



DAYA MATERIALS BERHAD

**Company No. 636357-W
(Incorporated in Malaysia)**

Quarterly Report 30 September 2018

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|------------------------------------|--|--|--|---|
| | CURRENT YEAR QUARTER 30.09.2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.09.2017 RM'000 (Restated) | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30.09.2017 RM'000 (Restated) |
| Revenue | 62,104 | 60,102 | 232,922 | 179,263 |
| Cost of Sales | (65,291) | (53,462) | (211,688) | (151,124) |
| Gross (Loss)/Profit | <u>(3,187)</u> | <u>6,640</u> | <u>21,234</u> | <u>28,139</u> |
| Other (Expenses)/Income | (1,739) | 5,725 | 3,998 | 17,597 |
| Operating Expenses | (25,896) | (38,387) | (57,807) | (51,803) |
| Loss from operations | <u>(30,822)</u> | <u>(26,022)</u> | <u>(32,575)</u> | <u>(6,067)</u> |
| Finance Costs | (2,976) | (6,138) | (12,624) | (22,355) |
| Share of results of joint ventures | <u>-</u> | <u>(64)</u> | <u>-</u> | <u>(68)</u> |
| Loss before tax | (33,798) | (32,224) | (45,199) | (28,490) |
| Income tax credit/(expense) | <u>3,664</u> | <u>(1,981)</u> | <u>736</u> | <u>(3,219)</u> |
| Loss for the period | <u><u>(30,134)</u></u> | <u><u>(34,205)</u></u> | <u><u>(44,463)</u></u> | <u><u>(31,709)</u></u> |
| Attributable to : | | | | |
| Equity holders of the Company | (24,121) | (33,885) | (40,890) | (34,054) |
| Non-controlling interests | <u>(6,013)</u> | <u>(320)</u> | <u>(3,573)</u> | <u>2,345</u> |
| | <u><u>(30,134)</u></u> | <u><u>(34,205)</u></u> | <u><u>(44,463)</u></u> | <u><u>(31,709)</u></u> |
| Basic loss per share (sen): | <u>(1.18)</u> | <u>(1.79)</u> | <u>(2.00)</u> | <u>(1.82)</u> |
| Diluted loss per share (sen): | <u>(1.18)</u> | <u>(1.79)</u> | <u>(2.00)</u> | <u>(1.82)</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 2017

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|---|
| | CURRENT YEAR QUARTER 30.09.2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.09.2017 RM'000 (Restated) | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30.09.2017 RM'000 (Restated) |
| Loss for the period | <u>(30,134)</u> | <u>(34,205)</u> | <u>(44,463)</u> | <u>(31,709)</u> |
| Other comprehensive (loss)/income: | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Foreign currency translation differences for foreign subsidiaries | (1,999) | (2,302) | (933) | 3,146 |
| Recycling of foreign exchange differences upon disposal of a foreign operation | - | 33,331 | - | 33,331 |
| Total comprehensive (loss)/income for the period, net of tax | <u>(32,133)</u> | <u>(3,176)</u> | <u>(45,396)</u> | <u>4,768</u> |
| Total comprehensive (loss)/income for the period attributable to: | | | | |
| Equity holders of the Company | (26,120) | (2,856) | (41,823) | 2,423 |
| Non-controlling interests | <u>(6,013)</u> | <u>(320)</u> | <u>(3,573)</u> | <u>2,345</u> |
| | <u>(32,133)</u> | <u>(3,176)</u> | <u>(45,396)</u> | <u>4,768</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 2017

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

| | UNAUDITED 30.09.2018 RM'000 | AUDITED 31.12.2017 RM'000 |
|--|-----------------------------------|---------------------------------|
| Non Current Assets | | |
| Property, plant and equipment | 71,418 | 79,075 |
| Inventories - non current | 11,458 | 8,956 |
| Investment properties | 7,700 | 10,750 |
| Intangible assets | 71,397 | 84,477 |
| Investment in joint ventures | 549 | 549 |
| Deferred tax assets | 905 | 905 |
| Total Non Current Assets | 163,427 | 184,712 |
| Current Assets | | |
| Inventories | 15,245 | 16,803 |
| Trade receivables | 54,387 | 90,130 |
| Other receivables, deposits and prepaid expenses | 68,876 | 78,007 |
| Contract assets | 57,092 | 9,102 |
| Tax recoverable | 3,466 | 3,149 |
| Marketable securities | 117 | 66 |
| Cash and bank balances | 61,374 | 71,721 |
| Total Current Assets | 260,557 | 268,978 |
| Assets classified as held for sale | - | 7,522 |
| Total Current Assets | 260,557 | 276,500 |
| Current Liabilities | | |
| Loans and borrowings | 169,068 | 126,261 |
| Trade payables | 31,294 | 52,300 |
| Other payables and accrued expenses | 113,592 | 79,254 |
| Tax liabilities | - | 3,299 |
| Total Current Liabilities | 313,954 | 261,114 |
| Net Current (Liabilities)/Assets | (53,397) | 15,386 |
| | 110,030 | 200,098 |
| Financed by: | | |
| Share capital | 271,230 | 271,230 |
| Reserves | (302,419) | (257,991) |
| | (31,189) | 13,239 |
| Non-controlling interests | 31,699 | 37,200 |
| Total Equity | 510 | 50,439 |
| Non Current Liabilities | | |
| Deferred tax liabilities | 5,349 | 5,398 |
| Loans and borrowings | 77,053 | 111,480 |
| Trade payables | 27,118 | 32,781 |
| Total Non Current Liabilities | 109,520 | 149,659 |
| | 110,030 | 200,098 |
| Net (liabilities)/assets per share (sen) | (1.53) | 0.65 |

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and accompanying explanatory notes attached to these interim financial statements.

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

| | Attributable to Equity Holders of the Company | | | | | Distributable | | | | | |
|---|---|---------------|--------------|--------------------------------------|-----------------|---------------------|-------------|--------------------|----------|---------------------------|--------------|
| | Share Capital | Share Premium | Bond Reserve | Foreign Currency Translation Reserve | Treasury Shares | Revaluation reserve | AFS Reserve | Accumulated Losses | Total | Non-controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 9 months ended 30 September 2018 | | | | | | | | | | | |
| At 1 January 2018 | 271,230 | - | 2,299 | (5,588) | (1) | 1,705 | - | (256,406) | 13,239 | 37,200 | 50,439 |
| As previously reported | - | - | - | - | - | - | - | (2,533) | (2,533) | - | (2,533) |
| Effects of adoption of MFRS 15 | - | - | - | - | - | - | - | - | - | - | - |
| As restated | 271,230 | - | 2,299 | (5,588) | (1) | 1,705 | - | (258,939) | 10,706 | 37,200 | 47,906 |
| Loss for the period | - | - | - | - | - | - | - | (40,890) | (40,890) | (3,573) | (44,463) |
| Foreign currency translation differences | - | - | - | (933) | - | - | - | - | (933) | - | (933) |
| Total comprehensive loss for the period | - | - | - | (933) | - | - | - | (40,890) | (41,823) | (3,573) | (45,396) |
| Acquisition of interest from non controlling interest | - | - | - | - | - | - | - | (72) | (72) | (1,928) | (2,000) |
| At 30 September 2018 | 271,230 | - | 2,299 | (6,521) | (1) | 1,705 | - | (299,901) | (31,189) | 31,699 | 510 |
| 9 months ended 30 September 2017 | | | | | | | | | | | |
| At 1 January 2017 | 185,302 | 71,423 | 4,713 | (36,560) | (1) | - | 1,331 | (177,186) | 49,022 | 36,198 | 85,220 |
| (Loss)/Profit for the period: | | | | | | | | | | | |
| As previously reported | - | - | - | - | - | - | - | (723) | (723) | 2,345 | 1,622 |
| Prior year adjustment | - | - | - | 33,331 | - | - | - | (33,331) | - | - | - |
| As restated | - | - | - | 33,331 | - | - | - | (34,054) | (723) | 2,345 | 1,622 |
| Foreign currency translation differences | - | - | - | 3,146 | - | - | - | - | 3,146 | - | 3,146 |
| Total comprehensive (loss)/income for the period | - | - | - | 36,477 | - | - | - | (34,054) | 2,423 | 2,345 | 4,768 |
| Transfer in accordance with Section 618 (2) of Companies Act 2016 | 71,423 | (71,423) | - | - | - | - | - | - | - | - | - |
| Purchase of treasury shares | - | - | - | - | (1) | - | - | - | (1) | - | (1) |
| Share issuance expense | (8) | - | - | - | - | - | - | - | (8) | - | (8) |
| Issue of shares | 4,528 | - | - | - | - | - | - | - | 4,528 | - | 4,528 |
| Bonds surrendered | - | - | (1,533) | - | - | - | - | - | (1,533) | - | (1,533) |
| Disposal of investment in AFS asset | - | - | - | - | - | - | (1,331) | - | (1,331) | - | (1,331) |
| At 30 September 2017 | 261,245 | - | 3,180 | (83) | (2) | - | - | (211,240) | 53,100 | 38,543 | 91,643 |

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018 (The figures have not been audited)

| | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR TO DATE 30.09.2017 RM'000 (Restated) |
|---|---|---|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Loss before tax | (45,199) | (28,490) |
| Adjustments for: | | |
| Amortisation on intangible assets | 138 | 82 |
| Depreciation of property, plant and equipment | 3,439 | 7,957 |
| Gain on disposal of property, plant & equipment | (2,368) | (142) |
| Property, plant and equipment written off | - | 4,035 |
| Allowance for doubtful debts on receivables | 7,935 | - |
| Allowance for foreseeable losses | 14,463 | - |
| Finance costs | 12,624 | 22,355 |
| Interest income | (950) | (1,337) |
| Impairment loss on goodwill | 13,035 | - |
| Impairment loss on property, plant and equipment | 5,078 | - |
| Provision for fair value loss on investment properties | 3,050 | - |
| Impairment loss on land held for property development | 1,502 | - |
| Gain on disposal of available-for-sale financial assets | - | (1,870) |
| Fair value gain on marketable securities | (51) | - |
| Loss on disposal of a subsidiary | - | 30,482 |
| Net unrealised foreign exchange loss | 1,298 | 288 |
| Writeback of provisions | - | (10,793) |
| Reinstatement of debts waived/(Waiver of debts) | 3,227 | (3,226) |
| Operating Profit before working capital changes | <u>17,221</u> | <u>19,341</u> |
| (Increase)/Decrease in: | | |
| Inventories | (2,445) | 4,658 |
| Trade receivables | 35,744 | 16,975 |
| Other receivables, deposits and prepaid expenses | (8,651) | (40,415) |
| Trade and other payables | 5,128 | 19,778 |
| Contract assets | <u>(52,601)</u> | <u>(65,140)</u> |
| Cash used in generated from operations | (5,604) | (44,803) |
| Tax paid (net of refund) | (3,179) | (784) |
| Interest paid | <u>(12,624)</u> | <u>(22,355)</u> |
| Net Cash Used In Operating Activities | <u>(21,407)</u> | <u>(67,942)</u> |

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018 (The figures have not been audited)

| | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR TO DATE 30.09.2017 RM'000 (Restated) |
|--|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,419) | (604) |
| 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 | 10,259 | 155 |
| Proceeds from disposal of a subsidiary | - | 421,314 |
| Proceeds from disposal of available-for-sale financial asset | - | 6,019 |
| Purchase of intangible assets | - | (22) |
| Addition in investment in subsidiary | (2,000) | (3,000) |
| Decrease in pledged deposits placed with licensed banks | 2,504 | 7,502 |
| Interest received | 950 | 1,337 |
| Net Cash From Investing Activities | 10,294 | 434,122 |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Net repayment of loans and borrowings | (1,529) | (382,540) |
| Proceeds from issue of ordinary shares | - | 4,520 |
| Purchase of treasury shares | - | (1) |
| Net Cash Used In Financing Activities | (1,529) | (378,021) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (12,642) | (11,841) |
| Effect of exchange rate fluctuation on cash held | (530) | 20,777 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 5,036 | 4,827 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | (8,136) | 13,763 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | |
| Cash and bank balances | 10,431 | 22,312 |
| Fixed deposits with licenced banks | 50,802 | 47,128 |
| Short term investments | 141 | 21 |
| | 61,374 | 69,461 |
| Bank overdraft | (22,426) | (13,990) |
| | 38,948 | 55,471 |
| Less: Fixed deposits pledged with licensed banks | (47,084) | (41,708) |
| | (8,136) | 13,763 |

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 2017.

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 2017.

A2 Significant Accounting Policies

In the preparation of this condensed consolidated 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) Adoption of Standards, Amendments and Annual Improvements to Standards

The Group adopted the following Standards, Amendments and Annual Improvements to Standards:-

| Description | Effective for annual periods beginning on or after | |
|--------------------------|--|----------------|
| MFRS 9 | Financial Instruments | 1 January 2018 |
| MFRS 15 | Revenue from Contract with Customers | 1 January 2018 |
| Clarification of MFRS 15 | Revenue from Contract 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 4 | Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 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 9 Financial Instruments

Revised version of MFRS 9 was issued mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classification categories for financial assets: measured at Amortised Cost, Fair Value through Other Comprehensive Income, and Fair value through Profit or Loss. The standard eliminates the previous MFRS 139 categories of Held-to-Maturity, Loans and Receivables and Available for Sale.

There were no measurement impacts to the carrying amount upon the adoption of MFRS 9 at the date of initial application on 1 January 2018. For these financial assets carried at FTOCI and FVTPL, the Group considers that the carrying amount recognised in the consolidated financial statements approximate its fair values.

(b) Impairment of financial assets

MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

Based on the Group's assessment, the impact on the application of the expected credit losses model of MFRS 9 is immaterial.

MFRS 15 Revenue from Contract with Customers

The Group has specifically considered MFRS 15's guidance on contract modifications arising from variation orders, identifying performance obligations, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reasons for the difference in timing between transfer on control of services to the customer.

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

The Group has assessed the following for its MFRS 15 adoption:-

- (i) Infrastructure related construction works to build retail/commercial facility undertaken by Daya CMT Sdn Bhd ("DCMT")

Certain construction projects undertaken by DCMT have different sectional completion and phases indicated in the contracts. This represents a separate performance obligation for each section/phase and accordingly, revenue will be recognised for each of these performance obligations when control over the corresponding services is transferred to the customer.

- (ii) Provision of marine heating, ventilation and air-conditioning ("HVAC") equipment and services undertaken by Daya OCI Sdn Bhd ("DOCI")

The Group has assessed that as the project price is split and allocated to 6 ships for the HVAC equipment supply and installation services, this represents a separate performance obligation for each ship and accordingly, revenue will be recognised for each of these performance obligations when control over the corresponding services is transferred to the customer.

(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 |
|--|--|
| Amendments to MFRS 3 Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle) | 1 January 2019 |
| MFRS 16 Leases | 1 January 2019 |
| Amendments to MFRS 9 Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 11 Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle) | 1 January 2019 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle) | 1 January 2019 |
| Amendments to MFRS 119 Employee Benefits (Plan Amendments, Curtailment or Settlement) | 1 January 2019 |
| Amendments to MFRS 123 Borrowing Cost (Annual Improvements to MFRS Standards 2015-2017 Cycle) | 1 January 2019 |
| Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long Term Investments in Associates and Joint Ventures | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| 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 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review except for allowance for foreseeable losses, allowance for doubtful debts on receivables and impairment losses as disclosed in Note B12.

A5 Changes in Significant Accounting Estimates and Judgements

There were no significant changes in the estimates of the amount reported in the period under review except for allowance for foreseeable losses, allowance for doubtful debts on receivables and impairment losses as disclosed in Note B12.

A6 Debt and Equity Securities

During the period under review, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM0.045 per share. The total consideration paid for the repurchase was RM45. The shares repurchased are being held as treasury shares in accordance with Section 127 (4)(b) of the Companies Act, 2016. As at 30 September 2018, the Company held as treasury shares a total of 9,000 of its 2,042,954,854 issued ordinary shares.

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

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

A7 Dividends Paid

No dividend has been declared or paid for current financial period. (2017: RM Nil)

A8 Segment Information

Segmental reporting of the Group's result for the financial quarter is as follows:

| Results for 3 months ended 30 September 2018 | | | | |
|---|---------------------------------|--|--------------------------|-------------------------|
| Business Segment | Oil & Gas RM'000 | Technical Services RM'000 | Others RM'000 | Total RM'000 |
| Revenue | 20,597 | 41,507 | - | 62,104 |
| Segment Results | 2,877 | (17,300) | (1,626) | (16,049) |
| Corporate/Unallocated Costs | | | | (14,773) |
| Loss from Operations | | | | (30,822) |
| Finance Costs | | | | (2,976) |
| Share of results of jointly controlled entities | | | | - |
| Loss Before Tax | | | | (33,798) |
| Income Tax Credit | | | | 3,664 |
| Loss AfterTax | | | | (30,134) |
| Results for 3 months ended 30 September 2017 | | | | |
| Business Segment | Oil & Gas RM'000 | Technical Services RM'000 | Others RM'000 | Total RM'000 |
| Revenue | 23,066 | 36,458 | 578 | 60,102 |
| Segment Results | 2,204 | (781) | (2,151) | (728) |
| Loss on disposal of a subsidiary (Note A8(i)) | | | | (30,482) |
| Corporate/Unallocated Income | | | | 5,188 |
| Loss from Operations | | | | (26,022) |
| Finance Costs | | | | (6,138) |
| Share of results of jointly controlled entities | | | | (64) |
| Loss Before Tax | | | | (32,224) |
| Income Tax Expense | | | | (1,981) |
| Loss AfterTax | | | | (34,205) |

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

| Results for 9 months ended 30 September 2018 | | | | |
|---|---------------------------------|--|--------------------------|-------------------------|
| Business Segment | Oil & Gas RM'000 | Technical Services RM'000 | Others RM'000 | Total RM'000 |
| Revenue | 59,640 | 173,282 | - | 232,922 |
| Segment Results | 5,306 | (9,402) | 262 | (3,834) |
| Corporate/Unallocated Costs | | | | (28,741) |
| Loss from Operations | | | | (32,575) |
| Finance Costs | | | | (12,624) |
| Share of results of jointly controlled entities | | | | - |
| Loss Before Tax | | | | (45,199) |
| Income Tax Credit | | | | 736 |
| Loss AfterTax | | | | (44,463) |
| Results for 9 months ended 30 September 2017 | | | | |
| Business Segment | Oil & Gas RM'000 | Technical Services RM'000 | Others RM'000 | Total RM'000 |
| Revenue | 64,757 | 110,120 | 4,386 | 179,263 |
| Segment Results | 18,016 | 5,313 | (1,471) | 21,858 |
| Loss on disposal of a subsidiary (Note A8(i)) | | | | (30,482) |
| Corporate/Unallocated Income | | | | 2,557 |
| Loss from Operations | | | | (6,067) |
| Finance Costs | | | | (22,355) |
| Share of results of jointly controlled entities | | | | (68) |
| Loss Before Tax | | | | (28,490) |
| Income Tax Expense | | | | (3,219) |
| Loss AfterTax | | | | (31,709) |

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

(i) Prior period adjustments - Error in reclassification of cumulative exchange differences on disposal of a foreign subsidiary

In the previous corresponding period, on the disposal of Daya Global 1 Pte Ltd ("DG1PL"), the cumulative amount of exchange differences relating to DG1PL recognised in other comprehensive income and accumulated in the separate components of equity as Foreign Translation Reserve, was not reclassified from equity to profit or loss when the gain on disposal was recognised.

The accumulated exchange differences relating to DG1PL in the Foreign Translation Reserve was inadvertently reclassified to Accumulated Losses.

During the current financial period, the Group accounted for the said error in reclassification as prior period adjustments and accordingly, certain accounts in prior period have been restated as follows:

The Group

| <u>Quarter</u> | Preceding Year Corresponding Quarter 30.09.2017 (As previously reported) | Prior period Adjustments | Preceding Year Corresponding Quarter 30.09.2017 (As restated) |
|---|---|-----------------------------|---|
| | RM'000 | RM'000 | RM'000 |
| Statement of profit or loss and other comprehensive income | | | |
| Other operating income | 8,574 | (2,849) | 5,725 |
| Other operating expenses | (7,905) | (30,482) | (38,387) |
| Profit/(Loss) before tax | 1,107 | (33,331) | (32,224) |
| Profit/(Loss) after tax | (874) | (33,331) | (34,205) |
| Basic/Diluted loss per share (sen) | (0.03) | (1.76) | (1.79) |
| Statement of cash flows | | | |
| Profit/(Loss) before tax | 1,107 | (33,331) | (32,224) |
| Gain/(Loss) on disposal of a subsidiary | 2,849 | (33,331) | (30,482) |

| <u>Year-to-date</u> | Preceding Year Corresponding Period 30.09.2017 (As previously reported) | Prior period Adjustments | Preceding Year Corresponding Period 30.09.2017 (As restated) |
|---|--|-----------------------------|--|
| | RM'000 | RM'000 | RM'000 |
| Statement of profit or loss and other comprehensive income | | | |
| Other operating income | 20,446 | (2,849) | 17,597 |
| Other operating expenses | (21,321) | (30,482) | (51,803) |
| Profit/(Loss) before tax | 4,841 | (33,331) | (28,490) |
| Profit/(Loss) after tax | 1,622 | (33,331) | (31,709) |
| Basic/Diluted loss per share (sen) | (0.04) | (1.78) | (1.82) |
| Statement of cash flows | | | |
| Profit/(Loss) before tax | 4,841 | (33,331) | (28,490) |
| Gain/(Loss) on disposal of a subsidiary | 2,849 | (33,331) | (30,482) |

A9 Valuation of Property, Plant and Equipment and Investment Properties

There is no revaluation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment. The valuation of investment properties has been brought forward without amendment from the latest audited financial statements.

A10 Subsequent Events

There were no material events subsequent to the current interim financial period up to the date of this report except as described below:

- (i) On 1 November 2018, the Company announced that following the application made to the Companies Commission of Malaysia ("CCM") for the striking-off of Seca Engineering and Manpower Services Sdn Bhd ("SEMSB"), wholly owned subsidiary of Daya Secadyme Sdn Bhd, which in turn is a 55.0% subsidiary of the Company. CCM had via its letter dated 11 October 2018 advised that SEMSB has been struck off from the register pursuant to Section 308 (4) of the Companies Act, 1965.
- (ii) On 8 November 2018, 9000 treasury shares were cancelled pursuant to Section 127 of Companies Act, 2016.

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

A11 Changes in the Composition of the Group

On 14 January 2018 and 14 February 2018, Daya Petroleum Ventures Sdn. Bhd. ("DPV") 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 RM2,000,000 and DMSB became a 86.44% owned subsidiary of DPV.

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

A12 Contingent Assets and Contingent Liabilities

As at 30 September 2018, the Company has provided corporate guarantee of RM360,152,159 (31 December 2017: RM331,061,008) for banking facilities and third party for supply of goods and services granted to certain subsidiaries.

As at 30 September 2018, the utilization of the banking facilities by the subsidiaries are RM206,201,177 (31 December 2017: RM181,397,837).

Save as disclosed above and in Note B9 Material Litigation, there were no other material contingent assets and contingent liabilities as at the date of this report.

A13 Capital Commitments

| | As at 30.09.2018 RM'000 |
|----------------------------------|--|
| Capital Expenditure: | |
| Approved but not contracted for: | 6,082 |

A14 Significant Related Party Transaction

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|----------------------------|---|----------------------------|--|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPON- DING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPON- DING PERIOD |
| | 30.09.2018 RM'000 | 30.09.2017 RM'000 | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
| <u>Transactions with related companies:</u> | | | | |
| Management fees received/receivable | (862) | (895) | (2,668) | (2,825) |
| Interest received/receivable | (310) | (346) | (858) | (1,034) |
| Interest paid/payable | 1,416 | 553 | 2,936 | 1,231 |
| Rental paid/payable | 29 | 38 | 86 | 214 |

A15 Financial Instruments

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial Instruments that are measured at fair value on a recurring basis

All assets for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 quarter and year-to-date, the Group recorded a higher revenue of RM62.1 million and RM232.9 million compared to RM60.1 million and RM179.3 million reported in the preceding year's corresponding quarter and year-to-date, representing an increase of RM2.0 million or 3.3% and RM53.6 million or 29.9% respectively. The higher revenue reported was mainly due to higher revenue contribution from the Technical Services segment.

During the current financial quarter, the Group recorded a loss before tax ("LBT") of RM33.8 million compared to RM32.2 million reported in the preceding year's corresponding quarter. Excluding the loss on disposal of a subsidiary of RM30.5 million in the preceding year's corresponding quarter (as explained in Note A8(i) on prior period adjustments), current financial quarter LBT was RM32.1 million higher than the preceding year's corresponding quarter LBT of RM1.7 million. Higher losses were mainly due to allowance for foreseeable losses of RM14.5 million arising from a final settlement of a construction contract, impairment loss of goodwill on acquisition of certain subsidiaries amounting to RM13.0 million and provision for fair value loss of RM3.1 million on the Group's investment properties.

During the current financial year-to-date, the Group recorded a LBT of RM45.2 million compared to RM28.5 million reported in the preceding year's corresponding year-to-date. Excluding the loss on disposal of a subsidiary of RM30.5 million (as explained in Note A8(i) on prior period adjustments), preceding year's corresponding year-to-date recorded a profit before tax ("PBT") of RM2.0 million. Losses in the current financial year-to-date were mainly due to allowance for foreseeable losses of RM14.5 million, provision for impairment losses, allowance for doubtful debts on receivables, reinstatement of debts previously waived and provision for fair value loss on investment properties.

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

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

Quarter

The O&G segment reported a profit before interest and tax ("PBIT") of RM2.9 million in the current financial quarter compared to RM2.2 million in the preceding year's corresponding quarter, representing a positive variance of RM0.7 million mainly due to higher margin works from provision of products and services for the O&G offshore construction activities.

Year-to date

The O&G segment reported a PBIT of RM5.3 million in the current financial year-to-date compared to RM18.0 million in the preceding year's corresponding year-to-date, lower by RM12.7 million mainly due to provision for impairment loss on a crawler crane and preceding year's results included income arising from waiver of debts from the offshore business creditors.

(ii) Technical Services ("TS") Segment

Quarter

The TS Segment reported a loss before interest and tax ("LBIT") of RM17.3 million in the current financial quarter compared to RM0.8 million in the preceding year's corresponding quarter, representing a negative variance of RM16.5 million mainly due to allowance for foreseeable losses of RM14.5 million arising from a final settlement of a construction contract and provision for fair value loss of RM3.1 million in the segment's investment properties.

Year-to date

The TS Segment reported a LBIT of RM9.4 million in the current financial year-to-date compared to a PBIT of RM5.3 million in the preceding year's corresponding year-to-date, a negative variance of RM14.7 million. Despite higher value of construction works completed, the segment was adversely affected by a final settlement of construction contract resulting in the allowance for foreseeable losses of RM14.5 million.

(iii) Other Segment

The Other Segment reported LBIT of RM1.6 million in the current quarter compared to RM2.2 million in the preceding year's corresponding quarter, representing a positive variance of RM0.6 million. For the year-to-date, the Other Segment reported a PBIT of RM0.3 million in the current period compared to LBIT of RM1.4 million in the preceding year's corresponding period, representing an increase of RM1.7 million. The positive variance was mainly due to gain on disposal of land and factory building of the Specialised Polymer business which has ceased business in 2017.

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

| | Quarter ended 30.09.2018 RM'000 | Quarter ended 30.06.2018 RM'000 |
|-----------------|--|--|
| Revenue | 62,104 | 80,403 |
| Loss before tax | (33,798) | (16,022) |

The Group reported loss before tax of RM33.8 million for the current financial quarter compared to RM16.0 million in the immediate preceding financial quarter, negative variance of RM17.8 million, mainly due to allowance for foreseeable losses of RM14.5 million arising from a final settlement of a construction contract, impairment loss of goodwill on acquisition of certain subsidiaries amounting to RM13.0 million and provision for fair value loss of RM3.1 million on the Group's investment properties, partly offset by charges made in the immediate preceding financial quarter for allowance for doubtful debts on receivables, provision for impairment loss on crawler crane and reinstatement of debts previously waived.

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

B3 Prospects

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

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

The existing O&G business will remain the key business of the Group. This segment is continuously looking to expand its operations in areas related to its core businesses and competencies, both locally and abroad from prospective customers. The Group maintains a cautious outlook as the segment is expected to see some form of recovery driven by higher oil price.

(ii) Technical Services Segment

On the construction sector, the Group will continue to be involved in industrial, commercial and residential construction related projects. The Group is focused on the execution of its ongoing construction contracts and will continue to improve its operational efficiency and tender for new projects to enhance its order books.

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 (Credit)/Expense

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------------------|--|---|--|---|
| | CURRENT YEAR QUARTER 30.09.2018 RM'000 | PRECEDING YEAR CORRESPON- DING QUARTER 30.09.2017 RM'000 | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR CORRESPON- DING YEAR TO DATE 30.09.2017 RM'000 |
| In respect of the current period: | | | | |
| Income tax | | | | |
| - Current year | (338) | 792 | 2,590 | 2,764 |
| - Over provision in prior year | (3,326) | - | (3,326) | - |
| Deferred tax | | | | |
| - Current year | - | 1,189 | - | 455 |
| | <u>(3,664)</u> | <u>1,981</u> | <u>(736)</u> | <u>3,219</u> |

The effective tax rate of the Group for the current financial year-to-date was lower than the Malaysian statutory tax rate mainly due to overprovision of tax in prior year and deferred tax assets not recognised on unabsorbed tax losses..

B6 Sale of Unquoted Investments and Properties

Daya Polymer Sdn Bhd, a wholly-owned subsidiary of the Company, had on 29 January 2018 entered into a Sale and Purchase Agreement with GB Chemical (M) Sdn Bhd for the disposal of a piece of freehold land and factory building for a consideration of RM10.0 million. The disposal was completed on 17 May 2018, realising a gain on disposal of RM2.6 million in the current period.

Other than the above, there were no other disposal of unquoted investments and properties during the period under review.

B7 Status of Corporate Proposals

The status of corporate proposals announced by the Company and completed as at 23 November 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 PPSB 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 PPSB 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, PPSB 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 PPSB.

The Company had, on 21 April 2016, agreed to PPSB'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 PPSB'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, PPSB 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.

On 28 August 2018, PPSB and the Company had mutually agreed, vide the Company's letter dated 28 August 2018 to further extend the 3rd Revised Call Option Period to 31 August 2019.

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

(ii) 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.

The MOU has since lapsed without renewal.

(iii) 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.

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

(iv) 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.

(v) Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Pursuant to Paragraph 8.04 and Paragraph 2.1 (a) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company has triggered the prescribed criteria under paragraph 2.1 (a) of PN17.

Pursuant to PN17, the Company is currently formulating a plan to regularise its financial condition ("Regularisation Plan") to the Securities Commission and Bursa Securities for approval. The Company is required to comply and submit the Regularisation Plan to the relevant authorities within 12 months from 28 February 2018 (first announcement pursuant to PN17) and will make the necessary announcement on the Regularisation Plan in accordance with the requirements under the PN17.

On 2 July 2018, the Board announced that the Company has appointed Hong Leong Investment Bank Berhad as the Principal Advisers to assist in the formulation of a regularisation plan and its submission. The Company has approximately three (3) months to submit its Regularisation Plan to the relevant authorities for approval.

B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

| <u>Secured borrowings</u> | Short Term RM'000 | Long Term RM'000 | Total Outstanding RM'000 |
|--|----------------------|---------------------|--------------------------------|
| Trade facilities | 35,591 | 1,625 | 37,216 |
| Hire purchase | 3,093 | 3,182 | 6,275 |
| Bank overdrafts | 22,426 | - | 22,426 |
| Term loans | 29,565 | 72,246 | 101,811 |
| Redeemable convertible unsecured bonds | 78,393 | - | 78,393 |
| As at 30 September 2018 | 169,068 | 77,053 | 246,121 |
| As at 31 December 2017 | 126,261 | 111,480 | 237,741 |

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 RM51,136,088 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 23 November 2018, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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

The abovementioned suit by Yuk Tung Construction Sdn. Bhd. ("YT") arose out of a construction contract executed between Daya CMT Sdn. Bhd. ("DCMT"), a subsidiary of the Company, and YT on 23 November 2012. DCMT was appointed as Principal Sub-Contractor to carry out the construction and completion of building works ("Contract"). The Contract Sum for the works was RM270,000,000 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 of the works was agreed at RM70,000 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. On 23 December 2015, 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 has also initiated a claim under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") for outstanding payment inclusive of value of works done, works certified, non-release of retention sum, among others.

On 30 January 2018, the Kuala Lumpur High Court ("High Court") delivered the judgement for the above suit where the High Court awarded net damages of RM14,282,880.05 to DCMT comprising the following with judgement interest of 5% per annum commencing from the date of filing of DCMT's Statement of Claim on 9 June 2016:

| | RM |
|--|--------------------------|
| Damages in favour of DCMT (variation works submitted pre and post termination, rental expenses and return of part retention sum) | 31,534,895 |
| Performance bond to the credit of DCMT | 13,500,000 |
| Damages in favour of YT (additional costs of completion and liquidated ascertained damages for delay) | <u>(30,752,015)</u> |
| Net damages awarded in favour of DCMT | <u><u>14,282,880</u></u> |

High Court further awarded an indemnity of RM2,643,353 to DCMT for Goods and Services Tax ("GST") that has been paid to Royal Malaysian Customs by DCMT in regards to the performance of work related to the Contract, where DCMT will have the right to recover the same from YT in the event that DCMT is unable to obtain a refund or relief from the Royal Malaysian Customs within 6 months from the date of the judgment.

Included in the statements of financial position of the Group are the following balances which are subject to the above suit:

| | The Group | |
|------------------------------------|--------------------------|--------------------------|
| | 30.09.2018 | 31.12.2017 |
| | RM | RM |
| Trade receivables | <u>22,358,770</u> | <u>25,002,124</u> |
| Prepaid expenses | 23,846,981 | 22,891,444 |
| Amount due from sub-contractor | <u>30,576,132</u> | <u>30,576,132</u> |
| | 54,423,113 | 53,467,576 |
| Less: Allowance for doubtful debts | <u>(13,975,338)</u> | <u>(13,975,338)</u> |
| | <u>40,447,775</u> | <u>39,492,238</u> |
| | <u><u>62,806,545</u></u> | <u><u>64,494,362</u></u> |

DCMT has filed a Notice of Appeal on 27 February 2018, to appeal for the Court to set aside the damages awarded to YT and to uphold that the Contract had been wrongfully and prematurely terminated by YT. The hearing of the Appeal is fixed on 20 June 2019. Upon considering the Group's lawyer's legal opinion, the directors are of the opinion that DCMT would have a strong chance of success in the Appeal.

The recoverability of the said amounts as disclosed above, including the amount of allowance for doubtful debts, is highly dependent on the success of the Appeal and legal suit.

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

(b) Kuala Lumpur High Court Suit No.: WA-22C-25-04/2018

On 19 April 2018, the Company announced that Daya CMT Sdn. Bhd. ("DCMT") had, via its lawyers Messrs Zain Megat and Murad ("ZMM"), received a Writ of Summons and Statement of Claim from Messrs William Leong & Co., the lawyers acting for Yuk Tung Construction Sdn Bhd ("YT").

In the said Writ of Summons and Statement of Claims, YT is claiming rectification costs amounting to RM9,070,199, further rectification costs, general damages, interest and costs.

DCMT is working with ZMM to defend against the above claim. Based on the legal opinion, the directors are of the opinion that DCMT would have a strong chance of success in defending the suit and no provision for loss has been made in the financial statements.

B10 Proposed Dividends

No dividend has been proposed or declared for the current financial year-to-date (2017: RM Nil).

B11 Loss per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|---|--|--|
| | CURRENT YEAR QUARTER 30.09.2018 | PRECEDING YEAR CORRESPON- DING QUARTER 30.09.2017 (Restated) | CURRENT YEAR TO DATE 30.09.2018 | PRECEDING YEAR CORRESPON- DING PERIOD 30.09.2017 (Restated) |
| a) Basic loss per share | | | | |
| Net loss for the period attributable to ordinary equity holders of the company (RM'000) | (24,121) | (33,885) | (40,890) | (34,054) |
| Weighted average number of shares in issue ('000) | 2,042,946 | 1,891,024 | 2,042,946 | 1,872,125 |
| Basic loss per share (sen) | <u>(1.18)</u> | <u>(1.79)</u> | <u>(2.00)</u> | <u>(1.82)</u> |
| b) Diluted loss per share | | | | |
| Net loss for the period attributable to ordinary equity holders of the company (RM'000) | (24,121) | (33,885) | (40,890) | (34,054) |
| Weighted average number of shares in issue ('000) | 2,042,946 | 1,891,024 | 2,042,946 | 1,872,125 |
| Conversion of Redeemable Convertible Unsecured Bonds ('000) | 830,783 | 840,000 | 830,783 | 840,000 |
| | <u>2,873,729</u> | <u>2,731,024</u> | <u>2,873,729</u> | <u>2,712,125</u> |
| Diluted loss per share (sen) * | <u>(1.18)</u> | <u>(1.79)</u> | <u>(2.00)</u> | <u>(1.82)</u> |

* The diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect.

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

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 30.09.2018 RM'000 | PRECEDING YEAR CORRESPON- DING QUARTER 30.09.2017 RM'000 (Restated) | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR CORRESPON- DING PERIOD 30.09.2017 RM'000 (Restated) |
| The following amounts have been included in arriving at loss before tax: | | | | |
| Interest expenses | 2,976 | 6,138 | 12,624 | 22,355 |
| Depreciation on property, plant and equipment | 1,085 | 2,627 | 3,439 | 7,957 |
| Amortisation on intangible assets | 48 | 66 | 138 | 82 |
| Allowance for doubtful debts on receivables | 488 | - | 7,935 | - |
| Allowance for foreseeable losses | 14,463 | - | 14,463 | - |
| Impairment loss of goodwill | 13,035 | - | 13,035 | - |
| Impairment loss on property, plant and equipment | - | - | 5,078 | - |
| Impairment loss on land held for property development | 1,502 | - | 1,502 | - |
| Provision for fair value loss on investment properties | 3,050 | - | 3,050 | - |
| Unrealised foreign exchange loss/(gain) | 3,145 | (841) | 1,298 | (288) |
| Realised foreign exchange loss/(gain) | (159) | (205) | 3 | (82) |
| Reinstatement of debts previously waived | - | - | 3,227 | - |
| Loss on disposal of subsidiary | - | 30,482 | - | 30,482 |
| Property, plant and equipment written off | - | 1,419 | - | 4,035 |
| and after crediting: | | | | |
| Interest income | 182 | 1,062 | 950 | 1,337 |
| Rental income | 18 | 20 | 56 | 72 |
| Gain on disposal of property, plant and equipment | (140) | 142 | 2,368 | 142 |
| Fair value gain on marketable securities | 10 | - | 51 | - |
| Gain on disposal of available-for-sale financial assets | - | 738 | - | 1,870 |
| Waiver of debts | - | 3,226 | - | 3,226 |
| Writeback of provisions | - | 1,101 | - | 10,793 |

B13 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 were not subject to any qualification.

By Order of the Board

Datuk Lim Thean Shiang
Executive Vice Chairman / Group Chief Executive Officer
30 November 2018