



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2016

DAYA MATERIALS BERHAD

(Company No: 636357-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2015 RM'000	CURRENT YEAR TO DATE 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2015 RM'000
Revenue	49,528	140,712	398,901	718,838
Cost of Sales	(57,984)	(165,858)	(396,274)	(701,484)
Gross Profit	<u>(8,456)</u>	<u>(25,146)</u>	<u>2,627</u>	<u>17,353</u>
Other Income	11,156	13,655	21,299	45,202
Operating Expenses	(144,350)	(15,982)	(200,997)	(54,921)
Profit/ (Loss) from operations	<u>(141,650)</u>	<u>(27,473)</u>	<u>(177,072)</u>	<u>7,635</u>
Finance Costs	602	(4,506)	(20,707)	(11,869)
Share of results of jointly controlled entities	<u>(606)</u>	<u>(123)</u>	<u>1,110</u>	<u>1,701</u>
Profit/ (Loss) before tax	(141,654)	(32,102)	(196,670)	(2,533)
Income tax expense	<u>(756)</u>	<u>(3,337)</u>	<u>(3,938)</u>	<u>(11,659)</u>
Profit/ (Loss) for the period	<u><u>(142,410)</u></u>	<u><u>(35,439)</u></u>	<u><u>(200,608)</u></u>	<u><u>(14,192)</u></u>
Dividend	-	-	-	-
	<u><u>(142,410)</u></u>	<u><u>(35,439)</u></u>	<u><u>(200,608)</u></u>	<u><u>(14,192)</u></u>
Attributable to :				
Equity holders of the Company	(144,015)	(37,002)	(204,146)	(18,503)
Non-controlling interests	<u>1,606</u>	<u>1,563</u>	<u>3,538</u>	<u>4,312</u>
	<u><u>(142,410)</u></u>	<u><u>(35,439)</u></u>	<u><u>(200,608)</u></u>	<u><u>(14,192)</u></u>
Basic earnings per share (sen):	<u>(8.30)</u>	<u>(2.21)</u>	<u>(11.36)</u>	<u>(1.12)</u>

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

DAYA MATERIALS BERHAD

(Company No: 636357-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2015 RM'000	CURRENT YEAR TO DATE 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2015 RM'000
Profit/ (Loss) for the period	<u>(142,410)</u>	<u>(35,439)</u>	<u>(200,608)</u>	<u>(14,192)</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	(14,261)	(3,667)	(3,669)	(22,414)
Fair value gain on investment in available -for-sales("AFS") assets		(1,333)		(1,333)
Total comprehensive (loss)/income for the period, net of tax	<u>(156,671)</u>	<u>(40,439)</u>	<u>(204,277)</u>	<u>(37,939)</u>
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company	(158,277)	(42,002)	(207,814)	(42,252)
Non-controlling interests	1,606	1,563	3,538	4,312
	<u>(156,671)</u>	<u>(40,439)</u>	<u>(204,277)</u>	<u>(37,940)</u>

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

DAYA MATERIALS BERHAD

(Company No: 636357-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(The figures have not been audited)

	UNAUDITED 31.12.2016 RM'000	AUDITED 31.12.2015 RM'000
Non Current Assets		
Property, plant and equipment	109,862	704,694
Inventories - non current	5,206	8,288
Investment properties	5,211	5,215
Intangible assets	84,670	84,901
Investment in joint ventures	3,521	4,235
Available-for-sale financial asset	5,901	15,333
Deferred tax assets	13,197	11,797
Long term receivables	28,000	28,000
	<u>255,568</u>	<u>862,464</u>
Current Assets		
Inventories	22,610	24,166
Trade receivables	77,920	172,131
Other receivables, deposits and prepaid expenses	76,506	58,229
Amount due from related companies	(0)	-
Tax recoverable	2,820	2,855
Asset held for sale	447,950	-
Marketable securities	63	101
Cash and bank balances	62,029	143,658
	<u>689,898</u>	<u>401,140</u>
Current Liabilities		
Loans and borrowings	35,157	150,462
Trade payables	106,623	129,873
Other payables and accrued expenses	69,883	110,112
Amount due from contract customers	13,407	26,256
Tax liabilities	(1,024)	3,059
	<u>224,046</u>	<u>419,762</u>
Net Current Assets	465,851	(18,622)
	<u>721,420</u>	<u>843,842</u>
Financed by:		
Share capital	185,302	173,602
Reserves	(125,327)	86,085
	59,976	259,687
Non-controlling interests	40,457	35,536
	<u>100,432</u>	<u>295,223</u>
Non Current Liabilities		
Deferred tax liabilities	3,137	4,414
Loans and borrowings	617,850	544,205
	<u>721,420</u>	<u>843,842</u>
Net assets per share (sen)	<u>3.24</u>	<u>14.96</u>

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim financial statements.

DAYA MATERIALS BERHAD

(Company No. 53657-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

(The figures have not been audited)

	Attributable to Equity Holders of the Company					Distributable			
	Non-Distributable								
	Share premium	Equity Component Reserve	Foreign Currency Translation Reserve	Treasury Shares	Fair Value Reserve	Retained earnings	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	173,602	71,440	4,713	(22,120)	(1)	28,053	259,687	35,535	295,223
Total comprehensive (loss)/income for the period	-	-	-	-	-	(29,208)	(29,208)	874	(28,334)
Transactions with owners:									
Foreign currency translation differences	-	-	9,888	-	-	-	9,888	-	9,888
Fair value gain on investment in AFS asset	-	-	-	-	-	666.67	667	-	667
Balance as at 31 March 2016	173,602	71,440	4,713	(12,211)	(1)	(1,155)	241,044	36,409	277,454
Total comprehensive (loss)/income for the period	-	-	-	-	-	(18,104)	(18,104)	1,512	(16,592)
Transactions with owners:									
Purchase of treasury shares	-	(18)	-	-	-	-	(18)	-	(18)
Disposal of subsidiaries	-	-	-	-	-	-	-	1,382	1,382
Issuance of shares	11,700	-	-	-	-	-	11,700	-	11,700
Foreign currency translation differences	-	-	9,084	-	-	-	9,084	-	9,084
Fair value gain on investment in AFS asset	-	-	-	-	-	(333.33)	(333)	-	(333)
Balance as at 30 June 2016	185,302	71,422	4,713	(3,137)	(1)	(19,259)	243,372	39,304	282,676
Total comprehensive (loss)/income for the period	-	-	-	-	-	(12,816)	(12,816)	(455)	(13,271)
Transactions with owners:									
Purchase of treasury shares	-	-	-	-	(0)	-	(0)	-	(0)
Foreign currency translation differences	-	-	(8,390)	-	-	-	(8,390)	-	(8,390)
Fair value gain on investment in AFS asset	-	-	-	-	-	1,000.00	1,000	-	1,000
Balance as at 30 September 2016	185,302	71,422	4,713	(11,527)	(1)	(22,075)	223,166	39,849	263,015
Total comprehensive (loss)/income for the period	-	-	-	-	-	(144,015)	(144,015)	1,606	(142,409)
Transactions with owners:									
Purchase of treasury shares	-	-	-	-	(0)	-	(0)	-	(0)
Foreign currency translation differences	-	-	(14,261)	-	-	-	(14,261)	-	(14,261)
Fair value gain on investment in AFS asset	-	-	-	-	-	(4,914)	(4,914)	-	(4,914)
Balance as at 31 December 2016	185,302	71,422	4,713	(25,788)	(1)	(176,091)	59,975	40,457	100,433

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2016 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2015 RM'000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(196,670)	(2,533)
Adjustments for:		
Amortisation on intangible assets	215	441
Amortisation of redeemable convertible secured bond	-	373
Depreciation on property, plant and equipment	35,808	18,692
Depreciation on investment property	5	5
Loss/(Gain) on disposal of property, plant & equipment	(567)	1,010
Loss/ (Gain) on disposal of investment	(76)	-
Property, plant and equipment written off	2,639	51
Fair value (gain) / loss on marketable securities	-	(3)
Bad debts written off	-	6
Finance costs	20,707	11,869
Interest income	(3,736)	(1,054)
Development expenditures incurred	3,083	-
Net unrealised foreign exchange gain	-	(13,752)
Allowance for impairment of receivables	-	148
Loss on appreciation of market value of marketable securities	38	-
Gain on disposal of non current assets held for sale	-	(1,284)
Gain on disposal of shares in a joint venture	-	(72)
Share of result of joint venture's	(1,110)	(1,701)
Strike-off of a joint venture	-	(1)
Operating profit / (Loss) before working capital changes	(139,664)	12,195
Changes in working capital:		
Amount due from contract customers	-	28,292
Inventories	1,556	(7,308)
Trade and other receivables	94,062	(65,930)
Other current assets	(4,870)	-
Trade and other payables	(89,735)	83,262
Amount due to contract customers	-	26,256
Cash (used in) / generated from operations	(138,650)	76,765
Interest received	3,736	1,054
Interest paid	(20,707)	(11,869)
Income tax (paid) / refunded	(10,690)	(10,401)
Net Cash Used in Operating Activities	(166,310)	55,550

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (The figures have not been audited)

	Note	UNAUDITED	AUDITED
		CURRENT YEAR TO DATE 31.12.2016 RM'000	FOR THE YEAR ENDED 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(196,670)	(2,533)
Adjustments for:			
Amortisation on intangible assets		215	441
Amortisation of redeemable convertible secured bond		-	373
Depreciation on property, plant and equipment		35,808	18,692
Depreciation on investment property		5	5
Loss/(Gain) on disposal of property, plant & equipment		(567)	1,010
Loss/ (Gain) on disposal of investment		(76)	-
Property, plant and equipment written off		2,639	51
Fair value (gain) / loss on marketable securities		-	(3)
Bad debts written off		-	6
Finance costs		20,707	11,869
Interest income		(3,736)	(1,054)
Development expenditures incurred		3,083	-
Net unrealised foreign exchange gain		-	(13,752)
Allowance for impairment of receivables		-	148
Loss on appreciation of market value of marketable securities		38	-
Gain on disposal of non current assets held for sale		-	(1,284)
Gain on disposal of shares in a joint venture		-	(72)
Share of result of joint venture's		(1,110)	(1,701)
Strike-off of a joint venture		-	(1)
Operating profit / (Loss) before working capital changes		(139,664)	12,195
Changes in working capital:			
Amount due from contract customers		-	28,292
Inventories		1,556	(7,308)
Trade and other receivables		94,062	(65,930)
Other current assets		(4,870)	-
Trade and other payables		(89,735)	83,262
Amount due to contract customers		-	26,256
Cash (used in) / generated from operations		(138,650)	76,765
Interest received		3,736	1,054
Interest paid		(20,707)	(11,869)
Income tax (paid) / refunded		(10,690)	(10,401)
Net Cash Used In Operating Activities		(166,310)	55,550

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (The figures have not been audited)

CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,913)	(536,908)
Purchase of marketable securities	5,851	-
Disposal of partial interest in subsidiary that does not involve loss of control	-	11,409
Proceeds from disposal of property, plant and equipment	1,962	231
Proceeds from disposal of non current assets held for sale	-	4,978
Proceeds from disposal of shares in a joint venture	-	84
Purchase of intangible assets	(68)	(103)
Purchase of partial interest in subsidiary from NCI	-	(2,424)
Increase in long term receivables	-	(28,000)
(Increase)/Decrease in pledged deposits placed with licensed banks	8,430	-
Net Cash Used In Investing Activities	14,262	(550,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of loans and borrowings	-	373,294
Net proceeds from issuance of redeemable convertible secured bonds	-	123,579
Repayment of loans and borrowings	(138,786)	-
Proceeds from loans and borrowings	101,425	-
Proceeds from disposal of treasury shares	(0)	-
Proceeds from issuance of ordinary shares	11,682	8,420
Purchase of treasury shares	(0)	(0)
Reduction of share premium	-	(110)
Net Cash Generated From Financing Activities	(25,679)	505,183
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(177,728)	10,000
Effect of exchange rate fluctuation on cash held	123,169	18,464
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	71,215	42,752
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,656	71,215
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and bank balances	18,855	92,057
Fixed deposits with licenced banks	43,115	51,581
Short term investments	59	21
Bank overdraft	(12,185)	(25,751)
	49,844	117,908
Less: Fixed deposits pledged with licensed banks	(33,188)	(46,693)
	16,656	71,215

DAYA MATERIALS BERHAD

(Company No: 636357-W)

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 :Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

These explanatory notes attached to the interim financial statements provide and 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 2015.

A2 Significant accounting policies

The Group has adopted the Malaysian Financial Reporting Standards for accounting period beginning on 1 January 2016. As disclosed in the Group's annual financial statement for the financial year ended 31 December 2015, the following are new/ revised accounting standard effective for annual periods beginning on or after 1 January 2016.

Effective for financial periods beginning on or after 1 January 2016

Annual Improvements to MFRS 2012 – 2014 Cycle

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiatives

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

MFRS 14: Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2018

MFRS 9: Financial Instruments

MFRS 15: Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application, other than for MFRS 15: Revenue from Contracts with Customers and MFRS 9 Financial Instruments. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities.

A3 Seasonal or cyclical factors

The Group's interim operations were not subject to any seasonal or cyclical factors.

DAYA MATERIALS BERHAD

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(Incorporated in Malaysia)

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence in the quarter under review.

A5 Changes in estimates, significant accounting estimates and judgements

There were no changes in the nature and estimates of amounts reported which have a material effect on the results in the quarter under review.

A6 Debt and equity securities

There were no significant issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividends paid

No dividend has been declared or paid for the financial year ended 31 December 2016.

A8 Segment information

Segmental reporting of the Group's result for the financial year-to-date is as follows:

Business Segment	Polymer RM'000	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Revenue	<u>10,321</u>	<u>136,603</u>	<u>251,930</u>	<u>48</u>	<u>398,901</u>
Segment Results	(1,690)	(185,697)	9,112	190	(178,086)
Unallocated Results					<u>1,015</u>
Profit from Operations					(177,072)
Finance Costs					(20,707)
Share of results of jointly controlled entities					<u>1,110</u>
Profit Before Tax					(196,670)
Income Tax Expense					<u>(3,938)</u>
Profit AfterTax					<u>(200,608)</u>

DAYA MATERIALS BERHAD
(Company No: 636357-W)
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A10 Intangible assets

	Goodwill RM'000	Software RM'000	Patents and Trademarks RM'000	Development Costs RM'000	Total RM'000
Cost					
At 1 January 2015	84,321	1,597	152	360	86,430
Additions	-	103	-	-	103
Adjustment	-	24	-	-	24
Exchange differences	-	148	-	-	148
At 31 December 2015/1 January 2016	84,321	1,871	152	360	86,704
Additions	-	68	-	-	68
At 31 December 2016	84,321	1,939	152	360	86,772
Accumulated amortisation					
At 1 January 2015	-	841	93	360	1,294
Amortisation	-	390	51	-	441
Exchange differences	-	68	-	-	68
At 31 December 2015/1 January 2016	-	1,299	144	360	1,803
Amortisation	-	215	-	-	215
Exchange differences	-	83	-	-	83
At 31 December 2016	-	1,598	144	360	2,101
Net carrying amount:					
At 1 January 2015	84,321	756	59	(0)	85,136
At 31 December 2015/1 January 2016	84,321	572	8	(0)	84,901
At 31 December 2016	84,321	341	8	(0)	84,670

A11 Subsequent Events

Save for Section B7, there were no material events subsequent to the current financial quarter ended 31 December 2016 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

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A12 Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review except for:

(i) 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.

Pursuant to Clause 4 of the Sale and Purchase Agreement, on the fulfilment by the Company procuring the relevant approval/consent from its existing financiers to release its obligations as corporate guarantors within three (3) months from the date of the SPA.

On 18 July 2016, The Board announce that DCMT had, at DMB's request on 15 July 2016, agreed to extend the Stipulated Period for One (1) month commencing from the expiry of the Stipulated Period and free from interest ("Extended Period").

On 12 August 2016, the Board of Directors of DMB wishes to announce that DCMT had on even date, at DMB's request, agreed to further extend the Extended Period for Three (3) months commencing from the expiry of the Extended Period and free from interest ("Further Extended Period") in order to satisfy the conditions precedent as required under the SPA.

The Board announced that the Internal Group Re-Organisation had been completed on 10 October 2016.

(ii) Winding Up/Receiver & Manager/Restraining Order/Special Administrator Daya Materials Berhad ("DMB" or "The Company") Member Voluntary Winding Up of PT Daya Maxflo("PTDM"), a Sub-subsidiary of DMB

On 29 November 2016, The Board of Directors of DMB announced that PT Daya Maxflo ("PTDM"), a limited liability and a subsidiary of Daya Maxflo Sdn Bhd (formerly known as Maxflo Energy Products Sdn Bhd) (Company No. 681714-M), which in turn is a subsidiary of Daya Petroleum Ventures Sdn Bhd and therefore a subsidiary of the Company has commenced members' voluntary winding-up on 11 December 2015 and was informed of the completion of the winding up of PTDM on late evening of 28 November 2016 pursuant to the laws of Indonesia.

The members' voluntary winding-up of PTDM, which is presently dormant and inactive, will not have any material effect on the earnings, net assets, share capital, gearing and substantial shareholders' shareholdings of DMB for the financial year ending 31 December 2016.

(iii) Proposed Disposal of up to 13,600,000 Ordinary Shares of RM1.00 each in Daya Clarimax Sdn Bhd ("DCLX") representing 100% of the issued and paid-up share capital of DCLX to Kong Teck Fong ("Purchaser") for a cash consideration of RM 150,000.00 ("Purchase Price") ("Proposed Disposal")

On 28 December 2016, The Board of Directors of DMB ("the Board") announced that the Company had on 28 December 2016 entered into a sale & purchase agreement ("Sale and Purchase Agreement") with the Purchaser in respect of, inter-alia, the sale and purchase of up to 13,600,000 ordinary shares of RM1.00 each in DCLX, a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of DCLX for a cash consideration of RM 150,000.00 only subject always to the terms and upon the conditions of the Sale and Purchase Agreement.

The sale consideration was arrived at upon negotiation based on "willing-buyer-willing-seller" basis and after taking into consideration the negative shareholders' fund of DCLX as at 30 November 2016 and its ongoing operating losses.

There will be no liability including contingent liabilities and guarantees, to be assumed by the Purchaser on the Proposed Disposal.

None of the Directors and/or major shareholders and/or persons connected with a director or major shareholders of the Company have any interest, direct and indirect, in the Proposed Disposal.

The Board announced Proposed Disposal had been completed on 30 December 2016.

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A13 Contingent Assets and Contingent Liabilities

As at 31 December 2016, the Company provides corporate guarantees up to a total amount of RM 683,987,155 to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amount of banking facilities utilised by these subsidiaries totalling RM 538,069,222

As at 31 December 2016, the Company also provides corporate guarantees up to a total amount of RM 12,410,127 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM 1,050,612

There were no material contingent assets as at the date of this report.

A14 Capital Commitments

	As at 31.12.2016 RM'000
Approved but not contracted for:	<u>344,964</u>

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

The Group recorded revenue of RM13.908 million for Q4 2016, a decline of 81% from RM72.085 million achieved in Q4 2015. The lower revenue was principally due to the low utilization of its subsea vessels. As a result, the Group decided to make an one-off impairment of approximately RM135 million on its vessel (SD1) and its entire subsea business to better reflect the prevailing value of its overall offshore assets.

(ii) Technical Services Segment

The revenue from this segment decreased by 45% from RM60.860 million in Q4 2015 to RM33.700 million in Q4 2016 as a result of completion of two major construction projects. Correspondingly, this segment also recorded a lower profit of RM2.049 million as compared to RM3.323 million over the same period. However the segment enjoyed a pretax margin enhancement during the quarter, from 5.5% in Q4 2015 to 6.1% in Q4 2016.

(iii) Polymer Segment

The revenue from this segment for Q4 2016 was RM1.921 million, a decline of 75% from RM7.767 million achieved in Q4 2015. The decline was largely due to lower demand of its polymer products, resulting in a pretax loss for this segment.

Overall, the Group achieved revenue of RM49.528 million for Q4 2016, a decline of 65% from RM140.712 million recorded in Q4 2015. The Group recorded a consolidated loss before tax of RM141.654 million for Q4 2016 as compared to a loss before tax of RM32.102 million in Q4 2015.

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

B2 Variation of results against preceding quarter

	Quarter ended 31.12.2016 RM'000	Quarter ended 30.09.2016 RM'000
Revenue	49,528	66,601
Loss before tax	(141,654)	(12,415)

For Q4 2016, the Group recorded revenue of RM49.528 million, a decline of 26% as compared to RM66.601 million recorded in Q3 2016. This decline was largely attributable to the Oil & Gas segment where the Group had a very low utilisation of its vessels during the quarter. The Group suffered a large pretax loss of RM141.654 million in Q4 2016 as compared to RM12.415 million in Q3 2016, principally due to the one-off impairment of approximately RM135 million made during the current quarter.

B3 Prospects

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

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

Sentiments in the Offshore O&G segment is expected to remain challenging in the short to medium term. While there are early signs of gradual recovery, the management does not expect such recovery, if materialized, to significantly alter the economics of the Group's existing subsea business. In this regard, we are presently negotiating a sale of SD1 (our only subsea vessel) with a view of streamlining our investment in this sector so as to refocus the Group's resources on other profitable O&G businesses. The sale of the vessel, if materialized, will allow the Group to significantly de-leverage its balance sheet and strengthen its financial position meaningfully.

As for the Group's other O&G businesses, the management believes that it has achieved a meaningful turnaround, having secured several long-term contracts towards the end of 2016. The management is confident of an improved operating performance in the coming year.

(ii) Technical Services Segment

The construction sector is expected to remain competitive going forward. The Group has performed reasonably well under such an environment in the past, and is expected to do so going forward. The Group recently secured a long-term contract from a key client to build a retail cum commercial facility, and is confident of securing more projects from its expanding tenderbook. The management is therefore optimistic about the prospects of this segment.

(iii) Polymer Segment

The economics of this segment has been significantly impacted by foreign competition, especially over the past 3-4 years. As a result, sales are very price-sensitive and profit margin is very thin. The management is now exploring ways of extracting value from this business via a strategic corporate exercise.

Overall, the management is cautiously optimistic of an improved performance in the coming year.

B4 Profit forecast

Not applicable.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
In respect of the current period:				
Malaysian income tax	2,457	(4,804)	8,525	7,580
Deferred tax income	(1,701)	8,141	(4,587)	4,079
	<u>756</u>	<u>3,337</u>	<u>3,938</u>	<u>11,659</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.

B6 Sale of unquoted investments and properties

There were no major disposal of unquoted investments and properties during the quarter under review except for the disposals covered under B7 status of corporate proposals.

B7 Status of corporate proposals

The status of corporate proposals announced by the Company and completed as at 20 February 2017, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

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

The Company had on 28 April 2014 entered into a Share Sale Agreement ("SSA") with Perfect Propel Sdn Bhd ("PPSB")(Company No. 1087981-W) in respect of the disposal of 2,400,000 ordinary shares of RM1.00 each in Daya CMT Sdn Bhd ("DCMT")("Sale Shares") representing 30% of the issued and paid up share capital of DCMT.

Pursuant thereto, the Company has, inter alia, granted the call option ("Call Option") to PSSB in respect of up to 50% of issued and paid up share capital of DCMT held by the Company other than the Sale Shares and PSSB is entitled to exercise the Call Option at any time and from time to time within 24 months from the Completion Date (17 July 2014) ("Call Option Period").

On 13 May 2015, PSSB has exercised the Call Option and acquired One Million Five Hundred and Twenty Thousand (1,520,000) issued and paid up ordinary shares of DCMT, representing 19% of the issued and paid up share capital in DCMT ("Initial Disposal").

Subsequent to the Initial Disposal, a remaining of Two Million Four Hundred and Eighty Thousand (2,480,000) issued and paid up ordinary shares of DCMT, representing 31% of the issued and paid up share capital in DCMT, are still available to PSSB.

The Company had on 20 April 2016 received a letter from PSSB stating amongst others, that PSSB wishes to extend the Call Option Period by 6 months ("Proposed Extension"), thereby making it 30 months from the Completion Date.

The Company has agreed and accepted to the Proposed Extension and the Call Option shall now be valid and PSSB is entitled to exercise the call option at any time and from the time to time up to and including 17 January 2017.

The Company had on 30 November 2016 received a letter from PSSB stating amongst others, that PSSB wishes to extend the Call Option Period by 12 months ("Proposed Extension").

The Company has agreed and accepted to the Proposed Extension and the Call Option shall now be valid and PSSB is entitled to exercise the call option at any time and from time to time up to and including 17 January 2018.

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

(ii) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") and Petroleum Trading Joint Stock Company ("Petechim 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, which has a tenure of one (1) year from the date of MOU.

On 2 December 2016, The Board of Directors of DMB will make the necessary announcements as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of the proposals.

As at todate, the status of the MOU remains unchanged.

(iii) 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.

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.

On behalf of the Board of Directors of DMB, Hong Leong Investment Bank berhad ("HLIB") announced that Bursa Malaysia Securities Berhad has, via its letter dated 27 May 2016, approved the application for an extension of time of 6 months from 2 June 2016 until 1 December 2016 to complete the implementation of the Private Placement.

On 17 June 2016 and 23 June 2016 the Company had issued 57,000,000 and 60,000,000 new ordinary shares of RM 0.10 each through private placement at an issue price of RM 0.10 per share respectively for a total consideration of RM 11,700,000

On 15 November 2016, the Board submitted an application to Bursa Securities for an extension of time of 6 months from 2 December 2016 to 1 June 2017 for the implementation of the Private Placement.

On behalf of the Board of Directors of DMB, HLIB wishes to announce that Bursa Securities has, via its letter dated 23 November 2016, approved the application for an extension of time of 6 months from 2 December 2016 until 1 June 2017 to complete the implementation of the Private Placement.

(iv) Memorandum of Understanding ("MOU") between Daya Offshore Construction Sdn Bhd ("DOCSB"), a wholly-owned subsidiary of DMB and Petro Pride Subsea Ltd ("PPSL")

The Board of Directors of DMB announced that DOCSB, a subsidiary of DMB, had on 19 August 2016 entered into a MOU with PPSL.

The purposes of the MOU is to record the preliminary intentions and understanding of DOCSB and PPSL with respect to their common interest and agreement to combine their expertise, know-how, industry connections and resource to collaborate in providing services for the provision of fabrication and installation of pipeline project.

As at todate, the status of the MOU remains unchanged.

(v) Proposal Shares Buy-Back

On 30 August 2016, the Company announced on the immediate shares buy back of 1000 units at a total consideration of RM 75.00.

On 9 September 2016, notice of shares buy back lodged with the registrar of companies.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

(vi) Dealing in Listed Securities (Chapter 14 of Listing requirements) -Intention to deal during closed period

On 18 Oct 2016, DMB informed that pursuant to Paragraph 14.08(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Tan Sri Dato's Koh Kip Lip had given notice to the Company of his intention to deal in DMB's securities during closed period (commenced from 24 October to 23 November 2016)

On 23 January 2017, DMB informed that pursuant to Paragraph 14.08(a) and (b) of the Main market Listing Requirement of Bursa Malaysia Securities Berhad, Tan Sri Dato Sri Koh Kin Lip JP had given notice to the Company of his intention to deal in DMB's securities during closed period (commenced from 28 January 2017 to 27 February 2017)

(vii) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") and China Energy Engineering Corporation Limited International Company ("CEEC")

On 25 November 2016, The Board of Directors of DMB announced that it had entered into a MOU with CEEC.

CEEC is a well-known famous international engineering corporation incorporated in the People's Republic of China and has extensive experiences in domestic and overseas energy and infrastructure projects.

The purpose of the MOU is to record the preliminary intentions and understanding of DMB and CEEC with respect to their common interest and agreement to combine their industry connections and resources to collaborate in the power plant projects and other infrastructure construction projects in Malaysia and Indonesia.

(viii) Winding Up/Receiver & Manager/Restraining Order/Special Administrator Daya Materials Berhad ("DMB" or "The Company") Member Voluntary Winding Up of PT Daya Maxflo("PTDM"), a Sub-subsidiary of DMB

On 29 November 2016, The Board of Directors of DMB announced that PT Daya Maxflo ("PTDM"), a limited liability and a subsidiary of Daya Maxflo Sdn Bhd (formerly known as Maxflo Energy Products Sdn Bhd) (Company No. 681714-M), which in turn is a subsidiary of Daya Petroleum Ventures Sdn Bhd and therefore a subsidiary of the Company has commenced members' voluntary winding-up on 11 December 2015 and was informed of the completion of the winding up of PTDM on late evening of 28 November 2016 pursuant to the laws of Indonesia.

The members' voluntary winding-up of PTDM, which is presently dormant and inactive, will not have any material effect on the earnings, net assets, share capital, gearing and substantial shareholders' shareholdings of DMB for the financial year ending 31 December 2016.

(ix) Proposed Disposal of up to 13,600,000 Ordinary Shares of RM1.00 each in Daya Clarimax Sdn Bhd ("DCLX") representing 100% of the issued and paid-up share capital of DCLX to Kong Teck Fong ("Purchaser") for a cash consideration of RM 150,000.00 ("Purchase Price") ("Proposed Disposal")

On 28 December 2016, The Board of Directors of DMB ("the Board") announced that the Company had on 28 December 2016 entered into a sale & purchase agreement ("Sale and Purchase Agreement") with the Purchaser in respectof, inter-alia, the sale and purchase of up to 13,600,000 ordinary shares of RM1.00 each in DCLX, a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of DCLX for a cash consideration of RM 150,000.00 only subject always to the terms and upon the conditions of the Sale and Purchase Agreement.

The sale consideration was arrived at upon negotiation based on "willing-buyer-willing-seller" basis and after taking into consideration the negative shareholders' fund of DCLX as at 30 November 2016 and its ongoing operating losses.

There will be no liability including contingent liabilities and guarantees, to be assumed by the Purchaser on the Proposed Disposal.

None of the Directors and/or major shareholders and/or persons connected with a director or major shareholders of the Company have any interest, direct and indirect, in the Proposed Disposal.

The Board announced Proposed Disposal had been completed on 30 December 2016.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

(x) Memorandum of understanding between Daya OCI Sdn Bhd ("DOCI"), a subsidiary of DMB and Technology Depository Agency Berhad ("TDA")

The Board of Directors of DMB ("the Board") is pleased to announce that DOCI, a subsidiary of DMB has on 2 February 2017 entered into a MOU with TDA.

The purpose of the MOU is to establish a close cooperative relationship between the parties for the establishment of crowd/passenger systems solution for the transportation industry in Malaysia.

TDA is an agency falling under the purview of the Ministry of Finance of Malaysia and is mandated to operationalize the Policy and Guideline on Industrial Collaboration Programme ("ICP") in government procurement.

None of the Directors and/or major shareholders of DMB and/or persons connected to the Directors and/or major shareholders of DMB have any interest, direct or indirect, in the MOU.

Further announcements on this proposed transaction will be made at the appropriate time.

This announcement is dated 2 February 2017

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
<u>Secured borrowings</u>			
Trade facilities	10,105	-	10,105
Hire purchases	2,918	8,252	11,171
Overdraft	12,185	-	12,185
Term loans	9,948	490,361	500,310
Convertible notes	-	119,236	119,236
	<u>35,157</u>	<u>617,850</u>	<u>653,008</u>

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

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

The bank borrowings and other facilities are denoted in local currency, except for RM13,895,251 which is denoted in United States Dollars.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B9 Material litigations

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2015 and 20 February 2017, 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.) v 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.

As of the date of the quarterly update, an interim dividend of up to RM5,545.53 has been paid from the estate of the 1st Defendant and the matter is still pending notification of creditors' meeting by the Insolvency Department of Malaysia.

(b) Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 (Mark Leonard Midgley v 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 served with a copy of the sealed Writ of Summons and Statement of Claim ("Writ of Summons and Statement of Claim") dated 17 March 2014, where both the Company and DOCSB had been named as defendants in a civil suit filed by the former Chief Executive Officer and Director of DOCSB in the High Court of Malaya at Kuala Lumpur.

On 29 September 2015, the Court granted in favour of the Plaintiff, inter alia, that the Company has breached its obligations under the shareholders agreement dated 30 April 2013 but dismissed the Plaintiff's claim for damages and the Defendant's counterclaim ("Judgement").

Pursuant thereto the Defendant's had successfully appealed against the Judgement on 5 December 2016, the Court of Appeal ordered amongst others, as follows:-

- (i) the judgment of the High Court is reversed and set aside; and
- (ii) costs of RM40,000.00 is payable to the Appellant (Daya Materials Berhad and Daya Offshore Construction Sdn. Bhd.) as costs for the proceedings in both the Court of Appeal and the High Court.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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

On 12 May 2016, Daya OCI Sdn. Bhd. ("DOCI") had successfully appealed to the Court of Appeal whereby the Court of Appeal has unanimously allowed DOCI's appeal with cost and hence overturned the decision of the High Court granted in favour of Tideway on 25 November 2015.

On 22 July 2016 DOCI was informed that Tideway has filed a motion for an extension/abridgement of time in filing their leave application (the "Motion") to appeal to the Federal Court. Pursuant thereto, the Court has given a direction for parties to dispose the Motion first before the Court giving any directions on the leave application itself.

A further case management date for the Motion has been fixed on 13 March 2017 for the parties to update the Court on the availability of the grounds of judgment from the Court of Appeal.

(d) Kuala Lumpur High Court Originating Summons No. WA-24C-69-08/20 (Yuk Tung Construction Sdn Bhd. V. Daya CMT Sdn. Bhd.)

(e) Kuala Lumpur High Court Originating Summons No. WA-24C-70-08/2016 (Yuk Tung Construction Sdn Bhd. V. Daya CMT Sdn. Bhd.)

The abovementioned suits by Yuk Tung Construction Sdn Bhd ("YT") arose out of a construction contract executed between Daya CMT Sdn Bhd ("DCMT"), its 51%-owned subsidiary, and YT on 23 November 2012. DCMT was appointed as the Principal Sub-Contractor to carry out the construction and completion of the building works known as "Cadangan Mendirikan Pembangunan bercampur 3 Blok 28 Tingkat: Blok A-526 Unit SOHO (22 Tingkat) dan 10 Unit Kedai Pejabat; Blok B-365 Unit Apartment Servis 21 Tingkat; Blok C-168 Unit Apartment Servis 21 Tingkat, Termasuk 7 ½ Tingkat Podium Tempat Letak Kereta dan 2 Tingkat Basement Tempat Letak Kereta at Lot 30844, Batu 6, Jalan Sungai besi, Mukim Petaling Dalam Bandaraya Kuala Lumpur untuk Tetuan Yuk Tung Land Sdn Bhd" ("Contract"). The Contract Sum for the works is RM270,000,000.00, on a lump sum basis. The completion date for the works under the Contract was 14 November 2014. The liquidated damages imposable for delay in completion the works was agreed at RM70,000.00 per day.

On 22 December 2015, YT terminated DCMT's employment under the Contract relying on the alleged reason that DCMT had failed to proceed with works regularly and diligently. YT had also called on the performance bond given under the Contract. DCMT filed and claimed against YT on the basis that (i) the Contract was wrongfully terminated, (ii) the performance bond was wrongfully called upon; and (iii) DCMT is entitled to significant extension of time under the contract.

DCMT initiated a claim under CIPAA inclusive of value of works done, works certified, non-release of retention sum, among others. The Adjudicators had on 02.08.2016, delivered his decision on the CIPAA claim ("Adjudication Decision"). The Adjudication found in favour of DCMT and granted the amount of RM2,606,606,37 being the Adjudication Sum to DCMT to be paid by YT no later than 2 weeks from the date of the Adjudication Decision, failing which, a simple interest of 5% per annum will be calculated from the expiry of the 2 weeks until full settlement of the Adjudication Sum payment by YT.

YT had on 15 August 2016 filed the above mentioned suits to, inter alia, set aside the Adjudication Decisions on the ground that the Adjudicators has exceeded his jurisdiction in coming to the Adjudication Decision (Suit d) and further, filed a separate application to stay the enforcement of the Adjudication Decision by DCMT in the interim ("Suit e").

The matter is now in the midst of a trial with trial dates fixed up to March 2017.

B10 Proposed Dividends

The Board of Directors did not recommend the payment of any dividends for the financial year ended 31 December 2016.

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

B11 Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Net (loss)/profit for the period attributable to ordinary equity holders of the company (RM'000)	(144,015)	(37,002)	(204,146)	(18,503)
Weighted average number of shares in issue ('000)	1,736,018	1,672,592	1,797,673	1,657,052
Basic earnings per share (sen)	<u>(8.30)</u>	<u>(2.21)</u>	<u>(11.36)</u>	<u>(1.12)</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.

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
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
The following amounts have been included in arriving at profit before tax:				
Interest expenses	(602)	4,505	20,707	11,869
Depreciation on property, plant and equipment	10,154	4,514	35,808	18,692
Depreciation on investment property	1	2	5	5
Amortisation on intangible assets	(36)	23	215	441
Property, plant and equipment written off	2,650	-	2,639	-
Loss on disposal of property, plant & equipment and after crediting:	-	984	-	1,010
Interest income	228	345	3,736	1,054
Rental income	83	805	391	463
Dividends income	641	-	641	-
Unrealised foreign exchange (gains)/loss	(10,739)	(40,973)	3,829	(13,752)
Realised foreign exchange (gains)/loss	(139)	(25,150)	(89)	(22,483)
Gain on disposal of property, plant & equipment	270	(1,464)	567	(1,391)
Gain on disposal of market securities	3,711	-	3,711	-
Gain on disposal of a joint venture company	-	(76)	-	-

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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:

	CUMULATIVE QUARTER	
	AS AT 31.12.2016 RM'000	AS AT 31.12.2015 RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	(129,269)	43,834
- Unrealised profits	3,866	29,134
	<u>(125,403)</u>	<u>72,969</u>
Less: Consolidated adjustments	(50,687)	(44,916)
Total group retained earnings as per consolidated accounts	<u>(176,091)</u>	<u>28,053</u>

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 February 2017