



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2017

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2017 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000 (Unaudited)	CURRENT YEAR TO DATE 31.12.2017 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016 RM'000 (Audited)
Revenue	116,864	49,798	296,127	399,172
Cost of Sales	(110,257)	(58,562)	(261,381)	(396,852)
Gross Profit/(Loss)	<u>6,607</u>	<u>(8,764)</u>	<u>34,746</u>	<u>2,320</u>
Other Income	11,301	11,883	31,747	22,026
Operating Expenses	(35,518)	(141,659)	(56,839)	(198,307)
Profit/ (Loss) from operations	<u>(17,610)</u>	<u>(138,539)</u>	<u>9,655</u>	<u>(173,961)</u>
Finance Costs	(4,653)	(6,521)	(27,008)	(27,830)
Share of results of joint ventures	<u>(168)</u>	<u>(830)</u>	<u>(236)</u>	<u>886</u>
Loss before tax	(22,431)	(145,891)	(17,589)	(200,905)
Income tax expense	<u>(19,933)</u>	<u>(1,686)</u>	<u>(23,153)</u>	<u>(4,868)</u>
Loss for the period	<u><u>(42,363)</u></u>	<u><u>(147,577)</u></u>	<u><u>(40,742)</u></u>	<u><u>(205,773)</u></u>
Attributable to :				
Equity holders of the Company	(41,207)	(147,157)	(41,931)	(207,285)
Non-controlling interests	<u>(1,156)</u>	<u>(420)</u>	<u>1,189</u>	<u>1,512</u>
	<u><u>(42,363)</u></u>	<u><u>(147,577)</u></u>	<u><u>(40,742)</u></u>	<u><u>(205,773)</u></u>
Basic loss per share (sen):	<u>(2.08)</u>	<u>(7.94)</u>	<u>(2.20)</u>	<u>(11.53)</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 2016.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2017 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000 (Unaudited)	CURRENT YEAR TO DATE 31.12.2017 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016 RM'000 (Audited)
Loss for the period	<u>(42,363)</u>	<u>(147,577)</u>	<u>(40,742)</u>	<u>(205,773)</u>
Other comprehensive loss:				
Changes in fair value on investment in available-for-sale ("AFS") assets	-	-	-	35
Foreign currency translation differences for foreign subsidiaries	(4,581)	(25,031)	(1,435)	(14,440)
Total comprehensive (loss)/income for the period, net of tax	<u>(46,944)</u>	<u>(172,608)</u>	<u>(42,177)</u>	<u>(220,178)</u>
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company	(45,788)	(172,188)	(43,366)	(221,690)
Non-controlling interests	(1,156)	(420)	1,189	1,512
	<u>(46,944)</u>	<u>(172,608)</u>	<u>(42,177)</u>	<u>(220,178)</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 2016

DAYA MATERIALS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	UNAUDITED 31.12.2017 RM'000	AUDITED 31.12.2016 RM'000
Non Current Assets		
Property, plant and equipment	79,072	540,905
Inventories - non current	8,956	8,640
Investment properties	10,117	3,754
Intangible assets	84,480	84,438
Investment in joint ventures	461	461
Available-for-sale financial asset	-	5,901
Deferred tax assets	906	13,197
Asset held for sale	7,523	-
	<u>191,514</u>	<u>657,296</u>
Current Assets		
Inventories	17,757	24,399
Trade receivables	72,357	124,654
Other receivables, deposits and prepaid expenses	70,117	100,188
Amount due from contract customers	34,982	-
Tax recoverable	2,181	3,390
Marketable securities	66	64
Cash and bank balances	69,283	69,796
	<u>266,743</u>	<u>322,491</u>
Current Liabilities		
Loans and borrowings	43,753	42,145
Trade payables	85,082	106,784
Other payables and accrued expenses	77,828	78,306
Amount due to contract customers	-	47,999
Tax liabilities	3,006	267
	<u>209,669</u>	<u>275,501</u>
Net Current Assets	57,074	46,990
	<u>248,587</u>	<u>704,286</u>
Financed by:		
Share capital	271,230	185,302
Reserves	(252,096)	(136,890)
	19,134	48,412
Non-controlling interests	35,039	35,612
	<u>54,173</u>	<u>84,024</u>
Non Current Liabilities		
Deferred tax liabilities	4,582	2,412
Loans and borrowings	189,832	617,850
	<u>248,587</u>	<u>704,286</u>
Net assets per share (sen)	<u>0.96</u>	<u>2.61</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 2016 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2017

	Attributable to Equity Holders of the Company							Total Equity RM'000	
	Non-Distributable				Distributable				
	Share Capital RM'000	Share Premium RM'000	Bond Reserve RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	AFS Reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non- controlling interests RM'000
12 months year ended 31 December 2017 (Unaudited)									
At 1 January 2017	185,302	71,422	4,713	(36,560)	(1)	1,331	(177,795)	48,412	35,612
Loss for the period	-	-	-	-	-	-	(41,931)	(41,931)	1,189
Foreign currency translation differences	-	-	-	(1,435)	-	-	-	(1,435)	-
Total comprehensive loss for the period	-	-	-	(1,435)	-	-	(41,931)	(43,366)	1,189
Reclassification of exchange reserve to profit or loss on disposal of foreign subsidiaries	-	-	-	33,331	-	-	(33,331)	-	44
N1 Transfer in accordance with Section 618 (2) of the Companies Act 2016	71,422	(71,422)	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Share issuance expense	(22)	-	-	-	-	-	-	(22)	-
Issuance of shares	14,528	-	(2,414)	-	-	-	-	14,528	-
Bonds surrendered	-	-	-	-	-	-	-	(2,414)	-
Gain arising from fair value of investment properties	-	-	-	-	-	-	3,327	3,327	-
Disposal of interest to non-controlling interest	-	-	-	-	-	-	-	-	(1,806)
Disposal of AFS	-	-	-	-	-	(1,331)	-	(1,331)	-
At 31 December 2017	271,230	-	2,299	(4,664)	(1)	-	(249,730)	19,134	35,039
12 months year ended 31 December 2016 (Audited)									
At 1 January 2016	173,602	71,440	4,713	(22,120)	(1)	4,000	28,053	259,687	35,536
Loss for the period	-	-	-	-	-	-	(207,285)	(207,285)	1,512
Foreign currency translation differences	-	-	-	(14,440)	-	35	-	(14,405)	-
Total comprehensive (loss)/income for the period	-	-	-	(14,440)	-	35	(207,285)	(221,890)	1,512
Disposal of interest to non-controlling interest	-	-	-	-	-	-	1,437	1,437	(1,437)
Issuance of shares	11,700	-	-	-	-	-	-	11,700	-
Share issuance expense	-	(18)	-	-	(0)	-	-	(18)	-
Disposal of AFS	-	-	-	-	-	(2,704)	-	(2,704)	-
At 31 December 2016	185,302	71,422	4,713	(36,560)	(1)	1,331	(177,795)	48,412	35,612

N1: In accordance with Section 618(2) of the Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has 24 months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit on or before 30 January 2019 (24 months from commencement of section 74) in accordance with Section 618(3) of the Companies Act 2016.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	UNAUDITED CURRENT YEAR TO DATE 31.12.2017 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2016 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(17,589)	(200,905)
Adjustments for:		
Amortisation on intangible assets	106	254
Depreciation on property, plant and equipment	10,147	36,124
Depreciation on investment property	5	446
Gain on disposal of property, plant & equipment	(143)	(529)
Gain on disposal of investment property	-	(484)
Property, plant and equipment written off	-	48,878
(Gain)/Loss on disposal of subsidiary	(2,849)	1,431
Gain on disposal of available-for-sale financial assets	(1,870)	(3,711)
Inventories written off	-	4,546
Finance costs	27,008	27,830
Interest income	(1,557)	(1,544)
Waiver of debts	(3,226)	-
Writeback of provisions	(10,793)	
Fair value gain on marketable securities	-	38
Net unrealised foreign exchange gain	(5,867)	(10,629)
Impairment loss on property, plant and equipment	-	76,208
Allowance for impairment of receivables	13,975	118
Gain on disposal of shares in a joint venture	-	(3,763)
Share of results of joint ventures	236	(886)
Operating profit / (Loss) before working capital changes	7,583	(26,578)
Changes in working capital:		
Inventories	6,642	(5,131)
Trade and other receivables	54,737	47,467
Other receivables, deposits and prepaid expenses	(39,513)	7,721
Trade and other payables	34,042	(54,816)
Amount due (from)/to contract customers	(65,140)	21,744
Cash (used in) / generated from operations	(1,649)	(9,593)
Interest received	1,557	1,544
Interest paid	(27,008)	(27,830)
Income tax paid	(1,829)	(7,431)
Net Cash Used In Operating Activities	(28,930)	(43,310)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	UNAUDITED CURRENT YEAR TO DATE 31.12.2017 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(991)	(3,842)
Proceeds from disposal of partial interest in subsidiary that does not involve loss of control	1,421	-
Proceeds from disposal of property, plant and equipment	155	2,075
Proceeds from disposal of investment property	-	1,500
Proceeds from disposal of a subsidiary	421,329	164
Proceeds from disposal of available-for-sale financial asset	6,019	9,562
Proceeds from disposal of shares in a joint venture	-	3,835
Purchase of intangible assets	(22)	(68)
Purchase of partial interest in subsidiary from non-controlling interest	(3,000)	-
Decrease/(Increase) in pledged deposits placed with licensed banks	7,754	(6,616)
Net Cash From Investing Activities	432,666	6,610
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Net repayment of loans and borrowings	(422,051)	(54,754)
Proceeds from issuance of ordinary shares (net)	14,505	11,700
Purchase of treasury shares	(1)	(18)
Net Cash Used In Financing Activities	(407,546)	(43,072)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,810)	(79,772)
Effect of exchange rate fluctuation on cash held	11,593	13,384
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,827	71,215
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12,609	4,827
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and bank balances	21,736	20,565
Fixed deposits with licenced banks	47,525	49,210
Short term investments	22	21
	69,283	69,796
Bank overdraft	(14,655)	(15,759)
	54,628	54,037
Less: Fixed deposits pledged with licensed banks	(42,017)	(49,210)
	12,609	4,827

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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 the Malaysian Financial Reporting Standard ("MFRS") 134 :Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements 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.

A2 Significant Accounting Policies

In the preparation of this interim financial statements, the accounting policies and the method of computation of the most recent annual financial statements were followed except as disclosed below:

(a) Amendments and Annual Improvements to Standards

Description	Effective for annual periods beginning on or after
Amendments to MFRS 12 Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
Amendments to MFRS 107 Statements of Cash Flows - Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax assets for Unrealised Losses	1 January 2017

The initial adoption of the above pronouncements did not have any material impact on the interim financial statements of the Group.

(b) Standards issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but are not yet effective and have not been applied by the Group:

Description	Effective for annual periods beginning on or after
MFRS 9 Financial Instruments (2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Clarification to MFRS 15 Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128 Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
MFRS 16 Leases	1 January 2018
Amendments to MFRS 10 and MFRS 128 Consolidated Financial Statements, Investments in Associates and Joint Ventures - Sale or Contribution of assets between an Investor and its Associate or Joint Venture	Yet to be determined
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is expected to apply the above mentioned pronouncements beginning from the respective dates the pronouncements become effective. The Group is currently assessing the impact of adopting the above pronouncements.

(c) Changes in accounting policy

The Group changed the accounting policy on Investment Properties from cost less accumulated depreciation and accumulated impairment losses to the fair value model as at 31 December 2017.

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A3 Seasonal or Cyclical Factors

The business of the Group is not subject to any seasonal or cyclical fluctuation.

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

On 19 September 2017, the Company completed the disposal of its interest in its former wholly-owned subsidiary, Daya Global 1 Pte Ltd ("DG1PL"), at a Disposal Consideration of USD100.0 million (RM421.3 million). The Group has recognised a gain on disposal of RM2.8 million for period under review.

Other than the above, there were no other unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

A5 Changes in Estimates, Significant Accounting Estimates and Judgements

i) Impairment of receivables

Included in the statement of financial position of the Group are receivables in the technical services segment of RM78.5 million, which are currently subject to a legal suit of a subsidiary as detailed in Section B9(c). The recoverability of the said amounts are highly dependant of the success of the legal action. Based on consultation with the Group's solicitors following the High Court judgment and clarification, and pending the results of any Appeal, an allowance for impairment of receivables amounting to RM14.0 million was made for the period under review.

ii) Deferred tax asset

During the period under review, deferred tax asset recognised of RM16.0 million on unused tax losses of a subsidiary was reversed to the extent that it is no longer probable that sufficient taxable profits will be available to allow all of the asset to be recovered.

Other than the above, there were no significant changes in the nature and estimates of amounts reported which have a material effect on the results in the period under review.

A6 Debt and Equity Securities

i) On 27 April 2017, 8 May 2017 and 25 May 2017, the Company issued 45,000,000, 3,500,000 and 8,100,000 new ordinary shares of RM0.10 each in the Company through private placements at an issue price of RM0.08 respectively for a cash consideration of RM4,528,000.

ii) On 8 November 2017 and 10 November 2017, the Company issued 119,999,000 and 13,333,000 new ordinary shares of RM0.10 each in the Company through private placements at an issue price of RM0.075 respectively for a cash consideration of RM9,999,900.

iii) During the period under review, the Company purchased 2,000 of its own issued shares in the open market. The average price paid for the shares purchased was RM0.089 per share including the transaction costs. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares. As at 31 December 2017, the Company held a total of 8,000 ordinary shares as treasury shares.

Other than the above and save for Section A15, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

A7 Dividends Paid

No dividend has been declared or paid for current financial quarter and financial year-to-date. (2016: Nil)

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A8 Segment Information

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

<u>Results for 12 months ended 31 December 2017</u>				
Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Revenue	84,308	206,252	5,567	296,127
Segment Results	1,796	6,690	(3,218)	5,268
Unallocated Results				4,387
Loss from Operations				9,655
Finance Costs				(27,008)
Share of results of joint ventures				(236)
Loss Before Tax				(17,589)
Income Tax Expense				(23,153)
Loss After Tax				(40,742)
 <u>Results for 12 months ended 31 December 2016</u>				
Revenue	136,873	251,929	10,370	399,172
Segment Results	(169,569)	4,695	(10,101)	(174,975)
Unallocated Results				1,015
Loss from Operations				(173,960)
Finance Costs				(27,830)
Share of results of joint ventures				885
Loss Before Tax				(200,905)
Income Tax Expense				(4,868)
Loss After Tax				(205,773)

A9 Valuation of Property, Plant and Equipment

There is no revaluation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment.

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 2016	84,321	1,871	152	360	86,704
Additions	-	67	-	-	67
Disposal of subsidiary	(227)	-	-	-	(227)
Exchange differences	-	32	-	-	32
At 31 December 2016/1 January 2017	84,094	1,970	152	360	86,576
Additions	-	22	-	-	22
At 31 December 2017	84,094	1,992	152	360	86,598
 Accumulated amortisation					
At 1 January 2016	-	1,299	144	360	1,803
Amortisation	-	246	8	-	254
Exchange differences	-	81	-	-	81
At 31 December 2016/1 January 2017	-	1,626	152	360	2,138
Amortisation	-	106	-	-	106
Exchange differences	-	(126)	-	-	(126)
At 31 December 2017	-	1,606	152	360	2,118
 Net carrying amount:					
At 1 January 2016	84,321	572	8	(0)	84,901
At 31 December 2016/1 January 2017	84,094	344	0	(0)	84,438
At 31 December 2017	84,094	386	0	(0)	84,480

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A11 Subsequent Events

- i) On 29 January 2018, Daya Polymer Sdn Bhd, a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") for the disposal of freehold land and factory building ("Property") for a total disposal consideration of RM10,000,000. Completion Period is before the expiration of 3 months from the date of SPA. As at 31 December 2017, the Property is classified as asset held for sale in the statement of financial position.
- ii) On 14 January 2018 and 14 February 2018, Daya Petroleum Ventures Sdn Bhd ("DPV"), which is 51% owned by the Company, acquired additional 195,800 ordinary shares of Daya Maxflo Sdn Bhd ("DMSB"), representing 13.79% of the share capital of DMSB for a cash consideration of RM2.0 million and DMSB became a 86.44% owned subsidiary of DPV.

Other than the above and save for Section B7 and B9, there were no material events subsequent to the current interim financial period up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the Composition of the Group

- i) On 19 September 2017, the Company completed the disposal of its interest in a former wholly-owned subsidiary, DG1PL, at a Disposal Consideration of USD100.0 million (RM421.3 million).
- ii) On 15 March 2017, 31 March 2017 and 30 April 2017, Daya Petroleum Ventures Sdn Bhd ("DPV"), which is 51% owned by the Company, acquired additional 293,700 ordinary shares of Daya Maxflo Sdn Bhd ("DMSB"), representing 20.68% of the share capital of DMSB for a cash consideration of RM3.0 million and DMSB became a 82.65% owned subsidiary of DPV. Subsequently, on 15 June 2017, DPV disposed 142,000 ordinary shares of DMSB, representing 10% of the share capital of DMSB for a consideration of RM1.4 million and DPV equity interest in DMSB is reduced to 72.65% as at 31 December 2017.
- iii) On 21 April 2017, Daya Campro (Sabah) Sdn Bhd ("DCSB"), a 60% owned subsidiary of Daya OCI Sdn Bhd, which in turn is a 50.1% subsidiary of the Company, has been struck-off the register pursuant to Section 308(4) of the Companies Act, 1965

Other than the above, there were no other material changes in the composition of the Group for the period under review.

A13 Contingent Assets and Contingent Liabilities

As at 31 December 2017, the Company has provided corporate guarantee of RM275,426,255 for banking facilities and third party for supply of goods and services granted to certain subsidiaries.

As at 31 December 2017, the utilization of the banking facilities by the subsidiaries are RM181,397,837.

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

A14 Capital Commitments

Capital Expenditure:

Approved but not contracted for:

As at
31.12.2017
RM'000

573

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A15 Disposal of Subsidiary

On 30 March 2017, the Company and Siem OCV Pte Ltd entered into the conditional sales and purchase agreement to dispose 50,000 ordinary shares representing the entire issued share capital of DG1PL for a consideration of USD100,000,000 (equivalent to RM421,328,037) ("Disposal Consideration"), paid in the following manner:

- i) cash consideration of USD82,744,550 (equivalent to RM346,741,037), being the redemption sum of the facility granted by the financial institution to Daya Maritime Limited ("Existing Facility"), a wholly owned subsidiary of the Company to DG1PL to part finance the purchase of the offshore subsea construction vessel known as Siem Daya 1 ("SD1"). The said payment of the redemption sum shall be deemed the full and final settlement of the Existing Facility.
- ii) the balance Disposal Consideration shall be deemed paid pursuant to the terms of the Debt Settlement Agreement. The amount of USD17,255,450 consists of:
 - a) total Bonds to be surrendered of USD9,698,720.29 (equivalent to RM42,921,687 in RM nominal value of the Bonds); and
 - b) total amount to be forgiven of USD7,556,729.71 (equivalent to RM31,666,476)

The Disposal was completed on 19 September 2017. The effect of the Disposal on the financial position of the Group is as follows:

	RM'000
Property, plant and equipment	413,771
Inventory	5,279
Other current assets	21
Cash and cash equivalents	14
Payables and accruals	<u>(606)</u>
Net assets disposed off	418,479
Gain on disposal of subsidiary	<u>2,849</u>
Disposal Consideration	421,328
Less: Cash and cash equivalent disposed of	<u>(14)</u>
Net cash inflow on disposal	<u>421,314</u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET

B1 Review of Performance

For the current financial quarter, the Group recorded higher revenue of RM116.9 million compared to RM49.8 million reported in the preceding year corresponding financial quarter, representing an increase of RM67.1 million or 134.7%. The higher revenue reported was mainly due to higher revenue contribution from the Technical Service segment.

For the current financial year-to-date, the Group recorded lower revenue of RM296.1 million compared to RM399.2 million reported in the preceding year corresponding financial year-to-date, representing a decrease of RM103.0 million or 25.8%. The lower revenue reported was mainly due to lower revenue contribution from the Oil & Gas and Technical Service segments.

The Group recorded loss before tax of RM22.4 million and RM17.6 million for the financial quarter and year-to-date compared to RM145.9 million and RM200.9 million reported in the preceding year corresponding financial quarter and year-to-date, representing a positive variance of RM123.5 million and RM183.3 million respectively. Included in the previous financial year was a one-off impairment charge and write-off capitalised costs on the Group's vessel and most of its assets relating to its offshore North Sea business amounting to RM125.1 million and losses suffered in the offshore business due to significant decrease in vessel utilisation. The Siem Daya 1 vessel was subsequently sold and the Group exited from the North Sea sector.

The review of the Group's performance by each segment is as follows:

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

The O&G segment reported loss before interest and tax ("LBIT") of RM16.2 million in the current financial quarter compared to RM131.3 million in the preceding year's corresponding quarter, representing a positive variance of RM115.1 million. For the current financial year-to-date, the segment recorded profit before interest and tax ("PBIT") of RM1.8 million compared to LBIT of RM169.6 million in the previous financial year-to-date, representing a positive variance of RM171.4 million. This was primarily due to a one-off impairment charge on Siem Daya 1 vessel and the offshore subsea business coupled with losses suffered in the offshore business due to significant decrease in vessel utilisation in the previous financial year.

(ii) Technical Services Segment

The Technical Services segment reported PBIT of RM1.4 million in the current quarter compared to LBIT of RM2.5 million in the preceding year's corresponding quarter, representing a positive variance of RM3.9 million. For the current year-to-date, the segment reported PBIT of RM6.7 million compared to RM4.7 million in the preceding year's corresponding year-to-date, representing a positive variance of RM2.0 million. The improved performance was mainly due to new project activities being intensified and write back of project costs no longer required upon contract completion, partly offset by allowance for impairment of receivables in relation to a legal suit of a subsidiary.

(iii) Other Segment

The Other Segment reported LBIT of RM1.7 million and RM3.2 million in the current quarter and year-to-date compared to LBIT of RM8.1 million and RM10.1 million in the preceding year's corresponding quarter and year-to-date. The lower loss was largely attributable to lower cost structure arising from scale down production and overall operations in the Polymer business.

B2 Comparison of Loss Before Taxation with the Immediate Preceding Financial Quarter

	Quarter ended 31.12.2017 RM'000	Quarter ended 30.09.2017 RM'000
Revenue	116,864	60,103
(Loss)/Profit before tax	(22,431)	1,105

The Group reported loss before tax of RM22.4 million for the current financial quarter compared to profit before tax of RM1.1 million in the immediate preceding financial quarter, negative variance of RM23.5 million, mainly due to allowance for impairment of receivables in relation to a legal suit of a subsidiary and costs charged out in relation to the termination of the Group's offshore subsea business.

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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 Group is of the view that the outlook of the O&G industry is expected to be challenging and oil prices still remain uncertain. There are signs of a gradual recovery especially from the movement in oil price, but the conditions will remain challenging in the intermediate term. With the completion of sale of SD1 and the Group's exit from the offshore subsea sector, our O&G division as a whole has returned to profitability and is now on a more solid footing. The Group believes that the O&G segment will continue to strengthen its operating performance in the coming year, having secured several long-term contracts recently.

(ii) Technical Services Segment

The construction sector is expected to remain competitive going forward, especially as construction costs are broadly trending upwards. The sector will continue to focus on implementing, executing and delivering its existing contracts according to the contract terms. The Group has extensive experience and a proven track record in this industry and will actively tender for projects, and is confident of securing more projects from its expanding tender book. The Group is therefore optimistic about the prospects of this segment.

(iii) Other Segment

The Polymer segment is now reclassified as "Others" as its contribution over the past 5 years has consistently been declining, accounting for less than 5% of the Group's revenue and profit.

Barring any unforeseen circumstances, the management is cautiously optimistic of an improved performance for the Group in the coming year.

B4 Variances from Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for variances from profit forecast or profit guarantee are not applicable.

B5 Income Tax Expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
In respect of the current period:				
Income tax				
- Current year	4,403	(521)	7,623	5,547
- Underprovision in prior years	637	1,600	637	1,600
- Real property gain tax	-	210	-	210
Deferred tax				
- Current year	(1,134)	4,565	(1,134)	1,679
- (Over)/underprovision in prior years	16,027	(4,168)	16,027	(4,168)
	<u>19,933</u>	<u>1,686</u>	<u>23,153</u>	<u>4,868</u>

The effective tax rate of the Group for the current financial year-to-date was higher than the Malaysian statutory tax rate mainly due to the losses incurred in some of the subsidiaries of the Group and certain expenses not deductible for tax purposes.

B6 Sale of Unquoted Investments and Properties

There were no major disposal of unquoted investments and properties during the period under review except for the disposals covered under A12 "Changes in the Composition of the Group" and B7 "Status of corporate proposals".

B7 Status of Corporate Proposals

The status of corporate proposals announced by the Company and completed as at 21 February 2018, 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, being 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"), for a total consideration of RM11,400,000.

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 21 April 2016, agreed to PSSB's request in writing to extend the Call Option Period by a further 6 months to 17 January 2017, being 30 months from the Completion Date ("1st Revised Call Option Period").

The Company had, on 7 December 2016 agreed to PSSB's request in writing to further extend the 1st Revised Call Option Period by a further 12 months up to 17 January 2018 ("2nd Revised Call Option Period").

On 15 September 2017, PSSB and the Company had mutually agreed, vide the Company's letter dated 15 September 2017 to further extend the 2nd Revised Call Option Period to 31 August 2018.

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

(ii) 1st Proposed Private Placement

On 4 October 2017, the Board announced that the Company proposes to undertake a private placement of new ordinary shares in the Company ("DMB Shares") of up to 10% of the issued and paid-up capital of the Company (excluding treasury shares) ("Proposed Private Placement").

On 24 October 2017, on behalf of the Board, Hong Leong Investment Bank Berhad announced that Bursa Malaysia had, via its letter dated 24 October 2017, approved DMB's application for the listing of the placement shares in respect of the 1st Proposed Private Placement.

On 8 November 2017, the Company had issued 119,999,000 new ordinary shares through private placement at an issue price of RM0.075 per share for a total consideration of RM8,999,925.

On 10 November 2017, the Company had issued 13,333,000 new ordinary shares through private placement at an issue price of RM0.075 per share for a total consideration of RM999,975.

(iii) 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.

On 21 November 2017, DMB and CEEC mutually agreed to extend the MOU up to 24 November 2018.

Since then, there have been no further developments up to the date of this interim report.

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

On 2 February 2017, the Board of Directors of DMB announced that DOCI, a subsidiary of DMB has 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.

The MOU has since lapsed on 1 February 2018.

(v) Memorandum of Understanding between DOCI, a subsidiary of DMB and MIMOS Semiconductor Sdn Bhd ("MSSB")

On 15 September 2017, the Board of Directors of DMB announced that DOCI had entered into a MOU with MSSB.

The purpose of the MOU is to establish collaborative and/or partnership engagements in areas of technology which includes but not limited to the provision of a crowd management and passenger system comprising information technology data transfer, security information capabilities, monitoring, management and recording of mass people and materials movements and other potential similar crowd management systems to be applied in rail or non-rail systems such as port entry and stadiums.

MSSB is a wholly owned subsidiary of MIMOS Berhad (a government funded research and development organisation that has developed certain technologies which it wishes to commercialise), set up as a commercial arm to manage, develop and commercialise MIMOS' technologies.

There have been no further developments from the date of the MOU up to the date of this interim report.

(vi) 2nd Proposed Private Placement

On 22 November 2017, the Board announced that the Company proposes to undertake a private placement of new ordinary shares in the Company ("DMB Shares") of up to 286,442,000 new DMB Shares, representing up to approximately 14% of the total number of issued shares of the Company (excluding treasury shares) as at 15 November 2017 ("2nd Proposed Private Placement").

On 30 November 2017, on behalf of the Board, Hong Leong Investment Bank Berhad announced that DMB's application for the listing of the placement shares in respect of the 2nd Proposed Private Placement was submitted.

To date, the 2nd Proposed Private Placement is pending approval from Bursa Malaysia Securities Berhad, whose approval is subject to clearance of all its queries

(vii) Proposed disposal of property by Daya Polymer Sdn Bhd ("DPSB")

DPSB, a wholly-owned subsidiary of the Company, had on 29 January 2018 entered into a Sale and Purchase Agreement ("SPA") with GB Chemical (M) Sdn Bhd ("GBC")(Company No. 529837-H) for the disposal of all that piece of freehold land and hereditaments held under Geran No. Hakmilik 59361, No. Lot 2795, Mukim 07, Daerah Seberang Perai Selatan, Pulau Pinang, measuring approximately 12,671.00 sqm together with two (2) blocks of single storey factory bearing assessment address at No. 1744, Jalan Industri 2, Kawasan Industri Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang to GBC for a total disposal consideration of RM10,000,000.00.

To date, the balance of the disposal price amounting to RM9,000,000 which is due 3 months from 29 January 2018 (being the date of the SPA), is pending settlement by GBC.

(viii) Memorandum of Understanding between Daya Materials Berhad and Kumul Petroleum Holdings Limited ("KPHL")

On 8 February 2018, the Board announced that the Company had entered into a MOU with KPHL for provision of services (ie. exploration, development, production and decommission) and products to KPHL for oil and gas project(s) in Papua New Guinea ("PNG").

KPHL is a company incorporated under the Companies Act 1997 of Papua New Guinea and authorised under the Kumul Petroleum Holdings Limited Authorization Act 2015 as the national oil & gas company of the Independent State of PNG, with its office located at 7th Floor, The Tower, Douglas Street, Port Moresby.

The MOU is intended to reflect the intentions of the Company and KPHL to participate in oil and gas project(s) in PNG as a joint-venture. There have been no further changes arising from the date of the MOU up to the date of this interim report.

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B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Short Term RM'000	Long Term RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
Trade facilities	15,797	15,000	30,797
Hire purchase	3,105	5,404	8,509
Overdraft	14,655	-	14,655
Term loans	10,196	92,749	102,945
Redeemable convertible secured bonds	-	76,679	76,679
As at 31 December 2017	43,753	189,832	233,585
As at 31 December 2016	42,145	617,850	659,995

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 RM50,634,753 which is denoted in United States Dollars.

B9 Material litigations

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2017 and 21 February 2018, 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

On 25 March 2008, our subsidiary, Daya Secadyme Sdn. Bhd. ("DSSB") filed a civil suit against:

- Mohd Akbar B Hj Johari;
- AJ Premier Holdings Sdn Bhd;
- Aims Mission Sdn Bhd;
- Global Max Trading Sdn Bhd; and
- Azrul Bin Mohd Nasir trading as Rasa Indah Trading

(collectively referred to as "Defendants").

The claim against the first, second and third Defendants was based on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received by the first, second and third Defendants, and against the fourth and fifth Defendants on fraud perpetrated in conspiracy with the other Defendants. The amount claimed was RM1,942,250 with interest at 8% per annum thereupon from judgment to settlement, and the legal costs of the proceedings.

The court had subsequently granted judgments to DSSB against the Defendants for the sum claimed with cost and interest. The Defendants had however defaulted in the judgments and DSSB had initiated bankruptcy and winding up petitions against the Defendants.

As of to date, all enforcement proceedings filed against the Defendants have been completed. The Proofs of Debt with regard to the Defendants have all been filed with the relevant Insolvency Office(s), save and except for the Proof of Debt with regard to AJ Premier Holdings Sdn Bhd which was rejected by the Insolvency Office due to insufficient documentation. In this respect, DSSB will not proceed with the re-filing of such Proof of Debt with the Insolvency Office. To date, DSSB has not recovered the judgment sum granted by the court, save for one dividend payment from the estate in bankruptcy of Mohd Akbar B Hj. Johari for RM5,545.53. With regard to the wound-up companies Aims Mission Sdn Bhd and Global Max Tradig (M) Sdn Bhd, there are no assets available for liquidation nor monies in the accounts of these companies for the Insolvency Office to convene a creditors' meeting. With regard to the individual Azrul Bin Mohd Nasir, there are no funds in his estate in bankruptcy for any dividend payments. In view of the above, this suit is now deemed closed.

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(b) Shah Alam High Court Suit No. 22NCVC-480-10/2014

On 20 October 2014, our subsidiary, Daya OCI Sdn Bhd ("DOCI") received service of notice of an action being brought against it by Tideway Alliance Sdn Bhd ("Tideway").

Tideway was claiming the sum of RM6,937,500 allegedly owing for certain rock-dumping works and services allegedly rendered at the request and instructions of DOCI.

On 25 November 2015, the Court granted part of Tideway's claims and awarded a total sum of RM4,935,546. On 12 May 2016, DOCI successfully appealed to the Court of Appeal whereby the Court of Appeal unanimously allowed DOCI's appeal and, in so doing, dismissed Tideway's claim as well as allowed DOCI's counterclaim of RM132,539.14 together with interest of 5% per annum from 21 November 2014 until full settlement as well as costs of RM80,000.00.

Tideway then filed a motion to seek for leave to appeal to the Federal Court against the decision made by the Court of Appeal on 12 May 2016, allowing DOCI's appeal against the decision of the High Court on 25 November 2015 ("Motion").

Pending the Court of Appeal's provision of its Grounds of Judgment, parties discovered that Tideway was wound up.

Arising from the same, DOCI also filed an application to strike out the leave application (for Tideway's failure to obtain sanction) and the same is now fixed for hearing on 10 April 2018.

Following the application, Tideway applied for sanction but the same has yet to be granted to date.

In addition, Tideway's solicitors had filed their Notice of Motion to Discharge as Solicitors and the Court has also fixed the hearing on 10 April 2018 as well.

(c) Kuala Lumpur High Court Suit No. 22C-61-12/2015

The abovementioned suit by Daya CMT Sdn Bhd ("DCMT") arose out of a letter of award dated 2 May 2012 and a construction contract executed between DCMT and Yuk Tung Construction Sdn Bhd ("YTCSB") on 23 November 2012. DCMT was appointed as principal sub-contractor to carry out the construction and completion of building works ("Contract") for a contract sum of RM270,000,000.00 on a lump sum basis. The completion date for the works under the Contract was 14 November 2014, and the liquidated damages for delay in completion of the works was agreed at RM70,000.00 per day.

On 22 December 2015, YTCSB terminated DCMT's employment under the Contract relying on the alleged reason that DCMT had failed to proceed with works regularly and diligently. YTCSB 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.

On 23 December 2015, DCMT filed and claimed against YTCSB on the basis that:

- the Contract was wrongfully terminated;
- the performance bond was wrongfully called upon; and
- DCMT is entitled to significant extension of time under the Contract.

After full trial of the matter, the Kuala Lumpur High Court (Construction) ("High Court") delivered its judgment on 30 January 2018 with further clarification before the Judge on 14 February 2018. Following the judgment and clarification, the High Court had awarded nett damages amounting to RM14,282,880.05 in favour of DCMT, with judgment interests of 5% per annum from the date of DCMT's statement of claim that was filed on 9 June 2016.

The High Court further awarded DCMT an indemnity for RM2,643,353.30 in Goods and Services Tax that has been paid to the Royal Malaysian Customs, where DCMT will have the right to recover the same from YTCSB in the event that DCMT is unable to obtain a refund / relief from the Royal Malaysian Customs within 6 months from the date of the judgment.

DCMT has lodged an appeal against the aforesaid Judgment, with the Notice of Appeal being filed on 27 February 2018.

There is currently no date fixed for the said Appeal.

B10 Proposed Dividends

The Board of Directors do not recommend the payment of any dividends for the financial year ended 31 December 2017.

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B11 Basic loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2017	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016	CURRENT YEAR TO DATE 31.12.2017	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016
Net loss for the period attributable to ordinary equity holders of the company (RM'000)	(41,207)	(147,157)	(41,931)	(207,285)
Weighted average number of shares in issue ('000)	1,985,846	1,853,017	1,910,239	1,797,673
Basic loss per share (sen)	<u>(2.08)</u>	<u>(7.94)</u>	<u>(2.20)</u>	<u>(11.53)</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 loss 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 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000	CURRENT YEAR TO DATE 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016 RM'000
The following amounts have been included in arriving at loss before tax:				
Interest expenses	4,653	6,521	27,008	27,830
Depreciation on property, plant and equipment	2,193	10,470	10,147	36,124
Depreciation on investment property	1	443	5	446
Amortisation on intangible assets	24	2	106	254
Allowance for impairment loss of receivables	13,975	118	13,975	118
Impairment loss on property, plant and equipment	-	76,208	-	76,208
Property, plant and equipment written off	-	48,878	-	48,878
Inventories written off	-	4,546	-	4,546
and after crediting:				
Interest income	219	(1,964)	1,557	1,544
Rental income	20	(177)	92	130
Unrealised foreign exchange gain/(loss)	6,155	(3,938)	5,867	10,629
Realised foreign exchange gain/(loss)	85	(238)	4	(188)
Gain on disposal of property, plant & equipment	-	232	143	529
Gain on disposal of a joint venture company	-	3,763	-	3,763

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

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B13 Realised and Unrealised Profits/(Losses)

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 accumulated losses of the Group as at the reporting date, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

	CUMULATIVE QUARTER	
	AS AT 31.12.2017 RM'000	AS AT 31.12.2016 RM'000
Total retained earnings/(accumulated losses) of DMB and its subsidiaries:		
- Realised losses	(193,563)	(133,790)
- Unrealised profits	16,457	21,415
	<u>(177,106)</u>	<u>(112,375)</u>
Less: Consolidated adjustments	(72,624)	(65,420)
Total Group accumulated losses	<u>(249,730)</u>	<u>(177,795)</u>

The breakdown of the retained profits/(accumulated losses) 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.

B14 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was unqualified.

By Order of the Board

Datuk Lim Thean Shiang
Executive Vice Chairman / Group Chief Executive Officer
Date: 28 February 2018