



DAYA MATERIALS BERHAD

**(Registration No.: 200301033936 (636357-W))
(Incorporated in Malaysia)**

Quarterly Report 30 September 2021

DAYA MATERIALS BERHAD

(Registration No.: 200301033936 (636357-W))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Revenue	13,298	14,751	13,298	14,751
Cost of Sales	(11,239)	(12,525)	(11,239)	(12,525)
Gross Profit	2,059	2,226	2,059	2,226
Other Income	664	1,226	664	1,226
Operating Expenses	(3,555)	(4,858)	(3,555)	(4,858)
Loss from Operations	(832)	(1,406)	(832)	(1,406)
Finance Costs	(2,388)	(2,561)	(2,388)	(2,561)
Loss Before Tax	(3,220)	(3,967)	(3,220)	(3,967)
Income Tax Expense	(88)	(48)	(88)	(48)
Loss for the Period, net of tax	(3,308)	(4,015)	(3,308)	(4,015)
Attributable to :				
Owners of the Company	(3,100)	(4,133)	(3,100)	(4,133)
Non-controlling Interests	(208)	118	(208)	118
	<u>(3,308)</u>	<u>(4,015)</u>	<u>(3,308)</u>	<u>(4,015)</u>
Loss per share (sen)				
- Basic	(0.15)	(0.20)	(0.15)	(0.20)
- Diluted	<u>(0.15)</u>	<u>(0.20)</u>	<u>(0.15)</u>	<u>(0.20)</u>

Note:

- i) These condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Loss for the Period, net of tax	<u>(3,308)</u>	<u>(4,015)</u>	<u>(3,308)</u>	<u>(4,015)</u>
Other Comprehensive Income: Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign subsidiaries	(1,464)	2,691	(1,464)	2,691
Total Loss for the Period, net of tax	<u>(4,772)</u>	<u>(1,324)</u>	<u>(4,772)</u>	<u>(1,324)</u>
Total Loss for the period attributable to:				
Owners of the Company	(4,564)	(1,442)	(4,564)	(1,442)
Non-controlling Interests	<u>(208)</u>	<u>118</u>	<u>(208)</u>	<u>118</u>
	<u>(4,772)</u>	<u>(1,324)</u>	<u>(4,772)</u>	<u>(1,324)</u>

Note:

- i) These condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	30.09.2021 RM'000 Unaudited	30.06.2021 RM'000 Audited
Non Current Assets		
Property, plant and equipment	19,979	20,350
Right-of-use assets	2,391	2,437
Inventories	8,531	8,531
Investment properties	5,100	5,100
Intangible assets	892	908
Deferred tax assets	66	66
Total Non Current Assets	<u>36,959</u>	<u>37,392</u>
Current Assets		
Inventories	13,413	12,864
Trade receivables	48,242	51,331
Asset classified as held for sales	1,865	1,865
Other receivables, deposits and prepaid expenses	8,321	9,519
Contract assets	7,324	8,566
Tax recoverable	1,398	1,311
Marketable securities	69	61
Restricted cash	-	211
Deposits, cash and bank balances	40,702	47,881
Total Current Assets	<u>121,334</u>	<u>133,609</u>
Current Liabilities		
Loans and borrowings	175,683	176,669
Trade payables	97,915	108,225
Provisions, other payables and accrued expenses	53,679	50,737
Contract liabilities	11,367	11,234
Tax liabilities	877	911
Total Current Liabilities	<u>339,521</u>	<u>347,776</u>
Net Current Liabilities	(218,187)	(214,167)
	<u>(181,228)</u>	<u>(176,775)</u>
Financed by:		
Share capital	271,229	271,229
Reserves	(493,820)	(489,256)
	(222,591)	(218,027)
Non-controlling interests	16,773	16,981
Capital Deficiency	(205,818)	(201,046)
Non Current Liabilities		
Loans and borrowings	24,344	24,025
Deferred tax liabilities	246	246
Total Non Current Liabilities	<u>24,590</u>	<u>24,271</u>
	<u>(181,228)</u>	<u>(176,775)</u>
Net liabilities per share (sen)	<u>(10.90)</u>	<u>(10.67)</u>

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021

	<-----Attributable to Equity Holders of the Company----->						
	<----- Non-Distributable ----->			Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
3 months ended 30 September 2021							
At 1 JULY 2021 (as previously reported)	271,229	(8,444)	870	(481,682)	(218,027)	16,981	(201,046)
Loss for the Period	-	-	-	(3,100)	(3,100)	(208)	(3,308)
Other Comprehensive Income for the Period	-	(1,464)	-	-	(1,464)	-	(1,464)
Total Comprehensive Loss for the Period	-	(1,464)	-	(3,100)	(4,564)	(208)	(4,772)
At 30 SEPTEMBER 2021	<u>271,229</u>	<u>(9,908)</u>	<u>870</u>	<u>(484,782)</u>	<u>(222,591)</u>	<u>16,773</u>	<u>(205,818)</u>
3 months ended 30 September 2020							
At 1 JULY 2020 (Restated)	271,229	(11,266)	870	(466,802)	(205,969)	1,996	(203,973)
(Loss)/Profit for the Period	-	-	-	(4,133)	(4,133)	118	(4,015)
Other Comprehensive Income for the Period	-	2,691	-	-	2,691	-	2,691
Total Comprehensive Income/(Loss) for the Period	-	2,691	-	(4,133)	(1,442)	118	(1,324)
At 30 SEPTEMBER 2020	<u>271,229</u>	<u>(8,575)</u>	<u>870</u>	<u>(470,935)</u>	<u>(207,411)</u>	<u>2,114</u>	<u>(205,297)</u>

Note:

- i) These condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021

	Current Period Ended 30.09.2021 RM'000 Unaudited	Preceding Year Ended 30.06.2021 RM'000 Audited
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before tax	(3,220)	(1,931)
Adjustments for:		
Amortisation on intangible assets	16	69
Bad debt written off	-	32
Depreciation of property, plant and equipment	442	1,951
Depreciation of right-of-use assets	46	216
Fair value gain on marketable securities	(9)	(3)
Finance costs	2,388	11,573
Interest income	(285)	(887)
Impairment losses on:		
- Other receivables	-	134
- Trade receivables	-	146
Net gain on disposal of property, plant & equipment	(40)	(10,133)
Net loss on disposal of right-of-use assets	-	478
Net gain on disposal of intangible assets	-	(1)
Net unrealised foreign exchange gain	(63)	(627)
Property, plant and equipment written off	-	105
Reversal of impairment losses:		
- Other receivables	-	(498)
- Trade receivables	-	(316)
Reversal of provision for defect liability cost	-	(39)
Waiver of debts	-	41
Operating profit/(loss) before working capital changes	(725)	310
Changes in working capital:		
Inventories	(549)	1,032
Trade and other receivables	4,350	(8,566)
Contract assets	2,758	(4,783)
Trade and other payables	(9,295)	(8,625)
Contract liabilities	(1,383)	4,643
Cash Flows Used In Operations	(4,844)	(15,989)
Interest paid	-	(2,572)
Tax (paid)/refund	(204)	3
Net Cash Used In Operating Activities	(5,048)	(18,558)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interest in a subsidiary by non-controlling interests	-	4,628
Decrease/(Increase) in pledged deposits placed with licensed banks	16,826	(1,792)
Dividend paid to non-controlling interests	-	(1,236)
Increase in short term investment	(13,942)	-
Interest received	285	887
Proceeds from disposal of property, plant and equipment	40	11,318
Proceeds from disposal of intangible assets	-	1
Proceeds from disposal of right-of-use assets	-	158
Purchase of property, plant and equipment	(72)	(315)
Purchase of intangible assets	-	(1)
Withdrawal of restricted cash	-	7,451
Net Cash From Investing Activities	3,137	21,099

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2021

	Current Period Ended 30.09.2021 RM'000 Unaudited	Preceding Year Ended 30.06.2021 RM'000 Audited
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(249)	(3,058)
Net (repayment)/drawdown of loans and borrowings	(634)	2,251
Payment of lease liabilities	(42)	(260)
Net Cash Used In Financing Activities	<u>(925)</u>	<u>(1,067)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,836)	1,474
Effect of exchange rate fluctuation on cash and cash equivalents	(1,466)	948
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>18,050</u>	<u>15,628</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>13,748</u></u>	<u><u>18,050</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	17,117	19,320
Restricted cash	-	211
Fixed deposits with licenced banks	9,643	28,561
Short term investments	13,942	-
Bank overdraft	<u>(4,738)</u>	<u>(4,731)</u>
	35,964	43,361
Less: Fixed deposits pledged with licensed banks	(8,274)	(25,100)
Short term investments	(13,942)	-
Restricted cash	<u>-</u>	<u>(211)</u>
	<u><u>13,748</u></u>	<u><u>18,050</u></u>

Note:

- i) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

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 30 June 2021.

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 30 June 2021.

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 30 September 2021, the Group have a capital deficiency of RM205.8 million and the current liabilities of the Group had exceeded the current assets by RM218.2 million as a result of losses incurred during the current year 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 made numerous extension of time ("EOT") application to Bursa for the submission of the regularisation plan which Bursa had granted its approvals to the Company for the EOT with the final EOT up to 17 March 2021.

The Company has submitted the Proposed Regularisation Plan to Bursa Securities Malaysia Berhad on 17 March 2021 which was revised on 2 June 2021 to address the financial condition of the Group and believes that the Proposed Regularisation Plan once approved 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.

Bursa has, vide its letter dated 18 October 2021, resolved to approve the Proposed Regularisation Plan.

The directors are of the opinion and believe that the Proposed Regularisation Plan once 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.

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

- (i) Approvals by various parties and successful implementation of Proposed Regularisation Plan to regularise;
- (ii) Continuity and extension of banking facilities granted by financial institutions; and
- (iii) Ability of the Group and 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

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June

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A2 Significant Accounting Policies (cont'd)

(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	
Amendments to MFRS 16	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a single Transaction	1 January 2023
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 30 June 2021 contained qualification opinion.

The Independent Auditors have expressed a basis of qualified opinion section in respect of assertion concerning on insufficient documents and/or evidence pertaining to transactions in the financial year ended 30 June 2021, and material uncertainty relating to going concern.

A4 Seasonal or Cyclical Factors

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

A5 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.

A6 Changes in Significant Accounting Estimates and Judgements

There were no significant changes in the estimates of the amount reported in the period under review.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

A8 Dividends Paid

No dividend has been declared or paid for current financial period (2021: RM Nil).

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A9 Segment Information

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

Results for 3 months ended 30 September 2021

Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Revenue	8,838	4,460	-	13,298
Segment Results	668	(294)	(5)	369
Corporate/Unallocated Costs				(1,201)
Loss from Operations				(832)
Finance Costs				(2,388)
Loss Before Tax				(3,220)
Income Tax Expense				(88)
Loss for the Period, net of tax				(3,308)

Results for 3 months ended 30 September 2020

Business Segment	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Revenue	8,266	6,485	-	14,751
Segment Results	(720)	548	21	(151)
Corporate/Unallocated Costs				(1,255)
Loss from Operations				(1,406)
Finance Costs				(2,561)
Loss Before Tax				(3,967)
Income Tax Expense				(48)
Loss for the Period, net of tax				(4,015)

A10 Valuation of Property, Plant and Equipment

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

A11 Subsequent Events

There were no material events subsequent to the current interim financial period up to the date of this report.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the period under review.

A13 Contingent Assets and Contingent Liabilities

- (i) As at 30 September 2021, the Company has provided corporate guarantee of RM148.8 million (30 June 2021: RM149.7 million) 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 RM137.8 million (30 June 2021: RM137.1 million).

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.

A14 Capital Commitments

Capital Expenditure:

Approved but not contracted for:

**As at
30.09.2021
RM'000**

1,336

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A15 Significant Related Party Transaction

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

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
<u>Transactions with related companies:</u>				
Management fee income	996	-	996	-
Rental income	87	-	87	-
Rental expenses	150	29	150	29

A16 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 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

Current Quarter Results (Q1 FY2022) Vs Preceding Year's Corresponding Quarter Results (Q1 FY2021)

For the current quarter, the Group recorded a lower revenue of RM13.3 million as compared to RM14.8 million reported in the preceding year's corresponding quarter, representing a decrease of RM1.5 million or 9.9%.

For the current quarter, the Group recorded a lower loss before tax ("LBT") of RM3.2 million as compared to RM4.0 million reported in the preceding year's corresponding quarter, representing slight improvement of RM0.7 million or 18.8%.

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

(i) O&G Segment

Current Quarter Results (Q1 FY2022) Vs Preceding Year's Corresponding Quarter Results (Q1 FY2021)

O&G segment recorded revenue and profit before interest and tax ("PBIT") of RM8.8 million and RM0.7 million respectively in Q1 FY2022 as compared to revenue and loss before interest and tax ("LBIT") of RM8.3 million and RM0.7 million respectively in the preceding year's corresponding quarter. The improved performance is mainly due to higher sales with better margins.

(ii) TS Segment

Current Quarter Results (Q1 FY2022) Vs Preceding Year's Corresponding Quarter Results (Q1 FY2021)

TS segment recorded revenue and LBIT of RM4.5 million and RM0.3 million respectively in the Q1 FY2022 as compared to revenue and PBIT of RM6.5 million and RM0.5 million respectively in the preceding year's corresponding quarter. mainly due to the impact of resurgence of COVID-19 cases in the current quarter under reviewed which restricted full scaled operations at its project site and thus, slow down the progress billings.

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B1 Review of Performance (cont'd)

(iii) Other Segment (Inclusive of corporate costs)

Other segment reported a LBIT of RM1.2 million in the Q1 FY2022 (Q1 FY2021: RM1.2 million), comprised mainly of corporate administrative expenses, such as professional charges associated with on-going corporate exercise, and staff costs.

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

	Quarter ended 30.09.2021 RM'000	Quarter ended 30.06.2021 RM'000
Revenue	13,298	23,945
(Loss)/Profit before tax	(3,220)	8,479

The Group reported a revenue of RM13.3 million as compared to RM23.9 million in the preceding quarter, representing a reduction of RM10.6 million or 44.5%, mainly due to reduced demand for O&G segment and lower progress in terms of revenue recognition for TS segment following the implementation of Movement Control Order ("MCO") 3.0 from 1st June 2021 onwards.

Correspondingly, the Group reported a LBT of RM3.2 million for the current quarter as compared to a profit before tax ("PBT") of RM8.5 million in the immediate preceding quarter.

B3 Prospects

The outlook for the Group's O&G and TS segments remains challenging in the near term as COVID-19 pandemic situation has not been brought under control which may pose execution capabilities of the Group due to restrictions imposed by the Governments.

Nonetheless, the Group will continue to monitor the COVID-19 situation closely and proactively devise and implement appropriate strategies and actions to mitigate the challenging environment to ensure continuity of the Group beyond this crisis.

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 Expense

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
In respect of the current period:				
Income tax				
- Current year	86	48	86	48
- Under provision in prior year	2	-	2	-
	<u>88</u>	<u>48</u>	<u>88</u>	<u>48</u>

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

B6 Sale of Unquoted Investments and Properties

There were no disposal of unquoted investments and properties during the period under review.

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B7 Status of Corporate Proposals

The status of corporate proposals announced by the Company and completed as at 23 November 2021, 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").

(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 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 ("5th Revised Call Option Period").

On 30 July 2020, PPSB and the Company had mutually agreed, vide the Company's letter dated 27 July 2020 and accepted by PPSB on 30 July 2020 to further extend the 5th Revised Call Option Period to 31 August 2021 ("6th Revised Call Option Period").

On 16 August 2021, PPSB and the Company had mutually agreed, vide the Company's letter dated 9 August 2021 and accepted by PPSB on 16 August 2021 to further extend the 6th Revised Call Option Period to 31 August 2022.

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.

On 25 February 2020, we submitted an application to Bursa Securities seeking its approval for third extension of time of 6 months until 27 August 2020 for the Company to submit its proposed regularisation plan to Bursa Securities whereby Bursa Securities had, via its letter dated 16 April 2020, decided to grant the Company a further extension of time up to 27 September 2020 to submit a regularisation plan to the regulatory authorities.

On 15 September 2020, on our behalf Hong Leong Investment Bank Berhad had submitted an application for a further extension of time to submit the Regularisation Plan to Bursa Securities, where Bursa Securities had, via its letter dated 23 October 2020, decided to grant the Company a further extension of time up to 27 February 2021 to submit the Regularisation Plan to the regulatory authorities.

On 31 December 2020, we have made the requisite announcement in relation to the Company’s Regularisation Plan.

On 27 February 2021, Hong Leong Investment Bank Berhad had, on behalf of the Company, submitted an application for a further extension of time of 1 month until 26 March 2021 to submit the Regularisation Plan to Bursa Securities and thereafter submitted the application in relation to the Regularisation Plan to Bursa Securities on 17 March 2021.

Bursa Securities had, via its letter dated 19 March 2021 decided to grant the Company a further extension of time up to 17 March 2021 in view that the Company has submitted its Regularisation Plan on 17 March 2021.

On 31 May 2021, the Company announced:

- (a) the proposed acquisition by Daya Petroleum Ventures Sdn Bhd, a 51% subsidiary of DMB, of 246,359 ordinary shares in Daya Maxflo Sdn Bhd (“DMAX”) for a purchase consideration of RM3,932,000 which shall be satisfied via the issuance of 7,864,000 new ordinary shares in Propel Global Sdn Bhd at an issue price of RM0.50 per share; and
- (b) the proposed settlement of debt owing to the minority shareholders of DMAX,

which shall form part of the Proposed Regularisation Plan and a revised application in relation to the Proposed Regularisation Plan was submitted to Bursa Securities on 2 June 2021.

Bursa has, vide its letter dated 18 October 2021, resolved to approve the Proposed Regularisation Plan and the Company had on 26 October 2021 made an application to the High Court of Malaya for an order to convene a court convened meeting with its shareholders in relation to the Proposed Share Exchange and Proposed Transfer of Listing Status under the Proposed Regularisation Plan, and the application has been fixed for case management on 11 November 2021.

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B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Short Term RM'000	Long Term RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
Trade financing facilities	5,123	10,960	16,083
Lease liabilities	73	84	157
Bank overdrafts	4,738	-	4,738
Term loans	82,671	13,300	95,971
Redeemable convertible unsecured bonds	83,078	-	83,078
As at 30 September 2021	175,683	24,344	200,027

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 RM62,264,000 which is denoted in United States Dollars.

B9 Material litigations

(a) Between Daya CMT Sdn. Bhd. and Chop Eng Heng Metal Industry

Penang High Court, Suit No. PA-22NCVC-100-06/2020, Soon Boon Chong & Anor vs Daya CMT Sdn. Bhd.

On 30 June 2020, the Company announced that its subsidiary, Daya CMT Sdn. Bhd. ("DCMT"), had received a Writ of Summons and Statement of Claim dated 24 June 2020 from Chop Eng Heng Metal Industry's ("CEH") solicitors, Messrs Lim, Ho, Cheong & Lok, claiming for, amongst others, a principal sum of RM763,000.00 and a retention sum of RM831,000.00 with interest rate of 5% on the sum demanded from the date of judgement to the date of settlement.

The above claim is in relation to 4 construction projects whereby DCMT appointed CEH for steel structure work and light weight roof structure.

CEH then filed an application for summary judgment (the said application being identified as Court's Enclosure No. 18), and subsequently DCMT filed an application for striking out CEH's suit (Enclosure 31) in view of the existence of the Order dated 19 March 2021 granted by the Shah Alam High Court in sanctioning the Scheme of Arrangement and Compromise agreed to by DCMT's creditors in a Court-Convened Meeting held on 23 October 2020.

During the Case Management on 3 May 2021 by way of e-Review (online), the learned Judicial Commissioner ("JC") fixed several dates for both parties to exhaust the filing of affidavits and written submissions pertaining to the 2 applications aforesaid, and scheduled the Hearing for both the applications for 23 June 2021. The Hearing fixed for 23 June 2021 was subsequently adjourned.

On 16.7.2021, CEH filed 2 applications. The first one (Enclosure 80) is an application by CEH to expunge 2 affidavits of defendant. The second application (Enclosure 82) is CEH's application for extension of time to file their written submission and written submission in reply as regards Enclosures 82 and 80 respectively which were filed and served late.

During the Case Management on 20 September 2021, the Court fixed dates for both parties to file written submissions in respect of Enclosures 80 and 82 and scheduled the next proceedings for 25 January 2022. Meanwhile, Hearing for Enclosures 18 and 31 are still pending.

B9 Material litigations (cont'd)

(b) Between Daya CMT Sdn. Bhd. and Ample Maintain Sdn. Bhd.

Georgetown Sessions Court, Suit No. PA-A52NCC-44-06/2020, Ample Maintain Sdn. Bhd. vs Daya CMT Sdn. Bhd.

On 9 July 2020, the Company announced that its subsidiary, Daya CMT Sdn. Bhd. (“DCMT”), had received a Writ of Summons and Statement of Claim dated 29 June 2020 for Suit No. PA-A52NCC-44-06/2020 from Ample Maintain Sdn. Bhd.’s (“Ample”) solicitors, Messrs Lim, Ho, Cheong & Lok, claiming for, amongst others, a retention sum of RM113,000 with interest rate of 5% on the sum demanded from the date of judgement to the date of settlement.

The above claim is in relation to a construction project for B Braun Medical Industries Sdn. Bhd., whereby Ample was appointed by DCMT to supply and install roofing with fall protection system.

On 16 April 2021 and 5 May 2021, the learned Judge proceeded to hear lengthy oral submissions by both parties’ counsels. The learned Judge then on 11 May 2021 struck out Ample’s suit with costs of RM7,000.00 to be paid by Ample to DCMT. Ample has since appealed the Sessions Court’s decision to the Penang High Court under Civil Appeal No. PA-12BNCC-3-05/2021.

During the Case Management on 11 October 2021, the Penang High Court fixed 3 December 2021 for Hearing of the Appeal.

(c) Between Daya CMT Sdn Bhd and United Truss Sdn Bhd

Butterworth Sessions Court, Suit No. PB-A52NCC-7-01/2021, United Truss System Sdn. Bhd. vs Daya CMT Sdn. Bhd.

United Truss System Sdn. Bhd. (“United Truss”), represented by Messrs Lim, Ho, Cheong & Lok, has commenced the suit above stated at the Butterworth Sessions Court on or around 22 January 2021 against DCMT for the following relief, amongst others, a sum of RM79,189.48 and a declaration that DCMT holds the retention sum of RM127,090.06 as trustee of United Truss.

DCMT filed the Statement of Defence in which it was pleaded, amongst others, that United Truss ought to obtain leave from the Shah Alam High Court in Originating Summons No. BA-24NCC-42-06/2020 (“OS”) to proceed with the suit as a Restraining Order dated 30 June 2020 (“RO”) was granted by the Shah Alam High Court in the said OS, and that part of the retention sum was not payable yet. Further, as per the subcontracts entered into by both parties, United Truss ought to bring the disputes to an arbitration.

On 23 April 2021, after hearing brief oral submissions by both parties’ counsels, the learned Judge directed both parties to file written submissions concerning DCMT’s application for striking out United Truss’ suit on the ground that there exists the 19 March 2021 Order granted by the Shah Alam High Court in sanctioning the Scheme of Arrangement and Compromise agreed to by DCMT’s creditors in a Court-Convened Meeting held on 23 October 2020.

On 12 August 2021, the learned Judge dismissed DCMT’s application for striking out the suit with costs of RM500.00 to be paid by DCMT to United Truss. DCMT has since lodged an appeal at the Penang High Court under Civil Appeal No. PA-12ANCC-16-08/2021 against the Sessions Court’s decision dated 12 August 2021.

During the Case Management on 13 October 2021, the Penang High Court fixed 3 November 2021 for parties to file written submission and 18 November 2021 for parties to file written submission in reply pertaining to the Appeal. No Hearing date for the Appeal has been fixed yet.

In the meantime, United Truss has filed a summary judgment application (Enclosure 31) at the Sessions Court, and DCMT in turn on 8 September 2021 filed an application (Enclosure 39) for a stay of proceedings at the Sessions Court pending the final disposal of the Appeal at the Penang High Court afore-stated.

During the Case Management on 3 November 2021, the learned Judge directed that both Enclosures 31 and 39 are to be heard and decided simultaneously, and directed parties to file affidavits pertaining to both the Enclosures before 16 November 2021. The Court fixed the next Case Management on 16 November 2021.

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B9 Material litigations (cont'd)

(d) Between Daya CMT Sdn Bhd and U I Truss System Sdn. Bhd.

Butterworth Sessions Court, Suit No. PB-A52NCC-6-01/2021, U I Truss System Sdn. Bhd. vs Daya CMT Sdn. Bhd.

U I Truss System Sdn. Bhd. ("U I Truss"), represented by Messrs Lim, Ho, Cheong & Lok, has commenced the suit above stated on or around 22 January 2021 against DCMT for the following relief, amongst others, a sum of RM40,749.26 and a declaration that DCMT holds the retention sum of RM1,761.54 as trustee of U I Truss.

DCMT filed the Statement of Defence in which it was pleaded, amongst others, that U I Truss ought to obtain leave from the Shah Alam High Court in Originating Summons No. BA-24NCC-42-06/2020 ("OS") to proceed with the suit as a Restraining Order dated 30 June 2020 ("RO") was granted by the Shah Alam High Court in the OS, and that part of the retention sum was not payable yet. Further, as per the subcontracts entered into by both parties, U I Truss ought to bring the disputes to an arbitration.

During the Case Management on 15 March 2021, upon DCMT's counsel's insistence that U I Truss was obliged to obtain leave of the Shah Alam High Court to proceed with the suit in view of the existence of the RO, the learned Judge granted an Unless Order against U I Truss, i.e. in the event U I Truss failed to obtain the said leave from the Shah Alam High Court on or before the next Case Management date on 4 May 2021, the Court would strike out U I Truss' suit.

On 4 May 2021, upon U I Truss' failure to obtain the said leave aforementioned and upon hearing oral submissions by both parties' counsels, the learned Judge struck out U I Truss' suit with costs of RM1,000.00 to be paid by U I Truss to DCMT.

Subsequently, U I Truss filed an application at the Sessions Court (Enclosure 18) to set aside the Court's decision dated 4 May 2021. Parties have filed written submissions concerning Enclosure 18.

During the Case Management on 21 September 2021, the learned Judge fixed 27 October 2021 for Case Management for the Defendant to file written submission in reply in respect of Enclosure 18.

Parties have exhausted the filing of written submissions with respect to Enclosure 18.

During the Case Management on 27 October 2021, the learned Judge fixed 16 December 2021 for Decision for Enclosure 18.

B10 Proposed Dividends

No dividend has been proposed or declared for the current financial year-to-date (2021: RM Nil).

B11 Loss per share

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
a) Basic loss per share				
Net loss for the period attributable to ordinary equity holders of the company (RM'000)	(3,100)	(4,133.00)	(3,100)	(4,133)
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)	<u>(0.15)</u>	<u>(0.20)</u>	<u>(0.15)</u>	<u>(0.20)</u>
b) Diluted loss per share				
Net loss for the period attributable to ordinary equity holders of the company (RM'000)	(3,100)	(4,133)	(3,100)	(4,133)
Weighted average number of shares in issue ('000)	2,042,946	2,042,946	2,042,946	2,042,946
Diluted loss per share (sen)	<u>(0.15)</u>	<u>(0.20)</u>	<u>(0.15)</u>	<u>(0.20)</u>

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

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

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at loss before tax:				
Amortisation on intangible assets	16	19	16	19
Depreciation on property, plant and equipment	442	424	442	424
Depreciation on right-of-use assets	46	87	46	87
Interest expenses	2,388	2,561	2,388	2,561
Property, plant and equipment written off	-	2	-	2
Fair value loss on marketable securities	-	3	-	3
Unrealised foreign exchange loss	-	14	-	14
and after crediting:				
Fair value gain on marketable securities	9	-	9	-
Interest income	285	529	285	529
Net gain on disposal of property, plant and equipment	40	201	40	201
Net gain on disposal of right-of-use assets	-	50	-	50
Rental income	70	49	70	49
Unrealised foreign exchange gain	63	-	63	-

By Order of the Board

Datuk Lim Thean Shiang
Non-Executive Chairman
29 November 2021