561)**	**167%**
Earnings per share attributable to owners of the parent (sen per share)						
Basic earnings per share (sen)	4.75	(2.12)		5.48	(8.77)	
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.

DAMANSARA REALTY BERHAD (4030-D)

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Consolidated Statement of Comprehensive Income

	Individual		**Cumulative**	
	Current year 31-Dec-2017 RM'000	**Preceding year 31-Dec-2016 RM'000**	**Current year 31-Dec-2017 RM'000**	**Preceding year 31-Dec-2016 RM'000**
Profit / (Loss) For The Period	**14,866**	**(13,364)**	**17,858**	**(27,876)**
Other Comprehensive Income/(Loss) For The Period, Net Of Income Tax	(7)	20	547	315
Total Comprehensive Income For The Period, Net Of Income Tax	**14,859**	**(13,344)**	**18,405**	**(27,561)**
Total Comprehensive Income Attributable To:				
Owners of the Company	**14,729**	(12,586)	**17,020**	(27,118)
Non-controlling interests	**137**	(778)	**838**	(758)
	14,866	**(13,364)**	**17,858**	**(27,876)**

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

Interest Income	-	147	141	319
Other Income Including Investment Income	25,044	11,764	27,210	13,175
Interest Expenses	(663)	(2,569)	(1,345)	(9,956)
Depreciation and Amortization	(488)	(1,410)	(2,195)	(3,250)
Provision For/Write Off of Receivables	-	(3,538)	-	(3,538)

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 31 DECEMBER 2017

	Unaudited 31-Dec-2017 *RM'000*	**Audited 31-Dec-2016** *RM'000*
ASSETS		
Non-current assets		
Property, plant and equipment	25,022	23,216
Land held for property development	60,841	227,342
Investment properties	89,177	3,054
Investment in associates*	-	-
Deferred tax assets	531	779
Other investments	51	51
Other Assets	-	-
Goodwill on consolidation	1,410	1,410
	177,032	255,852
Current assets		
Property development costs	15,391	-
Inventories	3,195	4,000
Trade receivables and other receivables	92,914	51,815
Other current assets	3,225	5,385
Cash and bank balances	23,657	25,672
	138,382	86,872
TOTAL ASSETS	**315,414**	**342,724**
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	14,157	14,230
Trade and other payables	122,690	227,298
	136,847	241,528
Net current assets / (liabilities)	1,535	(154,656)
Non-current liabilities		
Loans and borrowings	12,375	5,013
Deferred tax liabilities	621	480
Trade and other payables	9,851	-
	22,847	5,493
Total Liabilities	159,694	247,021
Net assets	155,720	95,703
Equity attributable to owners of the parent		
Share capital	155,341	154,685
Share premium	-	156
Redeemable convertible notes	316	-
Revaluation reserves	41,603	-
Accumulated losses	(29,444)	(47,011)
Merger Reserve	(18,568)	(18,568)
Capital reserve	85	85
Exchange reserve	(1,925)	(1,378)
Shareholders' equity	147,408	87,969
Non-controlling interests	8,312	7,734
Total equity	**155,720**	**95,703**
TOTAL EQUITY AND LIABILITIES	**315,414**	**342,724**
Net Assets Per Share Attributable to Owners of the Company (RM)	**0.474**	**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 31 December 2017

	Equity Total	Equity attributable to owners of the parent Total	Attributable To Owners Of Parent								
			Non-Distributable								
	Equity Total RM'000	**Equity attributable to owners of the parent Total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Redeemable Convertible Notes RM'000**	**Revaluation reserves 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	17,858	17,020	-	-	-	-	-	-	(547)	17,567	838
Transfer to share capital	-	-	156	(156)	-	-	-	-	-	-	-
Arising from revaluation of Investment Properties	41,603	41,603	-	-	-	41,603	-	-	-	-	-
Conversion of Redeemable Convertible Notes ("RCN")	500	500	500	-	-	-	-	-	-	-	-
Estimated equity component of RCN	316	316	-	-	316	-	-	-	-	-	-
Dividend to non-controlling interest	(260)	-	-	-		-	-	-	-	-	(260)
Closing balance at 31 December 2017	**155,720**	**147,408**	**155,341**	**-**	**316**	**41,603**	**85**	**(18,568)**	**(1,925)**	**(29,444)**	**8,312**
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	(27,734)	(26,827)	-	-			-	-	(347)	(26,480)	(907)
Dividend to non-controlling interest	(47)	-	-	-			-	-	-	-	(47)
Closing balance at 31 December 2016	**95,703**	**87,969**	**154,685**	**156**		**-**	**85**	**(18,568)**	**(1,378)**	**(47,011)**	**7,734**

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 31 December 2017

	12 months ended 31-Dec-2017 *RM'000*	12 months ended 31-Dec-2016 *RM'000*
Receipt from customers	193,304	190,789
Payment to suppliers, creditors and employees	(176,485)	(185,428)
Payment of income taxes (paid)/refunded	(9,645)	(12,124)
Interest paid	(3,953)	(563)
Total Cash Flow used in operating activities	3,221	(7,326)
Purchase of property, plant and equipment	(7,920)	(2,040)
Interest received	134	396
Proceed from issuance of share	500	-
Total Cash Flow used in investing activities	(7,286)	(1,644)
Cash Flow from financing activities		
Net drawdown/repayment of obligations under finance leases	(2,470)	(2,824)
Net of drawdown/repayment of loan & borrowings	4,520	(3,537)
Total Cash Flow used in financing activities	2,050	(6,361)
Decrease in cash and cash equivalents	**(2,015)**	**(15,331)**
Cash and cash equivalents as at 1 January	25,672	41,003
Cash and cash equivalents as at 31 December	**23,657**	**25,672**

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.

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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.

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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

1) During the financial year the Company issued 1,000,000 shares due to conversion of RCN.

2) Other than the above, there are no 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 Consultantcy ("PMC") - facility management, project management and consultant, construction management, energy management services, hospital planning, maintenance services and manpower services.

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.

DAMANSARA REALTY BERHAD (4030-D)

A UNAUDITED REPORT FOR THE FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017 (CONT'D)

A8 SEGMENTAL INFORMATION

	HOLDING CO.		INTEGRATED FACILITY MANAGEMENT		PROPERTY AND LAND DEVELOPMENT		PROJECT MANAGEMENT CONSULTANCY		OTHERS		ADJUSTMENTS AND ELIMINATIONS		PER CONSOLIDATED	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-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	-	-	218,167	169,330	20,065	3,821	11,247	10,049	-	-		-	249,479	183,200
- Inter company sales	7,239	7,178	3,428	-	-	3,218	-	-	-	-	(10,667)	(10,396)	(0)	-
Total revenue	7,239	7,178	221,595	169,330	20,065	7,039	11,247	10,049	-	-	(10,667)	(10,396)	249,479	183,200
Results:														
Interest Income	10	76	66	35	22	111	43	92	-	5	-	-	141	319
Depreciation and amortisation	474	574	1,532	2,484	42	33	146	144	1	15	-	-	2,195	3,250
Segment profit/(loss)	2,276	1,987	6,672	(6,595)	11,801	(20,424)	502	1,634	119	1,781	(2,241)	(2,948)	19,129	(24,565)
Assets :														
Segment assets	99,849	95,217	117,036	94,092	229,681	243,517	20,797	22,515	39,648	40,014	(191,597)	(152,631)	315,414	342,724
Segment liabilities	52,159	52,531	101,595	80,419	182,675	248,889	8,200	10,100	111,095	111,685	(296,030)	(256,603)	159,694	247,021

*** Note : inclusive overseas operations**

	31-Dec-17					
	Singapore		Philippines		Malaysia	Total
	SGD ('000)	RM ('000)	PHP ('000)	RM ('000)	RM ('000)	RM ('000)
Revenue	13,212	40,010	401,422	32,595	176,874	**249,479**
Profit / (loss)	(316)	(958)	39,414	3,200	16,887	**19,129**
Assets	4,519	13,686	132,384	10,750	290,978	**315,414**
Liabilities	4,519	13,686	132,384	10,750	135,258	**159,694**
Exchange rate :	RM3.0284		RM0.0812			

	31-Dec-16					
	Singapore		Philippines		Malaysia	Total
	SGD ('000)	RM ('000)	PHP ('000)	RM ('000)	RM ('000)	RM ('000)
Revenue	11,846	36,814	305,713	27,514	118,872	**183,200**
Profit / (loss)	(116)	(360)	21,901	1,971	(26,176)	**(24,565)**
Assets	3,109	9,662	109,116	9,820	323,242	**342,724**
Liabilities	2,081	6,467	71,103	6,399	234,155	**247,021**
Exchange rate :	RM3.1077		RM0.0900			

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 amount due and payable for Development Rights Agreement payable to Johor City Development Sdn Bhd on 31 December 2016. The Group have entered into an 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 FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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
1. <u>Impairment of assets</u> a. Property, plant and equipment (Note 14 to the Financial statements) 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 parking machines to be obsolete. 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.	Our audit procedures included, among others; ● 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.
b. Trade and other receivables (Note 22 to the Financial Statements) 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.	Our audit procedures included, among others; ● 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 FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017 (CONT'D)

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

KEY AUDIT MATTERS		OUR RESPONSE
	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).	● Performed test on the accuracy and completeness of the data used by management.
c.	Investment properties (Note 16 to the Financial Statements) 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.	Our audit procedures included, among others; ● 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.
d.	Goodwill On Consolidation (Note 20 to the Financial Statements) 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.	Our audit procedures included, among others; ● 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 FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017 (CONT'D)

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

KEY AUDIT MATTERS	OUR RESPONSE
2. <u>Trade and other payables (Note 26 to the financial statements)</u> 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).	Our audit procedures included, among others; ● 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.
3. <u>Valuation of Inventories (Note 21 to the Financial Statements)</u> 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.	Our audit procedures included, among others; ● 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

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 commenced the process to address the Group's current liabilities for the year ended 2016 which exceeded its current assets by RM 155 million. This was 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.

A UNAUDITED REPORT FOR THE INTERIM FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017 (CONT'D)

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

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 Aggrement has now reduced to RM9,850,000, which is payable by DAC Land to JLand in accordance with the terms of the SPA 2.

As a result of the above, for the FY2017 the Group recorded RM1.53 million net current assets as compared to RM154.66 million net current liabilities in FY2016. This represent an improved financial ability of the Group to meet its current liabilities as compared to previous financial year.

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.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017.

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

The Group's revenue for the twelve months ended 31 December 2017 ("FY2017") increased by RM66.28 million, or 36%, to RM249.48 million, compared to RM183.20 million for the FY2016.

FY2017 gross profit increased by RM34.81 million or 173% as compared to RM20.08 million in FY2016, doubling gross profit margin to 22% from 11% over the comparative period.

The Group's operating profit increased by RM45.73 million or 164% in FY2017 from an operating loss of RM27.88 million in FY2016.

The improvement in the Group's revenue, gross profit and operating profit was due to 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 from Integrated Facility Management ("IFM") and Property Development by RM52.27 million and RM13.03 million respectively;

ii) IFM recorded RM52.27 million increased mainly due to the higher ongoing contracts from Menara TM, Dataran Maybank and Etiqa buildings, MRT stations, Singapore Sport Centres, Senai International Airport, KL International Airport and Pengerang Projects.

iii) For Property Development, the increase in revenue was due to higher contribution from Aliff Square 2 and Damansara Hill 1 in FY2017.

iv) Decrease in finance cost by RM8.61 million, or 86%, to RM1.35 million in FY2017 as compared to RM9.96 million in FY2016 due to absence of finance cost from unwinding of amount due to Johor City Development Sdn Bhd.

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

a) **Property and Land Development Activities**
The Group recognises revenue from the Property Development segment based on the stage of completion and sale. The segment recorded RM20.07 million revenue in FY2017, in comparison of RM7.04 million in FY2016. The revenue increase is attributable to :-

i. Damansara Hill 1("DH1")
The Group sold five units of DH1 and recognised RM1.67 million revenue in FY2017. The remaining 44 units will generate proceeds of RM23.63 million. As at 31 December 2017, DH1 recorded average completion of 60% and the sales is expected to pick up once DH1 is fully completed.

ii. Aliff Square 2("AS2").
The Group sold seven units of in FY2017, contributing RM14.69 million in revenue. The remaining nine units will generate proceeds of RM22.48 million once sold. Despite challenging market condition, we expect to sell the remaining units by 1H2018. As at 31 December 2017, construction of AS2 has been 95% completed.

Property Development recorded a segmental profit of RM11.80 million in FY2017 as compared to loss of RM20.42 million in FY2016.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 88.8% of overall Group revenue of RM249.48 million in FY2017.

The IFM segment, consisting of engineering and maintenance services, cleaning services and parking operations, recorded a revenue increase of RM52.27 million to RM221.60 million in FY2017 compared to RM169.33 million in FY2016.

The IFM segment profit grew by 201% to RM6.67 million against loss RM6.60 million in FY2017, resulting in a 3% margin as compared to negative 4% in FY2016.

c) **Project Management Consultancy ("PMC")**
The PMC segment recorded a higher revenue in FY2017 of RM11.25 million, an increase of RM1.20 million or 12% over the previous corresponding period.

Profit for FY2017 was lower at RM0.50 million by over RM1.13 million compared to FY2016, due to the completion of high margin Construction Consultancy contract in FY2016.

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

	Current Quarter	Immediate Preceeding Quarter	Changes
	31-Dec-17	**30-Sep-17**	**%**
Revenue	**67,246**	**64,760**	**4%**
Gross Profit	**13,294**	**13,985**	**-5%**
Operating Profit	**14,335**	**1,101**	**1202%**
Profit Before Tax	**13,506**	**861**	**1468%**
Profit After Tax	**14,866**	**537**	**2668%**
Total comprehensive income for the period, net of tax attributable to: Owners of the parent	**14,722**	**(632)**	**2431%**

The Group’s revenue for the three months period ended 31 December 2017 (“Q4 2017”) increased by 4% to RM67.25 million from RM64.76 million in the three months ended 30 September 2017 (“Q3 2017”). The increase was mainly due to higher revenue in IFM segment.

Staff costs increased by RM2.38 million to RM9.63 million or 33% in Q4 2017 compared to RM7.25 million in 3Q FY2017. Tax expense reduced by RM1.68 million in Q4 2017 compared to 3Q 2017, due to over provision of tax in prior year.

In Q4 2017, the Group’s profit before tax increased to RM13.51 million from a profit before tax of RM0.86 million in Q3 2017 in tandem with increase in revenue and higher other operating income.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017.

B3 CURRENT YEAR'S PROSPECTS

The Group has implemented a Strategic Restructuring Plan ("SRP") to accelerate corporate recovery and enhance shareholder value. The SRP initiatives resulted the Group to achieve higher revenue and better profitability in FY2017 as compared to FY2016.

In view of the actions undertaken, the Group expects to continue achieve revenue/ profitability growth in the future mainly from the following activities:-

a) Property and Land Development Activities

We are focused on accelerating property projects that can improve the Group's margins, cash flow and bottom line performance.

Our four main catalyst project are:

i) Central Park - a Joint Venture development with Country Garden for intergrated township in Johor

ii) Aliff Square 1 & 2 - a commercial development in Tampoi, Johor.

iii) Damansara Hills - a residential development in Kuantan, Pahang.

iv) PPA1M Project - affordable housing in Putrajaya.

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

We will continue to expand our IFM capabilities with minimal capital expenditure. We will also focus on innovation as a key part towards future growth and competitive edge.

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		**Cumulative quarter**	
	Year 31-Dec-17 *RM'000*	**Year 31-Dec-16** *RM'000*	**Year 31-Dec-17** *RM'000*	**Year 31-Dec-16** *RM'000*
Current tax	(1,360)	1,326	1,271	3,311
	(1,360)	1,326	1,271	3,311

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017.

B6 STATUS OF CORPORATE PROPOSAL

1) New Issues Of Securities (Chapter 6 Of Listing Requirements)-Bonus Issues

Since the last quarter report ended 30 November 2017, the following are the changes:-

Redeemable Convertible Notes ("RCN")

On 5 December 2017, the Company had drawn down RM3.0 million of RCNs, of which on 13 December 2017, RM0.5 million was converted into 1,000,000 ordinary shares.

On 8 January 2018 and on 12 January 2018, further RM0.5 million and RM1.5 million were converted into 1,000,000 ordinary share and 3,000,000 ordinary shares respectively.

As at the date of this report, the status of the utilization of the gross proceeds from the RCN is as follows :

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
Financing of property development avtivities	77,000	-	Within 36 month
Working capital requirements	61,000	6,000	Within 36 month
Estimated expenses in relation to the Proposed Notes Issued	12,000	-	Within 36 month
TOTAL	150,000	6,000	

DAMANSARA REALTY BERHAD (4030-D)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVES MONTHS ENDED 31 DECEMBER 2017.

B7 BORROWINGS AND DEBT SECURITIES

	As at 4th quarter ended 2017					
	Long Term		Short Term		Total Borrowings	
	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination RM ('000)	Denomination RM ('000)
Secured						
Term Loan	3,759	2,845	-	177	3,759	3,022
Bank Overdraft	-	-	-	4,548	-	4,548
Hire purchase	1,472	2,115	2,697	1,198	4,169	3,313
	-	-	98	-	98	-
Redeemable Convertible Notes	-	2,184	-	-	-	2,184
Unsecured						
Advanced from shareholder of a subsidiary	-	-	-	1,805	-	1,805
Advanced from shareholder	-	-	-	3,634	-	3,634
Total	5,231	7,144	2,795	11,362	8,026	18,506

	As at 4th quarter ended 2016					
	Long Term		Short Term		Total Borrowings	
	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination RM ('000)	Denomination RM ('000)	Foreign denomination RM ('000)	Denomination RM ('000)
Secured						
Bank Overdraft	-	-	-	(140)	-	(140)
Term Loan	-	775	-	4,221	-	4,996
Hire purchase :-	2,003	1,291	31	773	2,034	2,064
	944	-	73	-	1,017	-
Unsecured						
Advanced from shareholder of a subsidiary	-	-	-	1,805	-	1,805
Advanced from shareholder	-	-	-	7,467	-	7,467
Total	2,947	2,066	104	14,126	3,051	16,192

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%.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017.

B8 DERIVATIVES

During the FY2017, there were no derivatives entered into by the Group.

B9 GAINS/LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There were no gains/losses arising from the fair value changes of financial liabilities.

B10 CHANGES IN MATERIAL LITIGATION

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

a) Bungsar Hill Holdings Sdn Bhd v Damansara Realty Berhad

On 4 February 2016, The Federal Court registrar fixed the matter for Hearing on 12 May 2016. The Federal Court on 12 May 2016 granted BHH’s leave to appeal on one single question on law only. The suit was 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. On 24 January 2018, the FC informed the parties that the GOJ shall be available on the end of January 2018. As such, the FC fixed a Hearing date for the appeal proper on 12 April 2018.

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 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.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017.

B10 CHANGES IN MATERIAL LITIGATION (Con't)

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

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. As the parties has received the GOJ, the FC on 9 January 2018 fixed the Hearing date on 15 March 2018 to hear DRP's application for leave to appeal to the FC.

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, on 17 January 2018, fixed a case management date on 26 March 2018 for the parties to file the pre-trial Court papers (except for the Bundle of Documents) and to update the KLHC on the possibility of mediation between the parties. The KLHC then fixed the tentative Trial dates on 27 June 2018 until 29 June 2018.

B11 DIVIDEND

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

B12 EARNINGS PER SHARE ("EPS")

a) **Basic EPS**	**Cumulative 12 months** **Current Quarter 31-Dec-17**	 **Preceding Year Quarter 31-Dec-16**
Net profit/ (loss)attributable to ordinary shareholders (RM'000)	17,020	(27,118)
Weighted average number of ordinary shares in issue ('000)	310,371	309,371
Basic earnings per ordinary share (sen)	5.48	(8.77)

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
13 February 2018