



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2019

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED

31 DECEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2018 RM'000 (Restated)	CURRENT YEAR TO DATE 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2018 RM'000 (Restated)
Continuing Operations				
Revenue	34,008	46,536	171,507	271,705
Cost of Sales	(26,884)	(57,552)	(125,509)	(263,895)
Gross Profit / (Loss)	7,124	(11,016)	45,998	7,810
Other (Expenses) / Income	235	4,172	1,808	7,979
Operating Expenses	(11,302)	(111,777)	(26,964)	(162,906)
(Loss) / Profit from Operations	(3,943)	(118,621)	20,842	(147,117)
Finance Costs	(2,714)	(4,810)	(11,661)	(16,372)
Share of Results of Joint Ventures	(219)	121	(219)	121
(Loss) / Profit Before Tax	(6,876)	(123,310)	8,962	(163,368)
Income Tax Expense	(834)	(2,666)	(3,397)	(1,930)
(Loss) / Profit from Continuing Operations	(7,710)	(125,976)	5,565	(165,298)
Discontinued Operations				
Loss from Discontinued Operations, net of tax	(1,597)	(7,907)	(20,421)	(13,048)
Loss for the Period, net of tax	(9,307)	(133,883)	(14,856)	(178,346)
Attributable to :				
Owners of the Company	(8,896)	(118,213)	(21,343)	(159,103)
Non-controlling Interests	(411)	(15,670)	6,487	(19,243)
	(9,307)	(133,883)	(14,856)	(178,346)
Loss per share from				
Continuing Operations (sen):				
- Basic	(0.36)	(5.40)	(0.05)	(7.15)
- Diluted	(0.36)	(5.40)	(0.05)	(7.15)
Loss per share from				
Discontinued Operations (sen):				
- Basic	(0.08)	(0.39)	(1.00)	(0.64)
- Diluted	(0.08)	(0.39)	(1.00)	(0.64)

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 2018

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2018 RM'000 (Restated)	CURRENT YEAR TO DATE 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2018 RM'000 (Restated)
Loss for the Period, net of tax	<u>(9,307)</u>	<u>(133,883)</u>	<u>(14,856)</u>	<u>(178,346)</u>
Other Comprehensive Income/(Loss):				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign subsidiaries	868	(636)	1,079	(1,569)
Total Comprehensive Loss for the Period, net of tax	<u>(8,439)</u>	<u>(134,519)</u>	<u>(13,777)</u>	<u>(179,915)</u>
Total Comprehensive (Loss)/Income for the period attributable to:				
Owners of the Company	(8,028)	(118,849)	(20,264)	(160,672)
Non-controlling Interests	<u>(411)</u>	<u>(15,670)</u>	<u>6,487</u>	<u>(19,243)</u>
	<u>(8,439)</u>	<u>(134,519)</u>	<u>(13,777)</u>	<u>(179,915)</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 2018

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	UNAUDITED 31.12.2019 RM'000	AUDITED 31.12.2018 RM'000
Non Current Assets		
Property, plant and equipment	9,635	59,020
Inventories	11,401	11,401
Investment properties	10,250	10,250
Intangible assets	1,021	1,121
Investment in joint ventures	450	670
Non current assets held for sale	11,500	-
Deferred tax assets	66	57
Total Non Current Assets	<u>44,323</u>	<u>82,519</u>
Current Assets		
Inventories	13,670	15,922
Trade receivables	66,904	81,931
Other receivables, deposits and prepaid expenses	30,328	35,140
Contract assets	9,612	6,542
Tax recoverable	4,826	5,309
Marketable securities	95	95
Restricted cash	7,784	7,662
Deposits, cash and bank balances	47,269	60,837
Total Current Assets	<u>180,488</u>	<u>213,438</u>
Current Liabilities		
Loans and borrowings	190,196	232,048
Trade payables	107,219	115,730
Provisions, other payables and accrued expenses	68,891	78,354
Contract liabilities	-	780
Tax liabilities	4,454	665
Total Current Liabilities	<u>370,760</u>	<u>427,577</u>
Net Current Liabilities	(190,272)	(214,139)
	<u>(145,949)</u>	<u>(131,620)</u>
Financed by:		
Share capital	271,229	271,229
Reserves	(443,635)	(423,371)
	(172,406)	(152,142)
Non-controlling interests	22,383	15,896
Capital Deficiency	(150,023)	(136,246)
Non Current Liabilities		
Deferred tax liabilities	2,034	2,034
Loans and borrowings	2,040	2,592
Total Non Current Liabilities	<u>4,074</u>	<u>4,626</u>
	<u>(145,949)</u>	<u>(131,620)</u>
Net liabilities per share (sen)	<u>(8.44)</u>	<u>(7.45)</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 2018 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 UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	<-----Attributable to Equity Holders of the Company----->								
	<-----Non-Distributable ----->					Distributable			
	Share Capital RM'000	Bond Reserve RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
<u>12 months ended 31 December 2019</u>									
At 1 January 2019	271,229	2,299	(7,157)	-	870	(419,383)	(152,142)	15,896	(136,246)
Profit for the Period	-	-	-	-	-	(21,343)	(21,343)	6,487	(14,856)
Other Comprehensive Income for the Period	-	-	1,079	-	-	-	1,079	-	1,079
Total Comprehensive Income / (Loss) for the Period	-	-	1,079	-	-	(21,343)	(20,264)	6,487	(13,777)
At 31 December 2019	<u>271,229</u>	<u>2,299</u>	<u>(6,078)</u>	<u>-</u>	<u>870</u>	<u>(440,726)</u>	<u>(172,406)</u>	<u>22,383</u>	<u>(150,023)</u>
<u>12 months ended 31 December 2018</u>									
At 1 January 2018									
As previously reported	271,230	2,299	(5,588)	(1)	1,705	(256,406)	13,239	37,200	50,439
Effects of adoption of MFRS 9	-	-	-	-	-	(338)	(338)	-	(338)
Effects of adoption of MFRS 15	-	-	-	-	-	(4,432)	(4,432)	-	(4,432)
Prior year adjustments	-	-	-	-	(835)	835	-	-	-
As restated	271,230	2,299	(5,588)	(1)	870	(260,341)	8,469	37,200	45,669
Loss for the year	-	-	-	-	-	(159,103)	(159,103)	(19,243)	(178,346)
Other Comprehensive Loss for the Year	-	-	(1,569)	-	-	-	(1,569)	-	(1,569)
Total Comprehensive Loss for the Year	-	-	(1,569)	-	-	(159,103)	(160,672)	(19,243)	(179,915)
Cancellation of treasury shares	(1)	-	-	1	-	-	-	-	-
Acquisition of interest from Non-controlling Interests	-	-	-	-	-	61	61	(2,061)	(2,000)
At 31 December 2018	<u>271,229</u>	<u>2,299</u>	<u>(7,157)</u>	<u>-</u>	<u>870</u>	<u>(419,383)</u>	<u>(152,142)</u>	<u>15,896</u>	<u>(136,246)</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax from continuing operators	8,962	(163,368)
Loss before tax from discontinued operators	(20,421)	(16,563)
Adjustments for:		
Amortisation on intangible assets	100	184
Depreciation of property, plant and equipment	3,879	4,460
Net loss/(gain) on disposal of property, plant & equipment	1,092	(243)
Property, plant and equipment written off	-	1,897
Allowance for doubtful debts on receivables	-	39,632
Finance costs	11,494	18,458
Interest income	(871)	(1,978)
Impairment of goodwill	-	83,264
Impairment on land held for property development	-	1,295
Impairment on non current assets held for sale	19,233	-
Fair value loss on investment properties	-	500
Gain on disposal of non-current assets held for sales	-	(2,478)
Fair value gain on marketable securities	-	(29)
Reinstatement on waiver of debts	-	3,119
Share of results of joint ventures	219	(121)
Unrealised foreign exchange loss	-	920
Provision for liquidated ascertained damages	-	21,675
Reversal of provision for defect liability cost	-	(573)
Impairment of property, plant and equipment	-	16,001
Interest income (net) imputed in retention sum	-	(494)
Other intangible assets written off	-	2
Reversal of allowance for doubtful debts on trade receivables	(100)	(356)
Operating Profit before working capital changes	<u>23,587</u>	<u>5,204</u>
(Increase)/Decrease in:		
Inventories	2,252	(2,858)
Trade receivables	15,127	4,980
Other receivables, deposits and prepaid expenses	4,743	3,914
Contract assets	(3,070)	1,465
Trade and other payables	(23,186)	(2,618)
Contract liabilities	(780)	(1,593)
Cash Flows Generated From Operations	<u>18,673</u>	<u>8,494</u>
Tax refunded (net of tax paid)	<u>865</u>	<u>(5,724)</u>
Net Cash From Operating Activities	<u>19,538</u>	<u>2,770</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(511)	(2,461)
Proceeds from disposal of property, plant and equipment	14,262	400
Placement of restricted cash	(122)	(7,662)
Proceeds from disposal of non-current assets for sales	-	10,000
Purchase of intangible assets	-	(94)
Addition in investment in subsidiaries from non-controlling interest	-	(2,000)
Decrease in pledged deposits placed with licensed banks	13,016	1,048
Interest received	871	1,978
Net Cash From Investing Activities	27,516	1,209
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Net repayment of loans and borrowings	(29,741)	(11,599)
Increase in bank overdrafts	(13,448)	4,503
Interest paid	(6,281)	(6,780)
Purchase of treasury shares	-	(1)
Net Cash Used In Financing Activities	(49,470)	(13,877)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,416)	(9,898)
Effect of exchange rate fluctuation on cash and cash equivalents	1,864	62
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	12,297	22,133
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,745	12,297
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and bank balances	11,604	12,297
Fixed deposits with licenced banks	35,665	48,540
	47,269	60,837
Less: Fixed deposits pledged with licensed banks	(35,524)	(48,540)
	11,745	12,297

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 2018.

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 2018.

The financial statements of the Group have been prepared on the assumption that the Group will continue as going concern. The application of the going concern basis is on the assumption that the Group will be able to realise their assets and settle their liabilities in the normal course of business.

- (a) As of 31 December 2019, the Group have a capital deficiency of RM150.0 million and the current liabilities of the Group had exceeded the current assets by RM190.3 million as a result of losses incurred during the current period and previous financial years.
- (b) On 28 February 2018, the Company announced that it has become an affected listed issuer 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 Malaysia"). As an affected listed issuer, the Company is required to submit a regularisation plan to address the PN17 status within 12 months from 28 February 2018 to the relevant authorities for approval. However, the Company had, on 15 February 2019 made an application to Bursa Malaysia for extension of time up to 27 August 2019 to submit a regularisation plan to the relevant authorities. On 8 March 2019, the Company announced that it has obtained an extension of time up to 27 August 2019 for submission of a regularisation plan. The Company has on 19 August 2019 submitted an application to Bursa Securities seeking its approval for a further extension of time to submit the regularisation plan to Bursa Securities. The Company announced on 24 September 2019 that Bursa Securities has granted further extension of time up to 27 February 2020 for the Company to submit its regularisation plan to the regulatory authorities.
- (c) As disclosed in Note B9(c), Daya Maritime Limited ("DML"), a subsidiary of the Company and the Company being the corporate guarantor, had on 16 November 2018 received a writ of summons together with the statement of claim dated 8 November 2018 from a licensed financial institution relating to principal outstanding and late payment penalty of Islamic financing facility amounting to USD14,490,768 (equivalent to RM60,223,632). On 18 April 2019, the Kuala Lumpur High Court's judge has allowed the licensed financial institution's application for summary judgement to be entered. The total amount of the principal outstanding as of 30 September 2019 had been classified as current liabilities and late payment penalty had been accrued up to 30 September 2019 and included in other payables and accrued expenses.
- (d) As disclosed in Note A10, subsequent to the current interim financial period, certain subsidiaries of the Company had received letter of reminder, notices of demand and intention to repossess from licensed financial institutions for failure to pay the monthly instalments under the hire-purchase facilities granted by the licensed financial institutions. Certain subsidiaries of the Company had also defaulted the repayment of certain trade facilities. The Company acts as corporate guarantor for these credit facilities.

In the event of default in payment, the licensed financial institutions shall have the right to terminate and/or recall the hire-purchase and trade facilities without further notice and take legal action against the subsidiaries and the Company, as corporate guarantor.

The directors have concluded that the combination of the circumstances highlighted above indicate significant matters that may cast significant doubt over the ability of the Group to continue as going concern. Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities which may arise.

The Company is in the midst of formulating a Proposed Regularisation Plan to address the financial condition of the Group and believes that the Proposed Regularisation Plan once formulated and implemented, together with the disposal of identified assets in order to generate cash flows to make timely repayments of loans and borrowings and the ability of the Group to achieve sustainable and viable operations, will enable the Group to reduce liabilities and generate sufficient cash flows to meet their obligations.

For these reasons, the directors are of the opinion that the Group will be able to continue in operational existence for the foreseeable future and to realise their assets and settle their liabilities in the ordinary course of business.

The appropriateness of the going concern basis, amongst others, are dependent upon the following:

- (i) Formulation of a viable plan to regularise the financial conditions of the Group ("Regularisation Plan") for submission to Bursa Malaysia and other relevant authorities for approval;
- (ii) Approvals obtained from all relevant parties on the Regularisation Plan;
- (iii) Timely and successful implementation of the Regularisation Plan;
- (iv) Ability of the Group and of the Company to dispose of identified assets in order to generate cash flows to make timely repayments of loans and borrowings; and
- (v) Ability of the Group and of the Company to achieve sustainable and viable operations to generate sufficient cash flows to enable them to meet their obligations as and when they fall due.

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 MFRs, Amendments to MFRSs and IC Interpretation as listed below:-

Description	Effective for annual periods beginning on or after
MFRS 16	1 January 2019
Amendments to MFRS 119	1 January 2019
Amendments to MFRS 128	1 January 2019
IC Interpretation 23	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019

MFRS 16 Leases

MFRS 16 specifies how a MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117 Leases.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Company reviewed and assessed the operating leases as at 1 January 2019 based on the facts and circumstances that existed at that date and concluded that the initial application of MFRS 16 has no material impact to the Group.

(b) Standards and Amendments in issue but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were in issue but not yet effective and not early adopted by the Group are as listed below:

Description	Effective for annual periods beginning on or after
MFRS 17	1 January 2021
Amendments to MFRS 1	1 January 2021
Amendments to MFRS 3	1 January 2020
Amendments to MFRS 5	1 January 2021
Amendments to MFRS 7	1 January 2020
Amendments to MFRS 9	1 January 2020
Amendments to MFRS 15	1 January 2021
Amendments to MFRS 101	1 January 2020
Amendments to MFRS 107	1 January 2021
Amendments to MFRS 108	1 January 2020
Amendments to MFRS 116	1 January 2021
Amendments to MFRS 119	1 January 2021
Amendments to MFRS 132	1 January 2021
Amendments to MFRS 136	1 January 2021
Amendments to MFRS 137	1 January 2021
Amendments to MFRS 138	1 January 2021
Amendments to MFRS 139	1 January 2020
Amendments to MFRS 140	1 January 2021
Amendments to MFRS 10 and MFRS 128	Yet to be determined

The directors anticipate that the abovementioned new and revised MFRS and Amendments to MFRS will be adopted in the financial statements of the Group when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group in the period of initial application.

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.

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.

A6 Debt and Equity Securities

There were no 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 period (2018: RM Nil).

A8 Segment Information

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

<u>Results for 3 months ended 31 December 2019</u>				
Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Continuing operations				
Revenue	19,781	14,227	-	34,008
Segment Results	764	(3,231)	24	(2,443)
Corporate/Unallocated Costs				(1,500)
Loss from Operations				(3,943)
Finance Costs				(2,714)
Share of Results of Joint Ventures				(219)
Loss Before Tax				(6,876)
Income Tax Expense				(834)
Loss for the Period from Continuing Operations				(7,710)
Discontinued operations				
Loss After Tax from Discontinued Operations (Oil & Gas)				(1,597)
Loss for the Period, net of tax				(9,307)
<u>Results for 3 months ended 31 December 2018</u>				
Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Continuing operations				
Revenue	19,376	27,160	-	46,536
Segment Results	(2,481)	(21,655)	731	(23,405)
Impairment of Goodwill	(72,851)	(10,310)	(103)	(83,264)
Corporate/Unallocated Costs				(11,952)
Loss from Operations				(118,621)
Finance Costs				(4,810)
Share of Results of Joint Ventures				121
Loss Before Tax				(123,310)
Income Tax Expense				(2,666)
Loss for the Period from Continuing Operations				(125,976)
Discontinued operations				
Loss after Tax from Discontinued Operations (Oil & Gas)				(7,907)
Loss for the Period, net of tax				(133,883)

A8 Segment Information (cont'd)

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

Results for 12 months ended 31 December 2019				
Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Continuing operations				
Revenue	74,045	97,462	-	171,507
Segment Results	11,575	14,470	(34)	26,011
Corporate/Unallocated Costs				(5,169)
Profit from Operations				20,842
Finance Costs				(11,661)
Share of Results of Joint Ventures				(219)
Profit Before Tax				8,962
Income Tax Expense				(3,397)
Profit for the Period from Continuing Operations				5,565
Discontinued operations				
Loss after Tax from Discontinued Operations (Oil & Gas)				(20,421)
Loss for the Period, net of tax				(14,856)
Results for 12 months ended 31 December 2018				
Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Continuing operations				
Revenue	71,264	200,441	-	271,705
Segment Results	6,902	(31,056)	993	(23,161)
Impairment of goodwill	(72,851)	(10,310)	(103)	(83,264)
Corporate/Unallocated Costs				(40,692)
Loss from Operations				(147,117)
Finance Costs				(16,372)
Share of results of Joint Ventures				121
Loss Before Tax				(163,368)
Income Tax Expense				(1,930)
Loss for the period from Continuing Operations				(165,298)
Discontinued operations				
Loss After Tax from Discontinued Operations (Oil & Gas)				(13,048)
Loss for the Period, net of tax				(178,346)

A9 Valuation of Property, Plant and Equipment

The Group does not adopt a revaluation policy on its property, plant and equipment.

A10 Subsequent Events

There were no material events subsequent to the current interim financial period up to the date of this report except the Company had on 31 October 2019 received a notice of demand and intention to repossess dated 24 October 2019 issued by the solicitors of the licensed financial institution for the sum of RM65,171.14. The notice arose due to failure of the Company to pay the monthly instalments under the hire purchase facility granted by the said licensed financial institution.

A11 Changes in the Composition of the Group

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

11.1 Discontinued operations

The discontinued operations is in relation to the cessation of the mobile cranes and specialised lifting services business within the Oil & Gas Segment at the end of October 2019.

A11 Changes in the Composition of the Group (cont'd)
11.1 Discontinued operations (cont'd)

The results for the discontinued operation is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2018 RM'000	CURRENT YEAR TO DATE 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2018 RM'000
Revenue	215	2,101	8,264	9,854
Cost of Sales	(2,784)	(1,394)	(6,578)	(6,739)
Gross (Loss)/Profit	(2,569)	707	1,686	3,115
Other Income	344	349	1,928	540
Operating Expenses	(742)	(11,454)	(24,202)	(18,132)
Loss from Operations	(2,967)	(10,398)	(20,588)	(14,477)
Finance Costs	1,370	(1,024)	167	(2,086)
Loss Before Tax	(1,597)	(11,422)	(20,421)	(16,563)
Income Tax Credit	-	3,515	-	3,515
Loss for the Period, net of tax	(1,597)	(7,907)	(20,421)	(13,048)

A12 Contingent Assets and Contingent Liabilities

- (i) The Company completed the disposal of Daya Global 1 Pte Ltd ("DG1PL") to Siem OCV Pte Ltd ("SOCV") on 19 September 2017 for a consideration of USD100,000,000. As part of the financing facility obtained by SOCV ("New Facility") to finance the acquisition of DG1PL from the Company, the Company entered into a Put Option Agreement ("Put Option") with DG1PL on 7 April 2017. Pursuant to this, the Company is required to write a Put Option to DG1PL where the Company granted DG1PL the right, during the 7 years period from 14 September 2017, to require the Company to purchase SD1 Vessel from DG1PL for a sum equivalent to the amount that is sufficient to fully repay the amount outstanding of the New Facility at the date the Put Option is exercised, which upon the exercise of the Put Option, may subject to the approval of the Securities Commission or any other regulatory approval (if required).

As the Put Option is structured as a security for the New Facility, the Put Option price is set at an amount that is sufficient to fully repay the New Facility upon the occurrence of an event of default under the terms and conditions of the New Facility. As such, the Put Option price will be equivalent to the outstanding amount of the New Facility at such point in time, which will allow DG1PL to receive sufficient funds to fully redeem the New Facility. The maximum exposure to the Group is the amount of the New Facility outstanding at the point of exercise of the Put Option.

- (ii) As at 31 December 2019, the Company has provided corporate guarantee of RM213,177,938 (31 December 2018: RM325,404,236) for banking facilities and third party for supply of goods and services granted to certain subsidiaries. The utilization of the banking facilities by the subsidiaries are RM141,967,324 (31 December 2018: RM206,986,402).

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 31.12.2019 RM'000
Capital Expenditure:	
Approved but not contracted for:	<u>151</u>

A14 Significant Related Party Transaction

During the period, significant related party transactions undertaken between the Company with related parties, which are negotiated based on agreed terms and conditions, are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31.12.2019 RM'000	PRECEDING YEAR 31.12.2018 RM'000	CURRENT YEAR 31.12.2019 RM'000	PRECEDING YEAR 31.12.2018 RM'000
<u>Transactions with related companies:</u>				
Management fee income	(27)	(978)	(2,112)	(3,646)
Interest income	(312)	(313)	(1,235)	(1,171)
Interest expense	514	988	2,758	3,924
Rental expense	28	28	114	114

A15 Financial Instruments

Financial Instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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 hire purchase 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 SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET

B1 Review of Performance

For the current financial quarter and year-to-date, the Group recorded a lower revenue of RM34.0 million and RM171.5 million compared to RM46.5 million and RM271.7 million reported in the preceding year's corresponding financial quarter and year-to-date, representing a decrease of RM12.5 million, or 26.9%, and RM100.2 million, or 36.9%, respectively. The lower revenue reported was mainly due to lower revenue contribution from the Technical Services Segment attributable to fewer ongoing projects following the completion of few construction projects in the previous financial year.

During the current financial quarter, the Group recorded a loss before tax ("LBT") of RM6.8 million compared to a LBT of RM123.3 million in the preceding year's corresponding quarter, representing an improvement of RM116.3 million. The lower LBT in the current financial quarter was mainly due to preceding year corresponding quarter's results included impairment loss on goodwill of RM70.2 million, allowance for doubtful debts on receivables of RM31.7 million and provision for liquidated ascertained damages ("LAD") of RM21.6 million.

During the current financial year-to-date, the Group recorded a profit before tax ("PBT") of RM8.9 million compared to a LBT of RM163.3 million reported in the preceding year's corresponding year-to-date. The higher losses in preceding year were mainly due to allowance for doubtful debts on receivables of RM39.3 million, impairment loss on goodwill of RM83.2 million, provision for LAD of RM21.6 million, and impairment loss on land held for property development of RM16 million.

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

Continuing Operations

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

Quarter

The O&G segment reported a profit before interest and tax ("PBIT") of RM0.7 million in the current financial quarter compared to a loss before interest and tax ("LBIT") of RM2.5 million in the preceding year's corresponding quarter, representing an improvement of RM3.2 million mainly due to slight improvement in sales coupled with the absence of provision for doubtful debts on receivables.

Year-to date

The O&G segment reported a PBIT of RM11.5 million in the current financial year-to-date compared to a PBIT of RM6.9 million in the preceding year-to-date, representing an improvement of RM4.8 million. This was mainly attributed to increased sales with improved margins, whereas the preceding year's results was also negatively impacted by the provision for doubtful debts on receivables of RM2.3 million and share of loss from joint venture project of RM1.0 million.

(ii) Technical Services ("TS") Segment

Quarter

The TS Segment reported a lower LBIT of RM3.2 million in the current quarter compared to a LBIT of RM21.6 million in the preceding year's corresponding quarter, representing a positive variance of RM18.4 million mainly due to the provision of LAD of a construction contract of RM21.6 million in the preceding year's corresponding quarter.

Year-to date

The TS Segment reported a higher PBIT of RM14.5 million in the current financial year-to-date compared to a LBIT of RM31.0 million in the preceding year's corresponding year-to-date, representing a positive variance of RM41.5 million mainly due to reversal of LAD of RM19.3 million during the year, whilst preceding year's result included the provision of LAD of RM21.6 million.

B1 Review of Performance (cont'd)
Continuing Operations (cont'd)

(iii) Other Segment

The Other Segment reported a PBIT of RM0.02 million in the current quarter compared to RM0.73 million in the preceding year's corresponding quarter, representing a negative variance of RM0.71 million. For the year-to-date, the Other Segment reported a LBIT of RM0.03 million compared to PBIT of RM0.99 million in the preceding year's corresponding period, representing a negative variance of RM1.02 million as preceding year's result included gains arising from the disposal of land and factory building belonging to the Specialised Polymer business of the Group.

Discontinued Operations

The discontinued operations for the current financial quarter reported a LBT of RM1.6 million compared to RM11.4 million in the preceding year's corresponding quarter, representing a positive variance of RM9.9 million as the previous year's results included impairment of property, plant and equipment of RM10.8 million. For the year-to-date, it reported a LBT of RM20.4 million as to compare to RM16.5 million in the preceding year's corresponding year-to-date mainly as a result of higher provision for impairment loss on disposal of property, plant and equipment.

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

Continuing operations

	Quarter ended	Quarter ended
	31.12.2019	30.09.2019
	RM'000	RM'000
Revenue	34,008	45,536
(Loss)/Profit before tax	(6,876)	4,501

The Group reported a LBT of RM6.9 million for the current financial quarter compared to a profit before tax of RM4.5 million in the immediate preceding financial quarter, representing a negative variance of RM11.4 million due mainly to reversal of provision for LADs of RM10.1 million in the previous quarter.

Discontinued operations

	Quarter ended	Quarter ended
	31.12.2019	30.09.2019
	RM'000	RM'000
Revenue	215	3,384
Loss before tax	(1,597)	(247)

The discontinued operations reported a LBT of RM1.6 million for the current financial quarter compared to RM0.2 million in the immediate preceding financial quarter, representing a negative variance of RM1.4 million mainly due to costs incurred in relation to the cessation of business operations for its mobile cranes and specialised lifting services.

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 remains 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 with existing and prospective customers. The specialty chemicals' business focus is to ensure fulfilment of current contracts, while continue to participate, explore and expand into new opportunities. Whilst demand for well intervention and diagnostic services business is expected to remain robust in both the domestic and international markets, as increasing activities in the drilling market, workover, plug and abandonment due to increasing rig counts such as in the Middle East region bodes well for this business. Additionally, the Group is exploring further opportunities in oil and gas fabrication works, in order to capitalise and expand its present O&G project management and work capabilities.

(ii) Technical Services ("TS") Segment

On the TS Segment, the Group will continue to be involved in industrial, commercial and residential construction related projects. The Group will continue to focus on the execution of its ongoing construction contracts, with emphasis on operational efficiency and improve on all areas of operations, manpower and project management. Additionally, it is actively sourcing and participates in tenders for new construction and maintenance projects in order to replenish its order book and to grow its revenue and profitability.

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	PRECEDING YEAR CORRESPON- DING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
In respect of the current period:				
Continuing operations				
Income tax				
- Current year	834	1,280	3,397	3,870
- Overprovision in prior years	-	248	-	(3,078)
Deferred tax	-	1,012	-	1,012
RPGT	-	126	-	126
	834	2,666	3,397	1,930
Discontinued operations				
Income tax				
- Current year	-	13	-	13
Deferred Taxation	-	(3,528)	-	(3,528)
	-	(3,515)	-	(3,515)
	834	(849)	3,397	(1,585)

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 losses incurred in certain entities of the Group and certain expenses which was not deductible for tax purposes in the profitable subsidiaries.

B6 Sale of Unquoted Investments and Properties

There were no 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 21 February 2020, 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. ("3rd Revised Call Option Period").

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 ("4th Revised Call Option Period").

On 29 August 2019, PPSB and the Company had mutually agreed, vide the Company's letter dated 28 August 2019 and accepted by PPSB on 29 August 2019 to further extend the 4th Revised Call Option Period to 31 August 2020.

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

B7 Status of Corporate Proposals (cont'd)

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

On 28 February 2018, we triggered the prescribed criteria under Paragraph 2.1(a) of Practice Note 17 (“**PN17**”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), due to our shareholders’ equity on a consolidated basis falling below RM40 million and represented less than 25% of our issued share capital based on our unaudited consolidated financial statements for the financial year ended 31 December 2017.

Then on 4 March 2019, we triggered the prescribed criteria under Paragraph 2.1(f) of PN17 as a result of the default by our major subsidiary, namely Daya Proffscorp Sdn Bhd, in the payment of both the principal sum and interest to Malayan Banking Berhad and Small Medium Enterprise Development Bank Malaysia Berhad, and our inability to provide a solvency declaration to Bursa Securities.

Thereafter on 6 May 2019 we triggered the prescribed criteria under Paragraph 2.1(d) of PN17 of the Listing Requirements today as our auditors, Messrs Deloitte PLT, have expressed a disclaimer of opinion in our financial statements for the financial year ended 31 December 2018.

The Company is still formulating a plan to regularise our financial condition (“**Regularisation Plan**”). We were required to submit the Regularisation Plan by 27 February 2019 and on 8 March 2019, Bursa Securities granted the Company an extension of time up to 27 August 2019 to submit the Regularisation Plan to the regulatory authorities.

On 19 August 2019, we submitted an application to Bursa Securities seeking its approval for second extension of time of 9 months until 27 May 2020 for the Company to submit its proposed regularisation plan to Bursa Securities whereby Bursa Securities had, via its letter dated 24 September 2019, decided to grant the Company a further extension of time up to 27 February 2020 to submit a regularisation plan to the regulatory authorities.

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 financing facilities	16,219	-	16,219
Hire purchase	231	36	267
Bank overdrafts	8,152	-	8,152
Term loans	87,201	2,004	89,205
Redeemable convertible unsecured bonds	78,393	-	78,393
As at 31 December 2019	190,196	2,040	192,236
As at 31 December 2018	232,048	2,592	234,640

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

- (a) legal charges over the freehold land and buildings of the subsidiaries;
- (b) corporate guarantee by the Company;
- (c) a debenture over all assets of certain subsidiaries;
- (d) a pledge on the fixed deposits of the Company and subsidiaries;
- (e) a pledge of unquoted shares over the issued and paid-up share capital of certain subsidiaries; and
- (f) a pledge on an assignment on its contract proceeds via sinking fund built up.

The bank borrowings and other facilities are denoted in local currency, except for RM50,659,516 which is denoted in United States Dollars.

B9 Material litigations

(a) 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)	(30,752,015)
Net damages awarded in favour of DCMT	14,282,880

B9 Material litigations (cont'd)

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

From the above said judgement sum, on 9 November 2018, YT paid the amount of RM7,662,194 being payment to DCMT for the principal sum plus interest which was made to the bank account of DCMT, with DCMT's bank undertaking to pay YT the same in the event of YT succeeds in overturning the judgement of DCMT in the Court of Appeal.

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 Royal Malaysian Customs within 6 months from the date of the judgment. The GST refund was subsequently approved by the Royal Malaysian Customs on 21 June 2018.

In addition, the High Court's delivered judgement also includes damages awarded in favour of YT amounting to RM30,752,015 in relation to additional costs to complete and liquidated ascertained damages for delay. Included in the Group's trade receivables balance is an amount of RM15,290,000 representing liabilities provided in regards to the potential amount payable to YT.

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

	The Group	
	31.12.2019	31.12.2018
	RM	RM
Trade receivables (net of provision for LAD of RM15,290,000)	22,358,770	22,358,770
Prepaid expenses	22,891,444	22,891,444
Amount due from sub-contractor	30,576,132	30,576,132
	53,467,576	53,467,576
Less: Allowance for doubtful debts	(44,551,469)	(44,551,469)
	8,916,107	8,916,107
	31,274,877	31,274,877

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 November 2019 whereby the learned judges have decided to postpone the matter for hearing to 26 February 2020 and 27 February 2020. 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 full recoverability of the amount owing by the said customer as disclosed above, as well as whether the provision for liability recognised in the financial statements is adequate is highly dependent on the success of the appeal proceeding.

(b) In the Matter of Arbitration between Yuk Tung Construction Sdn Bhd (Claimant) and Daya CMT Sdn Bhd (Respondent) pursuant to Kuala Lumpur High Court Suit No.: WA-22C-25-04/2018

On 19 April 2018, Daya CMT Sdn. Bhd. ("DCMT") had, via its lawyers Messrs Zain Megat and Murad ("ZMM"), received a Writ of Summons and Statement of Claim in Kuala Lumpur High Court Suit No. WA-22C-25-04/2018 ("High Court Suit") from Messrs William Leong & Co., the lawyers acting for Yuk Tung Construction Sdn Bhd ("YT") claiming for rectification costs amounting to RM9,070,199 arising from the purported defects in DCMT's scope of works.

DCMT then filed an application for stay of proceedings pending reference to arbitration on 22 June 2018. The parties then agreed for the High Court Suit to be stayed and to be referred to arbitration ("Arbitration"), by entering into a Consent Order of the High Court dated 7 September 2018.

YT has now filed a points of claim in arbitration proceedings on 28 January 2019 claiming for amongst others, rectification costs arising from the purported defects in DCMT's scope of work amounting to RM7,258,368.

DCMT has filed its Statement of Defence on 4 March 2019, where the hearing of Arbitration is now fixed on 9 March 2020 to 13 March 2020, 6 April 2020 to 9 April 2020 and 22 June 2020 to 26 June 2020.

No provision for liability is made in the financial statements and based on the legal advice obtained, DCMT believes that it has reasonable chance of success in resisting the claim by the customer in the arbitration proceeding.

Management's basis on no provision for liability is required to be recognised in the financial statements is highly dependent on the success of the arbitration proceeding.

B9 Material litigations (cont'd)

(c) Kuala Lumpur High Court Writ of Summons No: WA-22M-532-11/2018

On 27 February 2019, the Company's subsidiary, Daya Maritime Limited ("DML") and the Company, as corporate guarantor, had on 16 November 2018 received a Writ of Summons together with the Statement of Claim dated 8 November 2018 from Messrs Skrine, the solicitors acting for Export-Import Bank of Malaysia Berhad ("EXIM Bank").

In the said Writ of Summons and Statement of Claims, EXIM Bank is claiming for:-

- (i) Principal outstanding amounting to USD12,650,112 up to 30 September 2018 under Islamic financing facility granted by EXIM Bank to DML and guaranteed by the Company which is the Term Financing-i Facility ("TF-i Facility");
- (ii) Late payment penalty (ta'widh) on USD12,650,112 up to 30 September 2018 under the TF-i Facility;
- (iii) Principal outstanding amounting to USD1,840,656 up to 30 September 2018 under the Islamic financing facility granted by EXIM Bank to DML and Guaranteed by the Company which is the Overseas Investment Financing-i Facility ("OIF-i Facility");
- (iv) Late payment penalty (ta'widh) on USD1,840,656 up to 30 September 2018 under the OIF-i Facility;
- (v) Costs; and
- (vi) Such further or other relief as the Court deems fit to order.

Further to the summary judgement application which was fixed for decision on 18 April 2019, the learned judge has allowed EXIM Bank's application for Summary Judgement to be entered as follows with costs of RM5,000 ("Order"):

- (a) Judgement for the sum of USD12,650,112 as at 30 September 2018 under the TF-i Facility;
- (b) Compensation for late payment (Ta'widh) on the sum of USD12,650,112 as at 30 September 2018 under TF-i Facility;
- (c) Judgement for the sum of USD1,840,656 as at 30 September 2018 under the OIF-i Facility; and
- (d) Compensation for late payment (Ta'widh) on the sum of USD1,840,656 as at 30 September 2018 under OIF-i Facility.

The Company is currently in the midst of discussion with EXIM Bank to regularise for a settlement of the judgement sum obtained by EXIM

B10 Proposed Dividends

No dividend has been proposed or declared for the current financial year-to-date (2018: RM Nil).

B11 Loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2019	PRECEDING YEAR CORRESPON- DING QUARTER 31.12.2018	CURRENT YEAR TO DATE 31.12.2019	PRECEDING YEAR CORRESPON-DING PERIOD 31.12.2018
a) Basic earnings/(loss) per share				
Net loss for the period attributable to ordinary equity holders of the company (RM'000)	(8,896)	(118,213)	(21,343)	(159,103)
Net loss from discontinued operations attributable to ordinary equity holders of the company (RM'000)	(1,597)	(7,907)	(20,421)	(13,048)
Net loss from continuing operations attributable to ordinary equity holders of the company (RM'000)	(7,299)	(110,306)	(922)	(146,055)
Weighted average number of shares in issue ('000)	2,042,946	2,042,946	2,042,946	2,042,946
Basic loss per share (sen) attributable to:				
- Continuing operations	(0.36)	(5.40)	(0.05)	(7.15)
- Discontinued operations	(0.08)	(0.39)	(1.00)	(0.64)
	<u>(0.44)</u>	<u>(5.79)</u>	<u>(1.04)</u>	<u>(7.79)</u>

B11 Loss per share (cont'd)

b) Diluted loss per share

Net loss for the period attributable to ordinary equity holders of the company (RM'000)

(8,896) (118,213) (21,343) (159,103)

Weighted average number of shares in issue ('000)

2,042,946 2,042,946 2,042,946 2,042,946

Conversion of Redeemable Convertible Unsecured Bonds ('000)

830,783 830,783 830,783 830,783

2,873,729 2,873,729 2,873,729 2,873,729

Diluted loss per share (sen) attributable to: *

- Continuing operations

(0.36) (5.40) (0.05) (7.15)

- Discontinued operations

(0.08) (0.39) (1.00) (0.64)

(0.44) (5.79) (1.04) (7.79)

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

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

INDIVIDUAL QUARTER

CUMULATIVE QUARTER

**CURRENT
YEAR
QUARTER**

**PRECEDING YEAR
CORRESPON-
DING QUARTER**

**CURRENT
YEAR TO
DATE**

**PRECEDING YEAR
CORRESPON-
DING
PERIOD**

**31.12.2019
RM'000**

**31.12.2018
RM'000**

**31.12.2019
RM'000**

**31.12.2018
RM'000**

The following amounts have been included in arriving at loss before tax:

Interest expenses	1,344	5,834	11,494	18,458
Depreciation on property, plant and equipment	1,192	1,020	3,879	4,459
Amortisation on intangible assets	52	46	100	184
Allowance for doubtful debts on receivables	-	31,696	-	39,631
Impairment loss on non-current assets held for sale	-	-	19,233	-
Impairment loss on property, plant and equipment	-	10,923	-	16,001
Realised foreign exchange loss	-	484	-	487
Unrealised foreign exchange (gain)/loss	(69)	1,051	-	2,349
Net loss/(gain) loss on disposal of property, plant and equipment	3,220	2,125	1,092	(243)

and after crediting:

Interest income	86	1,028	871	1,978
Rental income	8	17	34	73
Unrealised foreign exchange gains	-	1,430	-	1,430
Realised foreign exchange (loss)/gains	(149)	167	-	167
Gain on disposal of property, plant and equipment	-	2,125	-	243

B13 Auditors' Report on Preceding Annual Financial Statements

The Auditors had provided a Disclaimer of Opinion and do not express an opinion on the financial statements of the Group for the financial year ended 31 December 2018 on the following basis:

- (a) Going concern assumptions as the Group have, as of 31 December 2018, a capital deficiency of RM136.2 million and current liabilities of the Group had exceeded the current assets by RM214.1 million as a result of losses incurred in the current and previous financial years.
- (b) The Group is highly dependent upon the successful approval and implementation of the proposed regularisation plan 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 Malaysia"). As an affected listed issuer, the Company is required to submit a regularisation plan to address the PN17 status within 12 months from 28 February 2018 to the relevant authorities for approval. However, the Company had, on 15 February 2019 made an application to Bursa Malaysia for extension of time up to 27 August 2019 to submit a regularisation plan to the relevant authorities. On 8 March 2019, the Company announced that it has obtained an extension of time up to 27 August 2019 for submission of a regularisation plan. On 19 August 2019, the Company submitted an application to Bursa Securities seeking its approval for second extension of time to submit its proposed regularisation plan. Bursa Securities has, via its letter dated 24 September 2019, granted the Company further extension of time up to 27 February 2020 for submission of its regularisation plan.

Management of the Company is currently in the process of formulating a regularisation plan and consequently, there is insufficient information available on the eventual regularisation plan and how it would address the present financial conditions of the Group.

B13 Auditors' Report on Preceding Annual Financial Statements (cont'd)

- (c) During and subsequent to the financial year end, certain subsidiaries of the Company had defaulted the repayment of certain trade and hire purchase facilities and had received writ of summons together with statements of claims, letters of reminder and notices of demand and intention to repossess for failure to pay the monthly instalments and outstanding sum under the financing facilities granted by licensed financial institutions. The Company acts as corporate guarantor for these facilities. In the event of default in payment, the licensed financial institutions shall have the right to terminate and/or recall the financing facilities without further notice and take legal action against the respective subsidiaries and the Company, as corporate guarantor.
- (d) DCMT, a subsidiary of the Company, has been involved in a litigation with a customer to recover debts under a construction contract which had been prematurely terminated by the customer, where amount recoverable included in the statements of financial position is RM31.3 million. Whilst the High Court had delivered its judgement in favour of DCMT for sums totaling RM31.5 million and performance bond to the credit of DCMT of RM13.5 million, it also awarded the customer damages amounting to RM30.8 million in respect of additional costs to complete and liquidated ascertained damages for delay, for which DCMT has made a provision of RM15.3 million as of 31 December 2018. No further provision is made as DCMT is in the midst of an appeal proceeding against the decision and based on the legal advice obtained, DCMT believes that it has a strong chance of success in the appeal proceeding.

In addition, DCMT had received writ of summons and statement of claim from the said customer claiming for rectification costs amounting to RM7.3 million arising from purported defects in DCMT's scope of works. The hearing of arbitration is fixed in November 2019. No provision is made in the financial statements and based on the legal advice obtained, DCMT believes that it has reasonable chance of success in resisting the claim by the customer in the arbitration proceeding.

- (e) On 7 April 2017, the Company and DG1PL entered into a Put Option Agreement ("Put Option") as part of the terms of financing obtained by Siem OCV Pte Ltd ("SOCV") to finance the acquisition of DG1PL by SOCV from the Company. The disposal of DG1PL to SOCV was completed on 19 September 2017. The Put Option grants DG1PL the right, during the 7 years from 14 September 2017, to require the Company to purchase Siem Daya 1 Vessel ("SD1 Vessel") from DG1PL for a sum equivalent to the amount that is sufficient to fully repay the amount outstanding of the financing facility at the date the Put Option is exercised.

Consequently, the Company has to assess the likelihood of the Put Option being exercised by SOCV to determine whether a provision for the liability is to be recognised. In order to perform the assessment, the Company made an effort to obtain information on the fair value of the SD1 Vessel and the outstanding amount of the financing facility of SOCV. However, the Company was unable to obtain the required information.

In view of the uncertainties involving the timing and successful formulation and implementation of the Regularisation Plan, including possible monetisation of assets of the Group, the outcome of the appeal and arbitration proceedings and the likelihood of the Put Option being exercised as mentioned above, the Auditors were unable to obtain sufficient appropriate audit evidence to determine whether the management's use of the going concern basis in the preparation of the financial statements of the Group was appropriate.

Status of the above audit matters and steps taken to address those audit matters are as follow:

- (i) the Company is still formulating the Regularisation Plan and has up to 27 February 2020 to submit its Regularisation Plan to the regulatory authorities for approval;
- (ii) an adviser has been appointed to undertake a complete debt-restructuring exercise for the Group and is in the midst of discussion with the licensed financial institutions to regularise the outstanding payments that are in defaults;
- (iii) the Group is in the midst of identifying non-revenue generating assets for disposal in order to generate cash flows for working capital requirements;
- (iv) the Group is undergoing a major re-sizing and cost cutting initiatives of its core subsidiaries. For continuous loss-making subsidiaries, decision will be made whether to wind down or exit the business entirely; and
- (v) the Group is continuously exploring opportunities to improve the existing order book.

By Order of the Board

Datuk Lim Thean Shiang
Executive Chairman
26 February 2020