

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**A14 Capital Commitments**

As at  
31.03.2016  
RM'000

Approved but not contracted for:

9,783

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET****B1 Review of performance****Current Year Quarter versus Preceding Year Corresponding Quarter****(i) Polymer segment**

The revenue on the Polymer Segment for the quarter ended 31 March 2016 ("Q1 2016") was recorded at RM 3.4 million, a decrease of 53% from RM 7.3 million recorded in the preceding corresponding quarter ended 31 March 2015 ("Q1 2015") with slower sale and depressed market demand for the Semicon and Jacketing compounds. The division recorded higher loss in the current quarter as a result of poor sale performance.

**(ii) Oil & Gas segment**

The Group has recorded a lower revenue in the Oil & Gas segment of RM 14 million for Q1 2016, a decline of 86% from RM 102.7 million in Q1 2015. The lower revenue in the current quarter was mainly because there is no vessel utilization for both SD1 and SD2. The Oil & Gas segment recorded a loss of RM 25.6 million in Q1 2016.

**(iii) Technical Services segment**

The revenue in the Technical Services segment was reported at RM 170.5 million in Q1 2016, an increase of 83% from RM 92.7 million in Q1 2015 due to progress billing in existing construction projects and commencement of construction contracts. Technical Services segment recorded a gross profit margin of RM 4.8 million as compared to RM 6.5 million in Q1 2015.

Overall, the Group achieved revenue of RM 186.5 million for Q1 2016, a decline of 7.8% from RM 202.8 million recorded in Q1 2015. The Group recorded a loss before tax of RM 27.2 million for Q1 2016, as compare to RM 1.3 million profit recorded in Q1 2015 mainly due to no vessel utilisation during the quarter and slower sale in the oil & gas chemicals for the first quarter of the year.

**B2 Variation of results against preceding quarter**

	Quarter ended 31.03.2016 RM'000	Quarter ended 31.12.2015 RM'000
Revenue	186,561	126,708
Profit (loss) before tax	(27,209)	(32,351)

For the quarter ended 31 March 2016, the Group recorded revenue of RM 186.9 million, a increase of 48% as compared to RM 126.7 million recorded in Q4 2015. The increase in revenue was mainly due to the higher contract revenue in Technical Services Segment, as compared to Q4 2015. The lower losses between Q1 2016 and Q4 2015 was due to lesser losses incurred for SD1 and SD2 as a result of costs restructuring plan.

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**B3 Prospects**

The prospects for each of the operating segment is illustrated as below:

**(i) Oil & Gas ("O&G") Segment**

The future performance of our upstream business depends principally on the vessel utilization and prevailing charter rates. Global offshore environment has been depressed for the entire 2015 due to weak oil price and demand. The market condition is expected to remain very challenging for most of 2016. As a result, both vessel utilization and charter rates are expected to be weak in the foreseeable future. On the downstream sector, we also expect downward pricing pressure and increased competition as customers seek to reduce their cost structures in their efforts to adjust to cost cutting to weather through the weak economic condition.

**(ii) Technical Services Segment**

The Technical Services Segment is expected to deliver consistent performance in 2016 given our existing order book as well as our anticipated competitive position in some of the tenders we are participating. While the Group has earmarked this business for divestment, we will continue to ensure reasonable performance and contributions from this business.

**(iii) Polymer Segment**

The prospect of the polymer business is expected to remain subdued due to the slow growth of the industry and continued foreign competition. The Group will continue to adjust its business model in order to optimize our market position within the industry.

In view of the increasingly challenging environment, the management is embarking on several key strategic financial and operational initiatives. Subject to the successful execution of these initiatives, the Board expects a reasonable performance for 2016 in line with the performance of the overall oil and gas industry.

**B4 Profit forecast**

Not applicable.

**B5 Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
In respect of the current period:				
Malaysian income tax	7,505	1,579	1,125	1,579
Deferred tax income	(6,379)	(839)		(839)
	<u>1,125</u>	<u>740</u>	<u>1,125</u>	<u>740</u>

The comparatively lower effective tax rate was mainly due to the losses incurred in some of the subsidiaries of the Group and certain expenses which was not deductible for tax purposes in prior year.

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**B6 Sale of unquoted investments and properties**

There were no major disposals of unquoted investments and properties during the quarter under review.

**B7 Status of corporate proposals**

**The status of a corporate proposal announced by the Company and completed as at 21 May 2016, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:**

**(i) Incorporation of subsidiary company - Daya PNG Limited ("DPNGL")**

On 18 January 2016, the company incorporated a limited liability company known as Daya PNG Limited with a paid up share capital of PGK 1.00 comprising 1 ordinary share of PGK 1.00 each only.

The incorporation of DPNGL is to enable the DMB Group of company to take advantage of the business opportunities in Papua New Guinea

**(ii) Proposed disposal of 102,000 ordinary shares of RM1.00 each in Semangat Global Sdn. Bhd. ("SGSB") by Daya Land & Development Sdn. Bhd. ("DLD"), a subsidiary of Daya CMT Sdn. Bhd. ("DCMT"), which in turn is a 51% owned subsidiary of the Company, to Highstar Realty Sdn. Bhd. ("Highstar")**

On 6 July 2015, Highstar offered to purchase 102,000 ordinary shares of RM1.00 each in SGSB ("Sale Shares") representing 51% of the issued and paid-up share capital of SGSB from DLD, for a total sale consideration of RM3,835,000.00 ("Proposed Disposal").

SGSB is principally engaged in the construction and development of industrial, commercial and housing project and other related industries. On 20 November 2012, Daya Land & Development Sdn Bhd entered into a Shareholders Agreement with Chang Cheng Realty Sdn. Bhd. ("CCR") to jointly develop and construct One (1) block of 28 storey retail/showroom/service suites, forty (40) blocks of 4 storey shop office and eight (8) blocks of 3 storey shops on four (4) parcels of empty land held at Jalan Pintas in the District of Penampang, Sabah, Malaysia ("the JV Project"). The Board of Directors, after assessing the future opportunities in respect of SGSB are of the opinion that it is in the best interest of the Group to dispose SGSB at the best price obtainable. The Proposed Disposal is also in line with our Group's overall objective of focusing our resources in the core Oil & Gas business.

On 21 July 2015, DLD had entered into a Sale and Purchase of Shares Agreement with the Purchaser in respect of the Proposed Disposal for a total sale consideration of RM 3,835,000.00.

The Proposed disposal has been completed on 28 March 2016.

**(iii) Disposal of 100,000 ordinary shares of RM1.00 each in Daya Urusharta Sdn. Bhd. ("DUSB") representing 100% of the Issued and the paid-up capital of DUSB to Daya CMT Sdn. Bhd. ("DCMT"), which is 51% owned subsidiary of the Company, For a cash consideration of not more than RM 7,000,000 ("Internal Group Re-organisation")**

DUSB is principally engaged in the property investment holding. On 15 April 2016, DMB entered into a Share Sale Agreement with Daya CMT Sdn. Bhd. ("DCMT") to sell 100,000 Ordinary shares of RM1.00 each in Daya Urusharta Sdn. Bhd. ("DUSB") representing 100% of the issued and the paid-up capital of DUSB together with all liabilities with DUSB, to DCMT, which is a 51% owned subsidiary of DMB for a cash consideration of not more than RM 7,000,000 ("Purchase Consideration") ("Internal Group Re-organisation") subject to the terms and conditions of the Share Sale Agreement.

The completion of the share sale is subject to fulfilment of condition precedent as stated in the Share Sale Agreement.

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**The status of a corporate proposal announced by the Company but not completed as at 21 May 2016, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:**

**(i) Proposed Shares Buy-Back**

On 26 February 2009, the shareholders of the Company had at an extraordinary general meeting, approved amongst others, proposed authority for the company to purchase up to ten per cent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back").

On 24 April 2015, the Board announced that the Company is seeking its shareholders approval for the Proposed Share Buy-Back Renewal. The Company had already sought approval for the Proposed Share Buy-Back Renewal from the shareholders at the Twelve AGM held on 25 June 2015.

The shareholders of the Company, by a special resolution passed in a general meeting held on 25 June 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

On 11 April 2016, the Board of Directors of DMB announced that the Company intends to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at its forthcoming Thirteenth Annual General Meeting.

A Statement to Shareholders containing the details of the Proposed Renewal of Share Buy-Back Authority was dispatched to the shareholders of the Company following the above announcement.

**(ii) Memorandum of Understanding ("MOU") between Daya Proffscorp Sdn. Bhd. ("DPRO"), a subsidiary of the Company and Cimolai Technology SPA ("Cimolai")**

On 22 April 2014, the Board announced that DPRO, a subsidiary of the Company had on 21 April 2014 entered into a MOU with Cimolai. The MOU confirmed the agreement between Cimolai and DPRO that for the proposed project known as "Mobile Straddle Transporter MST 320", Cimolai will quote only through DPRO while DPRO will not propose any equipment other than that of Cimolai's. All other material terms and conditions will be agreed between the parties before the offer is formally submitted to the client.

Cimolai is involved in the design, manufacture and supply of machines for lifting and transportation operations to be used in the construction of facilities and civil works in precast yards, shipyards (boat production or refit), marinas, laying up facilities, ports, in industries like steel and renewable energy and in special and innovative fields where tailor made solutions are required.

On 21 July 2014, 27 October 2014, 21 January 2015, 21 April 2015, 21 July 2015, 21 October 2015 and 21 January 2016 respectively, the Board announced that the status of the MOU remains unchanged as of to-date and will make the necessary announcements as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of the proposals.

**(iii) Proposed disposal of up to 50% shares in Daya CMT Sdn. Bhd.**

Pursuant to the Share Sale Agreement entered between the Company and Perfect Propel Sdn. Bhd. ("PPSB" or the "Purchaser") on 28 April 2014, the Company had on 28 April 2015 agreed and accepted a letter from the Purchaser requesting for, amongst others, to increase the call option to up to 4,000,000 shares in Daya CMT Sdn. Bhd. ("DCMT"), representing up to 50% equity interest in DCMT at the revised call option price of RM7.50 per ordinary shares of RM1.00 each in DCMT ("Revised Call Option"). On the even date, the Company also received a call option notice from the Purchaser stating its intention to exercise the Revised Call Option, whereby the Company is required to dispose 4,000,000 shares in DCMT ("Revised Call Option Shares"), representing 50% equity interest in DCMT, to Purchaser for a disposal consideration of RM30.0 million or RM7.50 per ordinary shares of RM1.00 each in DCMT.

On 13 May 2015, the Company received a supplemental letter from PPSB stating amongst others, that the call option notice dated 28 April 2015 ("Old Call Option Notice"), is with immediate effect cancelled, nullified and voided and is deemed not having been served ("Revised Letter from PPSB").

Upon further review of DCMT's financing plans and requirements in the near term and the financial support it needs to execute its various projects, it

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has been mutually agreed between the two parties that PPSB will withdraw the Old Call Option Notice and embark on the Proposed Disposal (as defined below) instead.

The Company had on 13 May 2015 agreed and accepted the Revised Letter from PPSB. Pursuant to the Revised Letter from PPSB:

- (a) The Company also received a call option notice from PPSB stating its intention to exercise the Revised Call Option requiring the Company to sell and transfer 1,520,000 DCMT Shares, representing 19.0% equity interest in DCMT, to PPSB for a disposal consideration of RM11.4 million based on the revised call option price of RM7.50 per DCMT Share ("Revised Call Option Price") in accordance with the terms and conditions of the share sale agreement dated 28 April 2014 ("SSA"). ("Proposed Initial Disposal"); and
- (b) Subsequent to the completion of the Proposed Initial Disposal, PPSB is still entitled to require DMB to sell and transfer the remaining Revised Call Option Shares of 2,480,000 DCMT Shares, representing 31.0% equity interest in DCMT, to PPSB at the Revised Call Option Price ("Proposed Further Disposal").

The Proposed Initial Disposal and the Proposed Further Disposal are collectively referred to as the "Proposed Disposal".

Upon completion of the Proposed Initial Disposal, DCMT will be a 51%-owned subsidiary of DMB and the balance 49.0% equity interest will be held by PPSB.

The other salient terms and conditions of the Revised Letter from PPSB are as follows:

- (a) the Revised Letter from PPSB shall commit and bind PPSB to purchase and commit and bind the Company to sell the number of Revised Call Option Shares at the Revised Call Option Price, in accordance with the terms and conditions of the SSA;
- (b) for the avoidance of doubt, subsequent to the completion of the aforesaid sale, pursuant to the Revised Call Option, PPSB are still entitled to require the Company to sell and transfer the remaining Revised Call Option Shares (being 2,480,000 DCMT Shares representing a further 31% equity interest in DCMT) to PPSB at the Revised Call Option Price. For the avoidance of doubt, pursuant to Clause 9(n) of the SSA, the Company has inter alia undertaken "to provide continued financial guarantees and support to all of DCMT's existing and new banking facilities such that (i) existing facilities are not unduly withdrawn or terminated and (ii) new facilities can be secured". The said undertaking remains valid and binding on the Company; and
- (c) the Company agrees not to permit DCMT to declare and/or pay any dividends without PPSB's written consent.

All other terms and conditions of the SSA, the Letter from PPSB and the Call Option (as supplemented and revised by mutual agreement) remain unchanged.

On 10 June 2015, Bursa Securities had resolved to approve the listing of and quotation for up to 840,000,000 new DMB Shares to be issued pursuant to the conversion of the Bonds, which will be issued pursuant to the Proposed SD1 Acquisition.

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

- (a) the Company and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- (b) the Company and its adviser to inform Bursa Securities upon completion of the Proposals;
- (c) the Company 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;

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- (d) the Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company at an extraordinary general meeting for the Proposals;
- (e) the Company to furnish Bursa Securities with a copy of the duly executed Trust Deed constituting the Bonds; and
- (f) payment of additional listing fees pertaining to the conversion of the Bonds, if relevant. In this respect, the Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the Bonds as at the end of each quarter together with details of computation of listing fee payable.

On 6 August 2015, the Proposed Initial Disposal has been completed.

**(iv) Proposed further disposal of up to 31% Equity interest in Daya CMT Sdn Bhd ("DCMT") pursuant to a call option**

On 21 April 2016, the company received a letter from PPSB stating amongst others, that PPSB is entitled to exercise the call option in respect of a further 2,480,000 DCMT Shares, representing a further 31% of the issued and paid-up capital of DCMT, at any time and from time to time within 24 months from the completion date of the SSA of 17 July 2014 ("Completion Date") ("Call Option Period").

The letter from PPSB stated that PPSB wishes to extend the Call Option Period by 6 months, thereby making it 30 months from the Completion Date, which DMB has agreed and accepted on 21 April 2016. The call option shall now be valid and PPSB is entitled to exercise the call option at any time and from time to time up to and including 17 January 2017.

All other terms and conditions of the SSA and the call option (as supplemented and revised by mutual agreement) remain unchanged.

**(v) Proposed Disposal of 1,690,000 ordinary shares of RM 1.00 each in Daya OCI Sdn Bhd ("DOCI") representing 16.9 % of the issued and paid up share capital of DOCI to Rancak Nikmat Sdn Bhd ("The Purchaser")**

On 30 November 2015, Daya Materials Berhad ("DMB" or "THE COMPANY") entered into a Sale and Purchase Agreement ("SPA") with the Purchaser to dispose 1,690,000 ordinary shares of RM 1.00 each in Daya OCI Sdn Bhd ("DOCI") representing 16.9 % of the issued and paid up share capital of DOCI to the Purchaser at a total cash consideration of RM 9,200,000 ("Consideration") ("Proposed Disposal").

The consideration will be utilised by DMB to meet its general working capital requirement.

**(vi) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") and Petroleum Trading Joint Stock Company ("Ptechim Jsc")**

On 4 December 2015, DMB has entered into a MOU with PETECHIM JSC. The purpose of the MOU is to record the preliminary intentions and understanding of DMB and PETECHIM JSC with respect to their common interest and agreement to combine their expertise, know-how, industry connections and resources to collaborate in providing products and services to the Vietnamese Oil & Gas markets.

On 4 March 2016, the Board announced that the status of the MOU remains unchanged as of to-date and will make the necessary announcements as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of the proposals.

**(vii) Proposed Private Placement**

On 25 November, the Board announced that the Company proposes to issue up to 173,601,885 new ordinary shares of RM0.10 each in the Company ("DMB Shares") representing up to 10% of the issued and paid-up capital of the Company through a private placement exercise ("Proposed Private Placement").

On 30 November 2015, the Board announced that Bursa Malaysia had, via its letter dated 02 December 2015, approved DMB's application for the listing of the placement shares in respect of the Proposed Private Placement.

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On 11 May 2016, the Board submitted an application to Bursa Securities for an extension of time of 6 months from 2 June 2016 to 1 December 2016 for the implementation of the Private Placement.

**B8 Group's borrowings and debt securities**

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
<b><u>Secured borrowings</u></b>			
Trade facilities	27,312	94,636	121,949
Hire purchases	2,833	9,825	12,659
Overdraft	10,071	-	10,071
Term loans	4,817	347,067	351,884
Bond issues	-	117,522	117,522
Redeemable preference shares	-	18,600	18,600
	<u>45,033</u>	<u>587,652</u>	<u>632,684</u>

The secured bank borrowings and other facilities are secured by way of :-

- legal charges over subsidiaries freehold land and buildings;
- corporate guarantee by the Company;
- a debenture over all assets of certain subsidiaries;
- a pledge on the Company and subsidiaries' fixed deposits; and
- a pledge of 100% unquoted shares over the entire issued and paid-up capital of certain subsidiaries.

**B9 Material litigations**

Save for the following, there was no material litigation involving the Group since the last financial year ended 31 December 2015 and 20 May 2016, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

**(a) Kuala Lumpur High Court Suit No. D3-22-360-2008 (Seca Dyme Sdn. Bhd. (now known as Daya Secadyme Sdn. Bhd.) vs Mohd. Akbar B Hj. Johari & 4 Others)**

On 25 March 2008, Daya Secadyme Sdn. Bhd. ("DSSB") filed a civil suit against (i) Mohd Akbar B Hj. Johari, (ii) AJ Premier Holdings Sdn Bhd, (iii) Aims Mission Sdn Bhd, (iv) Global Max Trading Sdn. Bhd. and (v) Azrul Bin Mohd Nasir trading as Rasa Indah Trading ("Defendants") vide KL High Court Civil Suit No. D3-22-380-2008. The claim against the 1st, 2nd and 3rd Defendants is based on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received, and against the 4th and 5th Defendants on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,250 with interest at 8.00% p.a. thereupon from judgment to settlement, and the legal costs of the proceedings.

On the 11 August 2011, the 1st and 2nd Defendants consented to Judgment for a sum of RM1,200,000.00 payable by way of four (4) instalments. In default of any one of these instalments, the 1st and 2nd Defendants become liable for the payment of the entire sum claimed of RM1,942,250 less any instalments paid. The 1st and 2nd Defendants have also agreed to provide security for the instalments payments in the form of titles to properties in default of which the entire sum due on the instalments shall fall due as at the date of default.

Therefore, the 1st defendant, after repeated reminders, has still failed to settle the judgement sum. On 19 March 2015, DSSB through its solicitors successfully lodged a proof of debt form with the Insolvency Department of Malaysia against the 1st Defendant for the sum of RM1,912,250.00. The matter is currently kept in abeyance pending notification of creditors' meeting by the Insolvency Department of Malaysia. As of the date of the quarterly update, the matter is still pending notification of creditors' meeting by the insolvency department of Malaysia.

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**(b) Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Daya Offshore Construction Sdn. Bhd.)**

On 18 March 2014, the Company and its wholly-owned subsidiary, Daya Offshore Construction Sdn. Bhd. ("DOCSB"), had been notified by their lawyers, Messrs. Zain Megat & Murad, of the said lawyers' receipt in the evening of 17 March 2014, of a letter dated 17 March 2014 from Messrs. Trevor George Partnership ("the Plaintiff's Solicitors"), the lawyers acting for and on behalf of Mark Leonard Midgley ("Plaintiff"), the former Chief Executive Officer and Director of DOCSB, together with a copy of the sealed Writ of Summons and Statement of Claim ("Writ of Summons and Statement of Claim") also dated 17 March 2014, where both the Company and DOCSB had been named as defendants in a civil suit filed by the Plaintiff in the High Court of Malaya at Kuala Lumpur ("the Suit").

The Plaintiff claims that the Company had allegedly breached a shareholders agreement dated 30 April 2013 ("Shareholders Agreement") in relation to DOCSB and the Plaintiff is claiming for inter alia a Declaration to that effect, valuation of the shares in DOCSB, damages and an injunction to restrain breach or further breach of the Shareholders Agreement.

The trial of this litigation suit was completed on 19 March 2015 and fixed for decision on 29 September 2015 wherein the Court allowed part of the Plaintiff's claim and dismissed the Plaintiff's claim for damages. The Court also dismissed the Defendant's counterclaim.

The Court granted the following orders as per the Plaintiff's Writ and Statement of Claim:-

- (1) A declaration, under s. 41 of the Specific Relief Act 1950 that the Company had breached its obligations under the Shareholders Agreement;
- (2) Consequent to the above, an order that the Company do, pursuant to Clause 23.7 of the Shareholders Agreement, cease to have:
  - (i) any voting rights in respect of any shares it may have in DOCSB; and
  - (ii) any entitlement for any of its Directors to attend and vote at any meetings of the Board of DOCSB and a quorum for meetings of the Board shall be one (1) Director appointed by the other Party;
- (3) That pursuant to the Shareholders Agreement, that the Company do, within Ninety (90) Days from the date of order, conduct a valuation of 80% (4 million shares) in DOCSB and that the Plaintiff be at liberty to verify / counter such valuation by appointing his own valuers for the same;
- (4) An injunction against the Company and/or DOCSB, their officers, agents, servants or whosoever, from acting in breach (further breach) of the provisions of the Shareholders Agreement; and
- (5) Costs of RM50,000.00.

(collectively "Judgement").

In view of the nature of the orders mentioned above, the Company's Counsel orally applied for an interim stay of Items (2) (i) and (ii) above. An interim stay of the same was granted pending the disposal of a formal stay application to be within 2 weeks from 29 September 2015;

The hearing of the formal stay application was held on 14 December 2015 wherein the Court granted an order for the stay of execution and any proceedings (if any) for the execution of the Judgment pending the decision / disposal of the appeal pending the appeal to the Court of Appeal, and made no order as to costs. The matter was fixed for a Case Management Conference on 26 April 2016 in order for the Court to fix a date for the Appeal hearing. At the Case Management Conference the Plaintiff's solicitors filed a Discharge Application and the Court fixed the Discharge Application for a hearing on 25 May 2016. The Court has indicated that a new case management date will be given during the Discharge Application ("CMC Post-Discharge") and the Appeal may be fixed for Hearing when the matter is called up for case management during the CMC Post-Discharge.

**(c) Shah Alam High Court Suit No. 22NCVC-480-10/2014 (Tideway Alliance Sdn. Bhd. vs Daya OCI Sdn. Bhd.)**

On 20 October 2014, Daya OCI Sdn Bhd ("DOCI") had received service of notice of an action being brought against it by Tideway Alliance Sdn Bhd (Company No. 607144-M) ("Plaintiff") together with a copy of the sealed copy of the Writ and Statement of Claim ("Suit"). The Plaintiff is claiming the sum of RM6,937,500 allegedly owing for services allegedly rendered at the request and instructions of DOCI. The Plaintiff's claim in the abovementioned civil suit was in relation to certain rock-dumping works and services allegedly provided to DOCI.



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On 21 November 2014, in view of the abovementioned directions, DOCI filed its defence and counterclaimed RM132,539.14, general damages, costs, interest on all sums awarded until full and final settlement and such further and/or other relief as deemed fit and just by the Court and Tideway filed its reply to defence and defence to counterclaim on 3 December 2014. The litigation suit was completed on 27 August 2015 and fixed for decision on 25 November 2015 wherein the Court granted part of Tideway's claim and awarded a total sum of RM4,935,546.44 (the "Decision").

On 16 December 2015, DOCI vide its solicitors filed a notice of appeal against the Decision whereby the Court of Appeal has heard our appeal on 12 May 2016 and has unanimously allowed DOCI's appeal with cost and hence overturned the Decision.

**(d) Kuala Lumpur High Court Suit No. 23NCVC-56-10/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Tham Jooi Loon and The Edge Communications Sdn. Bhd.)**

On 3 November 2014, Mark Leonard Midgley ("Plaintiff") brought an action against our Company along with Tham Jooi Loon and The Edge Communications Sdn. Bhd. (collectively the "Defendants") for alleged libel in relation to an article published in The Edge newspaper on 22 September 2014. The Writ and Statement of Claim was served on our Company on 3 November 2014.

On 19 February 2016, the suit was struck out following the Plaintiff's non-compliance with pre-trial case management directions. Costs of RM5,000.00 was awarded to the Company and Tham Jooi Loon as well as RM5,000.00 to the Edge Communications Sdn Bhd (collectively "Costs"), which are to be paid forthwith.

The Court granted the Plaintiff liberty to file afresh subject to the Plaintiff paying the aforesaid Costs to the parties as directed.

The solicitors of our Company are of the opinion that our Company has a good arguable case for defence against the Plaintiff based on instructions received and evidence reviewed thus far provided that our Company is able to lead the necessary oral evidence and documentary evidence during the trial of this litigation suit.

**B10 Proposed Dividends**

The Board of Directors did not recommend the payment of any dividends for the financial year ended 31 December 2015.

**B11 Basic earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Net (loss)/profit for the period attributable to ordinary equity holders of the company (RM'000)	(29,208)	(260)	(29,208)	(260)
Weighted average number of shares in issue ('000)	1,736,019	1,651,816	1,736,019	1,651,816
Basic earnings per share (sen)	<u>(1.68)</u>	<u>(0.02)</u>	<u>(1.68)</u>	<u>(0.02)</u>

No item, transaction or event has arisen in the interval between the end of the financial year and the date of this report which has dilutive effect on the ordinary shares. Hence, diluted earnings per share is not presented.

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**B12 Additional disclosure as per Appendix 9B , Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	6,873	2,526	6,873	2,526
Depreciation on property, plant and equipment	5,760	4,086	5,760	4,086
Depreciation on investment property	1	1	1	1
Amortisation on intangible assets	90	56	90	56
Allowance for impairment loss	-	-	-	-
Rental expense	-	-	-	-
Property, plant and equipment written off	-	-	-	-
Fair value loss on marketable securities	-	-	-	-
Unrealised foreign exchange losses	-	-	-	-
Gain/(Loss) on disposal of property, plant & equipment	(18)	7	(18)	7
Realised foreign exchange loss	-	-	-	-
and after crediting:				
Interest income	1,487	199	1,487	199
Rental income	-	120	-	120
Dividends income	-	-	-	-
Reversal of allowance for impairment loss	-	-	-	-
Unrealised foreign exchange gains	-	9,800	-	9,800
Realised foreign exchange gains	-	519	-	519
Gain on disposal of property, plant & equipment	18	-	18	-
Gain on disposal of a joint venture company	-	-	-	-
Gain on disposal of investment property	-	-	-	-
Fair value gain on financial assets at fair value through profit or loss	-	-	-	-

Except as disclosed above, there is no any impairment of other assets and gain or loss on derivatives.

**B13 Realised and Unrealised Profits**

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia Securities Berhad further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

**DAYA MATERIALS BERHAD**  
 (Company No: 636357-W)  
 (Incorporated in Malaysia)

	<b>CUMULATIVE QUARTER</b>	
	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2016</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	34,179	65,386
- Unrealised profits	15,401	17,299
	49,579	82,685
Less: Consolidated adjustments	(50,734)	(31,020)
Total group retained earnings as per consolidated accounts	(1,155)	51,665

# The comparative amounts have been reclassified to conform with audited financial statement's presentation.

The breakdown of the retained profits into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for compliance with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

**B14 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2015 was unqualified.

By Order of the Board

Tham Jooi Loon  
 Executive Vice Chairman  
 Date: 27 May 2016