



# **DAYA MATERIALS BERHAD**

Company No. 636357-W  
(Incorporated in Malaysia)

## **Quarterly Report 30 September 2015**

# DAYA MATERIALS BERHAD

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

## CONDENSED CONSOLIDATED INCOME STATEMENT

### QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	182,176	178,707	578,125	482,103
Cost of Sales	(168,719)	(153,145)	(535,626)	(410,430)
Gross Profit	<u>13,457</u>	<u>25,562</u>	<u>42,499</u>	<u>71,673</u>
Other Income	16,426	1,742	31,547	3,794
Operating Expenses	(13,395)	(15,032)	(38,939)	(47,391)
Profit from operations	<u>16,488</u>	<u>12,272</u>	<u>35,107</u>	<u>28,076</u>
Finance Costs	(2,635)	(2,833)	(7,362)	(7,133)
Share of results of jointly controlled entities	<u>858</u>	<u>218</u>	<u>1,824</u>	<u>507</u>
Profit before tax	14,711	9,657	29,569	21,450
Income tax expense	<u>(3,539)</u>	<u>(2,995)</u>	<u>(8,321)</u>	<u>(8,000)</u>
Profit for the period	<u><u>11,172</u></u>	<u><u>6,662</u></u>	<u><u>21,248</u></u>	<u><u>13,450</u></u>
Attributable to :				
Equity holders of the Company	9,986	8,938	18,500	14,562
Non-controlling interests	<u>1,186</u>	<u>(2,276)</u>	<u>2,748</u>	<u>(1,112)</u>
	<u><u>11,172</u></u>	<u><u>6,662</u></u>	<u><u>21,248</u></u>	<u><u>13,450</u></u>
Basic earnings per share (sen):	<u>0.60</u>	<u>0.64</u>	<u>1.12</u>	<u>1.05</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 2014.

# DAYA MATERIALS BERHAD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2014 RM'000	CURRENT YEAR TO DATE 30.9.2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2014 RM'000
Profit for the period	11,172	6,662	21,248	13,450
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	(12,971)	4,212	(18,748)	2,655
Total comprehensive (loss)/income for the period, net of tax	(1,799)	10,874	2,500	16,105
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company	(2,985)	13,150	(248)	17,217
Non-controlling interests	1,186	(2,276)	2,748	(1,112)
	(1,799)	10,874	2,500	16,105

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 2014.

# DAYA MATERIALS BERHAD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

(The figures have not been audited)

	UNAUDITED 30.9.2015 RM'000	AUDITED 31.12.2014 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	181,141	174,371
Land held for property development	8,315	7,932
Investment properties	278	281
Intangible assets	84,995	85,136
Deferred tax assets	16,264	14,403
Investment in joint ventures	4,372	2,541
Available-for-sale financial asset	14,555	15,333
	<u>309,920</u>	<u>299,997</u>
<b>Current Assets</b>		
Property development costs	3,434	3,434
Inventories	15,763	17,226
Trade receivables	170,474	127,510
Other receivables	98,785	31,424
Other current assets	47,016	34,383
Tax recoverable	1,294	1,856
Non-current assets held for sale	8,632	8,632
Marketable securities	91	98
Cash and cash equivalents	99,354	75,971
	<u>444,843</u>	<u>300,534</u>
<b>Current Liabilities</b>		
Trade payables	146,592	71,914
Other payables	115,942	69,402
Provisions	4,901	5,269
Tax payables	3,705	4,882
Loans and borrowings	83,495	57,749
	<u>354,635</u>	<u>209,216</u>
<b>Net Current Assets</b>	90,208	91,318
	<u>400,128</u>	<u>391,315</u>
<b>Financed by:</b>		
Share capital	165,182	165,182
Reserves	123,803	125,613
	<u>288,985</u>	<u>290,795</u>
Non-controlling interests	35,018	20,250
	<u>324,003</u>	<u>311,045</u>
<b>Non Current Liabilities</b>		
Loans and borrowings	76,125	80,270
	<u>400,128</u>	<u>391,315</u>
<b>Net assets per share (sen)</b>	<u>17.49</u>	<u>17.60</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 2014 and accompanying explanatory notes attached to these interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	-----Attributable to Equity Holders of the Company----->								
	<----- Non-Distributable ----->				Distributable				
	Share capital RM'000	Share premium RM'000	Foreign Currency Transalation Reserve RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
<b>Balance as at 1 January 2014</b>	126,304	25,759	1,121	(1,016)	-	88,515	240,683	1,278	241,961
Total comprehensive income for the period	-	-	1,708	-	-	949	2,657	50	2,707
Transactions with owners:									
Issuance of shares	12,578	29,826	-	-	-	-	42,404	-	42,404
Subscription of shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	-	164	164
Disposal of treasury shares	-	1,148	-	1,016	-	-	2,164	-	2,164
<b>Balance as at 31 March 2014</b>	<u>138,882</u>	<u>56,733</u>	<u>2,829</u>	<u>-</u>	<u>-</u>	<u>89,464</u>	<u>287,908</u>	<u>1,492</u>	<u>289,400</u>
Total comprehensive income for the period	-	-	(3,265)	-	-	4,675	1,410	1,114	2,524
Transactions with owners:									
Purchase of treasury shares	-	-	-	(0) *	-	-	(0) *	-	(0) *
<b>Balance as at 30 June 2014</b>	<u>138,882</u>	<u>56,733</u>	<u>(436)</u>	<u>(0) *</u>	<u>-</u>	<u>94,139</u>	<u>289,318</u>	<u>2,606</u>	<u>291,924</u>
Total comprehensive income for the period	-	-	4,212	-	-	8,938	13,150	(2,276)	10,874
Transactions with owners:									
Purchase of treasury shares	-	-	-	(0) *	-	-	(0) *	-	(0) *
Partial disposal of shares in subsidiaries	-	-	-	-	-	(1,428)	(1,428)	19,428	18,000
Fair value gain on investment in Available-for-Sale ("AFS") asset	-	-	-	-	8,666	-	8,666	-	8,666
<b>Balance as at 30 September 2014</b>	<u>138,882</u>	<u>56,733</u>	<u>3,776</u>	<u>(0) *</u>	<u>8,666</u>	<u>101,649</u>	<u>309,706</u>	<u>19,758</u>	<u>329,464</u>
Total comprehensive (loss)/income for the period	-	-	(6,861)	-	-	(49,724)	(56,585)	492	(56,093)
Transactions with owners:									
Issuance of shares	26,300	14,707	-	-	-	-	41,007	-	41,007
Fair value gain on investment in AFS asset	-	-	-	-	(3,333)	-	(3,333)	-	(3,333)
<b>Balance as at 31 December 2014</b>	<u>165,182</u>	<u>71,440</u>	<u>(3,085)</u>	<u>(0)</u>	<u>5,333</u>	<u>51,925</u>	<u>290,795</u>	<u>20,250</u>	<u>311,045</u>

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->								
	<----- Non-Distributable ----->					Distributable			
	Share capital RM'000	Share premium RM'000	Foreign Currency Transalation Reserve RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
<b>Balance as at 1 January 2015</b>	165,182	71,440	(3,085)	(0) *	5,333	51,925	290,795	20,250	311,045
Total comprehensive (loss)/income for the period	-	-	(1,600)	-	-	(260)	(1,860)	838	(1,022)
Transactions with owners:									
Purchase of treasury shares	-	-	-	(0) *	-	-	(0) *	-	(0) *
Issuance of shares	-	-	-	-	-	-	-	-	-
Fair value gain on investment in AFS asset	-	-	-	-	333	-	333	-	333
<b>Balance as at 31 March 2015</b>	<u>165,182</u>	<u>71,440</u>	<u>(4,685)</u>	<u>(0)</u>	<u>5,666</u>	<u>51,665</u>	<u>289,268</u>	<u>21,088</u>	<u>310,356</u>
Total comprehensive (loss)/income for the period	-	-	(4,177)	-	-	8,774	4,597	724	5,321
Transactions with owners:									
Purchase of treasury shares	-	-	-	(0) *	-	-	(0) *	-	(0) *
Issuance of shares	-	(93)	-	-	-	-	(93)	-	(93)
Fair value gain on investment in AFS asset	-	-	-	-	(889)	-	(889)	-	(889)
<b>Balance as at 30 June 2015</b>	<u>165,182</u>	<u>71,347</u>	<u>(8,862)</u>	<u>(1)</u>	<u>4,777</u>	<u>60,439</u>	<u>292,882</u>	<u>21,812</u>	<u>314,694</u>
Total comprehensive (loss)/income for the period	-	-	(12,971)	-	-	9,986	(2,985)	1,186	(1,799)
Transactions with owners:									
Purchase of treasury shares	-	-	-	(0) *	-	-	(0) *	-	(0) *
Issuance of shares	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	(135)	(135)	65	(70)
Acquisition of minority interest	-	-	-	-	-	(555)	(555)	11,955	11,400
Fair value gain on investment in AFS asset	-	-	-	-	(222)	-	(222)	-	(222)
<b>Balance as at 30 September 2015</b>	<u>165,182</u>	<u>71,347</u>	<u>(21,833)</u>	<u>(1)</u>	<u>4,555</u>	<u>69,735</u>	<u>288,985</u>	<u>35,018</u>	<u>324,003</u>

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2015	AUDITED FOR THE YEAR ENDED 31.12.2014
Note	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	29,569	(36,780)
Adjustments for:		
Share of results of joint ventures	(1,839)	(633)
Amortisation on intangible assets	418	395
Depreciation on property, plant and equipment	14,178	13,263
Depreciation on investment property	3	7
Loss/(Gain) on disposal of property, plant & equipment	26	(1,610)
Gain on disposal of investment property	-	(188)
Gain on disposal of a joint venture company	(76)	-
Property, plant and equipment written off	857	7
Fair value gain on financial assets at fair value through profit or loss	-	32
Loss on disposal of property, plant and equipment	-	8
Loss on appreciation of market value of financial assets at fair value through profit or loss	7	-
Bad debts written off	-	578
Finance costs	7,362	10,374
Interest income	(709)	(1,049)
Provisions	-	2,208
Unrealised foreign exchange gain	(27,221)	(207)
Allowance for impairment loss	-	18,371
Development expenditures incurred	(383)	-
Development costs written off	-	250
Reversal of allowance for impairment loss	-	(202)
Bad debts recovered	-	(60)
Operating profit before working capital changes	22,192	4,764
Changes in working capital:		
Inventories	1,463	238
Trade and other receivables	(83,104)	(50,399)
Other current assets	(12,633)	16,641
Trade and other payables	121,219	5,708
Provisions	(368)	(36)
Cash (used in) / generated from operations	48,769	(23,084)
Interest paid	(7,362)	(10,374)
Income tax paid	(10,798)	(7,828)
<b>Net Cash Used In Operating Activities</b>	<b>30,609</b>	<b>(41,286)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,760)	(35,358)
Proceeds from disposal of property, plant and equipment	60	1,774
Proceeds from disposal of investment property	-	1,080
Proceeds from disposal of shares in subsidiaries	11,484	18,000
Purchase of intangible assets	(141)	(88)
Purchase of available-for-sale financial asset	-	(7,600)
Additions to land held for property development	-	(996)
Revocation compensation	-	675
Additional investment in a joint venture company	-	(125)
Acquisition of minorities	(70)	-
Incorporation of a joint venture company	-	0 *
(Increase)/Decrease in pledged deposits placed with licensed banks	(3,042)	(1,637)
Interest received	709	1,049
<b>Net Cash Used In Investing Activities</b>	<b>4,240</b>	<b>(23,226)</b>

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2015 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2013 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans and borrowings	(112,755)	(32,554)
Proceeds from loans and borrowings	121,675	23,792
Proceeds from disposal of treasury shares	(0)	2,164
Proceeds from issuance of ordinary shares	(93)	83,411
Purchase of treasury shares	-	1
<b>Net Cash Generated From Financing Activities</b>	<b>8,827</b>	<b>76,814</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>43,676</b>	<b>12,302</b>
Effect of exchange rate fluctuations on cash held	(36,016)	(6,656)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>42,752</b>	<b>37,106</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>50,412</b>	<b>42,752</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and bank balances	65,522	31,501
Fixed deposits with licenced banks	31,530	32,517
Short term investments	2,302	11,953
Bank overdraft	(27,522)	(14,841)
	<b>71,832</b>	<b>61,130</b>
Less: Fixed deposits pledged with licensed banks	(21,420)	(18,378)
	<b>50,412</b>	<b>42,752</b>

\* Negligible

These condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and accompanying explanatory notes attached to these interim financial statements.



**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 "Interim Financial Reporting" and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. The explanatory notes attached to these condensed consolidated 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 year ended 31 December 2014.

**A2 Changes in accounting policies**

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following Standards, Amendments and Interpretation from 1 January 2015:

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119, Defined Benefits Plans: Employee Contributions

Annual Improvements to MFRS 2010 – 2012 Cycle

Annual Improvements to MFRS 2011 – 2013 Cycle

The adoption of the above Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group .

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

Effective for financial periods beginning on or after 1 January 2016

Annual Improvements to MFRS 2012 – 2014 Cycle

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

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

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiatives

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

MFRS 14: Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2017

MFRS 15: Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9: Financial Instruments

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

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**A3 Seasonal or cyclical factors**

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

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

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

**A5 Changes in estimates, significant accounting estimates and judgements**

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

**A6 Debt and equity securities**

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

Shares Buy-Back

The Company had repurchased its issued share capital from the open market on 20 August 2015 for 1,000 ordinary shares at RM0.10 per share for a total cash consideration of RM143 inclusive of brokerage, stamping and clearance fees. The repurchase transactions were financed by internally generated funds. The shares repurchased were treated as treasury shares.

**A7 Dividends paid**

No dividend has been declared or paid for the financial year ended 31 December 2014.

**A8 Segment information**

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

Business Segment	Polymer RM'000	Oil & Gas RM'000	Technical	Others RM'000	Total RM'000
			Services RM'000		
Revenue	19,105	323,835	235,186	(1)	578,125
Segment Results	(189)	25,790	9,157	(263)	34,495
Unallocated Results					612
Profit from Operations					35,107
Finance Costs					(7,362)
Share of results of jointly controlled entities					1,824
Profit Before Tax					29,569
Income Tax Expense					(8,321)
Profit After Tax					21,248

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

Geographical Segment	Revenue RM'000
Malaysia	360,816
Foreign Countries	217,309
Consolidated	578,125

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

**A9 Valuation of property, plant and equipment**

The Group did not revalue any of its property, plant and equipment from previous annual financial statements.

**A10 Intangible assets**

	Goodwill RM'000	Software RM'000	Patents and Trademarks RM'000	Development Costs RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2014	84,321	1,695	152	360	86,528
Additions	-	88	-	-	88
Adjustment	-	(303)	-	-	(303)
Transfers	-	67	-	-	67
Exchange differences	-	50	-	-	50
At 31 December 2014/1 January 2015	84,321	1,597	152	360	86,430
Additions	-	141	-	-	141
At 30 September 2015	84,321	1,738	152	360	86,571
<b>Accumulated amortisation</b>					
At 1 January 2014	-	427	42	360	829
Amortisation	-	344	51	-	395
Adjustment	-	(15)	-	-	(15)
Transfers	-	67	-	-	67
Exchange differences	-	18	-	-	18
At 31 December 2014/1 January 2015	-	841	93	360	1,294
Amortisation	-	380	38	-	418
Exchange differences	-	(136)	-	-	(136)
At 30 September 2015	-	1,085	131	360	1,576
<b>Net carrying amount:</b>					
At 1 January 2014	84,321	1,268	110	-	85,699
At 31 December 2014/1 January 2015	84,321	756	59	-	85,136
At 30 September 2015	84,321	653	21	-	84,995

**A11 Other Current Assets**

	Note	AS AT END OF CURRENT QUARTER 30.9.2015 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2014 RM'000
Amount due from customers on contracts	(i)	39,406	28,292
Prepayments		7,610	6,091
		<u>47,016</u>	<u>34,383</u>

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**A11 Other Current Assets (cont'd)**

(i) The amount due from customers on contracts is further illustrated as follow:-

	AS AT END OF CURRENT QUARTER	PRECEDING YEAR CORRESPON- DING PERIOD
	30.9.2015	31.12.2014
	RM'000	RM'000
Aggregate costs incurred to date	773,867	775,132
Add: Attributable profits	92,892	97,008
	<u>866,759</u>	<u>872,140</u>
Less: Loss from a project	-	(17,743)
	<u>866,759</u>	<u>854,397</u>
Less: Progress billings	(827,353)	(839,454)
	<u>39,406</u>	<u>14,943</u>
Customer advances for construction work in progress	-	13,349
	<u>39,406</u>	<u>28,292</u>

**A12 Subsequent Events**

Save for Section B7, there were no material events subsequent to the current financial quarter ended 30 September 2015 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

**A13 Changes in the composition of the Group**

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

**(i) Disposal of 19% shares in Daya CMT Sdn. Bhd. ("DCMT")**

Pursuant to the Share Sale Agreement entered between the Company and Perfect Propel Sdn. Bhd. ("PPSB") on 28 April 2014 ("SSA"), the Company had on 13 May 2015 agreed and accepted a letter from the PPSB requesting for, amongst other, to sell and transfer 1,520,000 DCMT shares representing 19.0% equity interest in DCMT, to PPSB for a disposal consideration of RM11.4 million based on the revised call option price of RM7.50 per DCMT Share in accordance with the terms and conditions of the SSA ("Proposed Disposal").

Upon completion of the Proposed Disposal, DCMT will be a 51% owned subsidiary of DMB and the balance 49.0% equity interest will be held by PPSB.

On 6 August 2015, the Proposed Disposal has been completed.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**A14 Contingent Assets and Contingent Liabilities**

As at 30 September 2015, the Company provides corporate guarantees up to a total amount of RM355,396,471 to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amount of banking facilities utilised by these subsidiaries totalling RM193,184,664.

As at 30 September 2015, the Company also provides corporate guarantees up to a total amount of RM9,350,000 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM5,620,231.

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

**A15 Capital Commitments**

	As at 30.9.2015 RM'000
Contracted and not provided for:	442,179
Approved but not contracted for:	4,442

**Note:**

Included in the contracted and not provided for capital commitments are the proposed acquisition of:-

- (i) one (1) unit of Dynamic Positioning Class 2 ("DP2") offshore subsea construction vessel known as Siem Daya 1 ("SD1") for a total cash consideration of USD120 million (equivalent to approximately RM427.4 million);
- (ii) one (1) 50 metric tonnes active heave compensation 3,000 metres crane for a cash consideration of USD2.3 million (equivalent to approximately RM8.2 million); and
- (iii) stores and spares at an estimated cash consideration of USD1.6 million (equivalent to approximately RM5.7 million).

**A16 Related Party Transactions**

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions and balances with related parties of the Group during the current financial period.

	Transaction for the period ended 30.9.2015 RM'000	Balance due at 30.9.2015 RM'000	Transaction for the period ended 30.9.2014 RM'000	Balance due at 30.9.2014 RM'000
Interest income charged on housing loan to a former director	-	-	21	-
Housing loan to a former director	-	-	-	256

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

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

**B1 Review of performance**

**Current Year Quarter versus Preceding Year Corresponding Quarter**

**(i) Polymer segment**

The revenue on the Polymer Segment for the quarter ended 30 September 2015 ("Q3 2015") was recorded at RM5.424 million, an increase of 14% from RM4.745 million recorded in the preceding corresponding quarter ended 30 September 2014 ("Q3 2014") with contributions principally from increased sales of semiconductive compounds. Despite achieving a sales growth, the division recorded a marginal loss for Q315 due to lower profit margin generated from trading sales.

**(ii) Oil & Gas segment**

The Group has recorded a higher revenue in the Oil & Gas segment of RM90.482 million for Q3 2015, an increase of 3% from RM88.150 million in Q3 2014. The higher revenue in the current quarter was mainly due to contribution from OEC projects - Talisman Malaysia, Lundin projects, Offshore revenue from Technip and James Fisher projects (RM68.3 mil) and DOCl 's KD perantau project ( RM6.4mil ). The Oil & Gas segment recorded a profit margin of approximately RM14.391 million in Q3 2015.

**(iii) Technical Services segment**

The revenue in the Technical Services segment increased by lower rate of 1% from RM85.812 million in Q3 2014 to RM86.270 million in Q3 2015 due to slower progress in certain construction projects. Following the slower progress in some of the projects, Technical Services segment recorded a lower profit margin of RM2.685 million as compared to Q3 2014 of RM7.269 million due to lower profit margins derived from its projects.

Overall, the Group achieved revenue of RM182.176 million for Q3 2015, an increase of 2% from RM178.707 million recorded in Q3 2014. Nevertheless, the Group recorded a profit before tax of RM14.711 million for Q3 2015, an increase of 52% as compare to RM9.657 million recorded in Q3 2014 mainly due to lower cost structure in the offshore/upstream business and better vessel utilization.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B1 Review of performance (cont'd)**

**Current Year-to-Date versus Preceding Year-to-Date**

**(i) Polymer segment**

The Group achieved revenue of RM19.105 million on the Polymer Segment for the financial period ended 30 September 2015, an increase of 17% from RM16.375 million recorded in the previous financial period. Higher revenue achieved was mainly due to increased sales of jacketing & semiconductive compounds. Despite achieving a sales growth, the division recorded a marginal loss for the financial period ended 30 September 2015 due to lower profit margin generated from trading sales.

**(ii) Oil & Gas segment**

The Group achieved revenue of RM323.835 million in the Oil & Gas Segment for the financial period ended 30 September 2015, an increase of 34% as compared to RM241.074 million recorded in the previous financial period. The increase in the revenue was mainly attributable to an increase in sales on downstream chemicals and contributions from the subsea business in North Sea. For the financial period ended 30 September 2015, this segment recorded a segmental profit of RM25.790 million as a result of higher vessel utilisation and seasonal catalyst sales on the back of lower cost structure during the period ended 30 September 2015.

**(iii) Technical Services segment**

The Group achieved revenue of RM235.186 million in the Technical Services Segment for the financial period ended 30 September 2015, a slight increase of 5% from RM224.654 million recorded in the previous financial period due to slower progressive construction work. This segment recorded a lower segment profit of RM9.157 million for the financial period ended 30 September 2015 as compared to RM19.291 million segmental profit recorded in the previous preceding financial period as a result of projects yielding lower margins.

The Group as a whole achieved revenue of RM578.125 million for the period ended 30 September 2015, an increase of 20% from RM482.103 million recorded in the previous financial period ended 30 September 2014. The increase was mainly attributed to the higher revenue contribution from Oil & Gas segment. The Group recorded a profit before tax of RM29.569 million for the financial period ended 30 September 2015, representing an increase of 38% over RM21.450 million of profit before tax recorded for previous financial period ended 30 September 2014. The profit in the financial period ended 30 September 2015 was mainly attributed to higher vessel utilisation, lower cost structure as well as improved sales of downstream chemicals.

**B2 Variation of results against preceding quarter**

	Quarter ended 30.9.2015 RM'000	Quarter ended 30.6.2015 RM'000
Revenue	182,176	193,181
Profit before tax	14,711	13,540

For the quarter ended 30 September 2015, the Group recorded revenue of RM182.176 million, a slight decrease of 5% as compared to RM193.181 million recorded in Q2 2015. The decrease in revenue was mainly due to lower contributions from Oil & Gas segment as compared to Q2 2015. Profitability improved between Q3 2015 and Q2 2015 due to higher vessel utilisation and lower cost structure.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B3 Prospects**

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

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

The prospects of our upstream business will depend largely on vessel utilization and timing of our proposed vessel purchase. Future vessel utilisation depends on several factors, including actual deployment of our main European client during the summer months, the availability of spot business during winter months and overall offshore environment. Globally, the offshore sentiments are expected to remain weak in the foreseeable future due primarily to depressed oil price and increasing industry overcapacity.. On the downstream and subsurface sector, we are expanding our portfolio of services and products to focus on larger and longer term contracts and are gaining increasing traction with our clients.

**(ii) Technical Services Segment**

The Technical Services Segment is expected to deliver reasonable performance in the coming quarter as the Group focuses on several high-quality tenders. While the Group has earmarked this business for divestment, we will continue to ensure decent performance and contributions from this business. In line with our corporate strategy to focus more in the O&G sector, we had recently completed the sale of another 19% stake in Daya CMT Sdn. Bhd., one of the key businesses within this segment. We ultimately seek a complete divestiture and/or spin-off of this segment.

**(iii) Polymer Segment**

The underlying economics of the polymer business is expected to remain weak due to the slow growth of the industry and continued foreign competition. The Group is actively looking at alternative business models to ensure consistent profitability in this business.

The Board is of the view that the Group's operational results for the financial year ending 2015 will be satisfactory, barring any unforeseen circumstances.

**B4 Profit forecast**

Not applicable.

**B5 Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	5,969	3,071	12,384	12,805
Deferred tax income	(2,430)	(76)	(4,063)	(4,805)
	<u>3,539</u>	<u>2,995</u>	<u>8,321</u>	<u>8,000</u>

The Group's effective tax rate is comparatively lower for the quarter under review at 24% which were attributed to expenses not deductible last year and the unrealised gain not being taxable.



**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B6 Sale of unquoted investments and properties**

There were no major disposals of unquoted investments and properties during the quarter under review.

**B7 Status of corporate proposals**

The status of a corporate proposal announced by the Company and completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

**(i) Memorandum of Understanding ("MOU") between Daya Offshore Construction Sdn. Bhd. ("DOCSB"), a wholly owned subsidiary of the Company and Caracal Oil & Gas Services Limited ("Caracal")**

On 6 June 2014, the Board announced that DOCSB, a wholly-owned subsidiary of the Company has on 6 June 2014 entered into a MOU with Caracal. The purpose of the MOU is to record the preliminary intentions and understanding of DOCSB and Caracal with respect to their common interest and agreement to combining their complementary resources and collaborating to market the combined services and assets in international markets where each party can bring a level of value and if successful then to undertake the scope under a suitable contracting model or as a subcontractor depending on the scope of work to be executed.

On 1 September 2015, the Board of Directors of DMB announced that the MOU has expired, with the parties not wishing to extend its term.

**(ii) Proposed disposal of 120,960 ordinary shares of RM1.00 each in Daya Secadyme Sdn. Bhd. ("DSSB") representing 12% of the issued and paid-up share capital of DSSB to Rancak Nikmat Sdn. Bhd.**

On 21 May 2015, the Company entered into a Share Sale Agreement ("SSA") with Rancak Nikmat Sdn. Bhd. ("the Purchaser") to dispose 120,960 ordinary shares of RM1.00 each in DSSB ("the Sale Shares") representing 12% of the issued and paid-up share capital of DSSB to the Purchaser at a total cash consideration of RM10,800,000 ("Proposed Disposal").

The SSA is conditional upon the fulfilment of the following conditions:

- (a) the Company obtaining the approval or consent of its first third party legal charge over the Sale Shares, Hong Leong Bank Berhad or the sale by the Company of the Sale Shares to the Purchaser; and
- (b) if applicable, the Company procuring that DSSB obtain the approval or consent of their financiers for the changes in its shareholdings arising from the sale and purchase of the Sale Shares envisaged in the SSA;

within Thirty (30) days from the date of the SSA or such other period as shall be mutually agreed between the parties hereto.

The Proposed Disposal is to meet the objectives of enhancing the Bumiputera equity ownership in DSSB. In its ordinary course of business, the Group requires certain licenses and permits to operate its business. The licenses issued enable the Group to market the Group's products and services and are subject to Bumiputera shareholding requirements and various employment and operating conditions. Therefore it is crucial and important for the Group to ensure that there is sufficient Bumiputera equity ownership in DSSB.

The Proposed Disposal is completed on 23 October 2015.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

**(i) Proposed Shares Buy-Back**

On 26 February 2009, the shareholders of the Company had at an extraordinary general meeting, approved amongst others, proposed authority for the company to purchase up to ten per cent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back").

On 24 April 2015, the Board announced that the Company is seeking its shareholders approval for the Proposed Share Buy-Back Renewal. The Company had already sought approval for the Proposed Share Buy-Back Renewal from the shareholders at the Twelve AGM held on 25 June 2015.

The shareholders of the Company, by a special resolution passed in a general meeting held on 25 June 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

**(ii) Memorandum of Understanding ("MOU") between Daya Proffscorp Sdn. Bhd. ("DPRO"), a subsidiary of the Company and Cimolai Technology SPA ("Cimolai")**

On 22 April 2014, the Board announced that DPRO, a subsidiary of the Company has on 21 April 2014 entered into a MOU with Cimolai. The MOU confirms the agreement between Cimolai and DPRO that for the proposed project known as "Mobile Straddle Transporter MST 320", Cimolai will quote only through DPRO while DPRO will not propose any equipment other than that of Cimolai's. All other material terms and conditions will be agreed between the parties before the offer is formally submitted to the client.

Cimolai is involved in the design, manufacture and supply of machines for lifting and transportation operations to be used in the construction of facilities and civil works in precast yards, shipyards (boat production or refit), marinas, laying up facilities, ports, in industries like steel and renewable energy and in special and innovative fields where tailor made solutions are required.

On 21 July 2014, 27 October 2014, 21 January 2015, 21 April 2015, 21 July 2015 and 21 October 2015 respectively, the Board announced that the status of the MOU remains unchanged as of to-date and will make the necessary announcements as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of the proposals.

**(iii) Proposed Acquisition of Vessels and Proposed Fund Raising Exercise**

On 22 August 2014, on behalf of the Board, Hong Leong Investment Bank Berhad ("HLIB") announced that the Company had on 22 August 2014 entered into two (2) memoranda of agreement ("MOAs") with Siem Offshore Rederi AS ("SORA") for the Company or its nominee company to acquire the following vessels:

- (i) a Dynamic Positioning Class 2 ("DP2") offshore subsea construction vessel known as "Siem Daya 1" ("SD1") for a cash consideration of USD140.0 million ("Proposed SD1 Acquisition"); and

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(iii) Proposed Acquisition of Vessels and Proposed Fund Raising Exercise (cont'd)**

- (ii) a second DP2 offshore subsea construction vessel known as "Siem Daya 2" ("SD2") for a cash consideration of USD140.0 million and an additional USD2.3 million for a 50 metric tonnes active heave compensation 3,000 metres crane ("Crane") (collectively "Proposed SD2 Acquisition").

SD1 and SD2 shall collectively hereinafter be referred to as the "Vessels".

In addition, the Company was to undertake the following proposals:

- (i) placement of up to 25% of the issued and paid-up share capital of the Company ("Proposed Placement");
- (ii) renounceable rights issue of new ordinary shares of RM0.10 each in the Company ("DMB Shares") ("Rights Shares") together with free detachable warrants ("Warrants") to raise gross proceeds of up to RM230,000,000 before the exercise of Warrants ("Proposed Rights Issue");
- (iii) issuance of seven (7)-year redeemable convertible secured bonds ("Bonds") of up to RM120,000,000 nominal value ("Proposed Bonds Issue"); and
- (iv) increase in the authorised share capital of the Company from RM200,000,000 comprising 2,000,000,000 DMB Shares to RM500,000,000 comprising 5,000,000,000 DMB Shares ("Proposed Increase in Authorised Share Capital") and the subsequent amendments to the Company's Memorandum and Articles of Association.

The Proposed Placement, the Proposed Rights Issue and Proposed Bonds Issue are collectively hereinafter referred to as the "Proposed Fund Raising Exercise in order to partly finance the acquisition of the Vessels.

On 12 September 2014, the Board announced that the listing application in respect of the Fund Raising Exercise Issue had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on the same day for its consideration. In addition and after further consideration by the Board, the Company proposes to further increase the authorised share capital of the Company to RM1,000,000,000 comprising 10,000,000,000 DMB Shares.

On 10 October 2014, the Board had decided to proceed to obtain shareholders' approval for the Proposed SD1 Acquisition, Proposed SD2 Acquisition, Proposed Placement, Proposed Rights Issue and Proposed Increase in Authorised Share Capital. The Board decided to further deliberate and implement the Proposed Bonds Issue at a later date. The Company intended to finance the shortfall in the purchase consideration for the Proposed SD1 Acquisition and Proposed SD2 Acquisition via any other means that they deem appropriate. The listing application in respect of the Proposed Placement and Proposed Rights Issue was submitted to Bursa Securities on 10 October 2014.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(iii) Proposed Acquisition of Vessels and Proposed Fund Raising Exercise (cont'd)**

On 27 October 2014, Bursa Securities had vide its letter resolved to approved the following:

- (a) listing of up to 347,204,400 new DMB Shares ("Placement Shares") to be issued pursuant to the Proposed Placement;
- (b) listing of up to 2,300,000,000 Rights Shares to be issued pursuant to the Proposed Rights Issue;
- (c) admission to the Official List and listing of up to 1,150,000,000 Warrants to be issued pursuant to the Proposed Rights Issue; and
- (d) listing of up to 1,150,000,000 new DMB Shares to be issued pursuant to the exercise of Warrants.

On 9 December 2014, the shareholders of the Company had at an EGM approved, amongst others, the following proposals:

- (i) private placement of up to 347,204,100 new DMB shares;
- (ii) renounceable rights issue of new DMB Shares together with free detachable warrants to raise gross proceeds of up to RM23.0 million before the exercise of warrants;
- (iii) acquisition of SD1 from SORA for a cash consideration of USD140.0 million; and
- (iv) acquisition of SD2 from SORA for a cash consideration of USD140.0 million.

On 19 January 2015, the Company and SORA had amended the terms of the MOAs via an addendum ("First Addendum") to amongst others, extend the payment of partial deposit of USD600,000 for SD1 and SD2 ("Partial Deposit") for the Proposed SD1 Acquisition and Proposed SD2 Acquisition, extend the payment of the balance of the deposit of USD13,400,000 for SD1 and SD2 ("Balance of the Deposit"), and extend the delivery of the SD1 and SD2, to on or before 19 April 2015.

The Company paid the Partial Deposit on 20 January 2015.

On 19 April 2015, the Company and SORA had amended the terms of the MOAs via another addendum ("Second Addendum") to extend the payment of the Balance of the Deposit on or before 24 April 2015.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(iv) Proposed acquisition of a vessel known as "Siem Daya 1" for a purchase consideration of USD120.0 million**

Reference is made to Note B7 (iii) above.

In view of the prevailing market conditions and oil prices, the Company now wishes to proceed with the Proposed SD1 Acquisition and to terminate the Proposed SD2 Acquisition. The Company has also re-negotiated with SORA in relation to the terms and conditions of the Proposed SD1 Acquisition.

On 24 April 2015, the Company entered into the following with SORA:

- (i) a third addendum to amend certain terms and conditions as set out in the Memorandum of Agreement in respect of the Proposed SD1 Acquisition dated 22 August 2014 (as amended by the first addendum dated 19 January 2015 and second addendum dated 19 April 2015) ("Third Addendum"); and
- (ii) a third addendum to terminate the Memorandum of Agreement in respect of the Proposed SD2 Acquisition dated 22 August 2014 (as amended by the first addendum dated 19 January 2015 and second addendum dated 19 April 2015) with effect from 24 April 2015 with no liabilities or costs to either party.

Pursuant to the above, the Company also decided not to proceed with Proposed Rights Issue. However, the Company intended to place out the remaining portion of the new DMB Shares pursuant to the Proposed Placement.

The Third Addendum, amended the terms of MOA1 including but not limited to the following:

- (i) the consideration for the Proposed SD1 Acquisition be revised to USD120.0 million ("Revised SD1 Consideration") to be satisfied in the following manner:
  - (a) cash consideration of USD90.0 million (equivalent to RM326.4 million) ("SD1 Cash Consideration"); and
  - (b) issuance of such amount of RM denominated four (4)-year redeemable convertible secured bonds equivalent to USD30.0 million nominal value ("Bonds") (based on the closing middle exchange rate as quoted by BNM on the business day prior to the issuance of the issue request ("Amount-Fixing Date") as consideration for the remaining Revised SD1 Consideration, whereby in any event, the nominal value of the Bonds issued shall not exceed RM126.0 million. In the event such exchange rate results in an amount higher than RM126.0 million, the difference between the issue amount and USD30.0 million shall be paid by the Company in cash. The Bonds shall also be secured by a second priority charge/mortgage in respect of SD1;

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(iv) Proposed acquisition of a vessel known as "Siem Daya 1" for a purchase consideration of USD120.0 million (cont'd)**

- (ii) DMB shall pay the balance of the deposit of USD80.6 million ("SD1 Deposit") in an interest bearing account by 30 June 2015. The Partial Deposit previously paid in respect of SD1 and SD2 of USD1.2 million in total, was utilised for the purpose of part payment of the SD1 Deposit;
- (iii) DMB and SORA shall enter into a profit sharing agreement whereby SORA shall be entitled to a profit share equivalent to 60% of DMB's profit after tax from operations of SD1 subject to the Cumulative Profit Share of USD10.0 million (equivalent to approximately RM36.7 million);
- (iv) DMB shall give notice of the intended delivery date which shall not be later than 31 August 2015 and SD1 shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage in a place to be nominated by DMB;
- (v) MOA1 is conditional upon the following:
  - (a) the Securities Commission Malaysia ("SC"), for the issuance of the Bonds;
  - (b) Bursa Securities for the listing of and quotation for the new DMB Shares to be issued pursuant to the conversion of the Bonds;
  - (c) the shareholders of DMB at an EGM to be convened; and
  - (d) other relevant authorities/parties, if required.

In addition, Bursa Malaysia Securities Berhad ("Bursa Securities"), had via its letter dated 24 April 2015, resolved to approve the extension of time of six (6) months to 25 October 2015 for the implementation of the Proposed Placement.

On 11 May 2015 and 15 May 2015 respectively, the Company has submitted the application to the SC and Bursa Securities in respect of the issuance of the Bonds pursuant to the Proposed SD1 Acquisition.

On 3 June 2015, SC has, via its letter on even date, authorised the issuance of the Bonds under subsection 256C(1) of the Capital Markets & Services Act 2007, subject to the compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Private Debt Securities issued by the SC ("Guidelines on PDS"). Prior to the issuance of the Bonds, HLIB is required to submit a checklist of compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on PDS and any other condition imposed in any other letter issued in connection with the Bonds.

On 30 June 2015, the shareholders of the Company had at an EGM approved, amongst others, the Proposed SD1 Acquisition.

On 30 June 2015, the Company and SORA had amended the terms of the MOA1 via another addendum ("Fourth Addendum") to lodge the SD1 Deposit on or before 15 July 2015.

On 9 July 2015, the Company entered into a novation agreement with SORA and Daya Global 1 Pte Ltd ("DG1PL"), a wholly-owned subsidiary of the Company, in which the rights and obligations in respect of MOA1 are now novated from DMB to DG1PL as if DG1PL were a party to the MOA in place of DMB ("Novation Agreement"). On the same date, the Company also issued a parent company guarantee to SORA on behalf of DG1PL.

On 15 July 2015, the Company paid the SD1 Deposit.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(iv) Proposed acquisition of a vessel known as "Siem Daya 1" for a purchase consideration of USD120.0 million (cont'd)**

On 26 August 2015, DG1PL and SORA had amended the terms of MOA1 via another addendum ("Fifth Addendum") including but not limited to the following:

- (i) to the release of the SD1 Deposit together with the Partial Deposit to be released to SORA on delivery of the vessel but no later than 30 September 2015.
- (ii) The balance of the Revised SD1 Consideration and all other sums payable on delivery by DG1PL to SORA under the MOA 1 as well as delivery of the vessel to be no later than 30 September 2015;
- (iii) The cancelling date of the MOA 1 shall be 15 October 2015.

On 29 September 2015, DG1PL and SORA had amended the terms of MOA1 via another addendum ("Sixth Addendum") to extend the deadline for the payment of the balance of the Revised SD1 Consideration and delivery of SD1 by five days up to and including 5 October 2015.

On 2 October 2015, DG1PL and SORA had amended the terms of MOA1 via another addendum ("Ninth Addendum") including but not limited to extending the deadline for payment of the balance of the Revised SD1 Consideration and delivery of SD1 and payment of any invoiced amounts which are due from DG1PL's related company, Daya Vessels Limited ("Charterer") to SORA under a charter party contract where the SD1 is currently chartered by SORA to Charterer ("the Charter Party Contract"), no later than 16 November 2015. The cancelling date of the MOA 1 shall be 30 November 2015. The place of closing shall be Singapore unless the parties agree otherwise.

Bursa Securities had, via its letter dated 20 October 2015, granted DMB an extension of time of six (6) months to 25 April 2016 for the implementation of the Placement.

On 13 November 2015, DG1PL and SORA had amended the terms of MOA1 via another addendum ("Tenth Addendum") to extend the deadline for payment of the balance of the Revised SD1 Consideration and delivery of SD1 by three days up to and including 19 November 2015.

On 16 November 2015, Bank Negara Malaysia has granted its approval to the advance of foreign currency from DMB to its foreign subsidiary amounting to USD40.0 million in relation to the acquisition of one (1) offshore subsea construction vessels from SORA.

**(v) Proposed disposal of up to 50% shares in Daya CMT Sdn. Bhd.**

Pursuant to the Share Sale Agreement entered between the Company and Perfect Propel Sdn. Bhd. ("PPSB" or the "Purchaser") on 28 April 2014, the Company had on 28 April 2015 agreed and accepted a letter from the Purchaser requesting for, amongst others, to increase the call option to up to 4,000,000 shares in Daya CMT Sdn. Bhd. ("DCMT"), representing up to 50% equity interest in DCMT at the revised call option price of RM7.50 per ordinary shares of RM1.00 each in DCMT ("Revised Call Option"). On the even date, the Company also received a call option notice from the Purchaser stating its intention to exercise the Revised Call Option, whereby the Company is required to dispose 4,000,000 shares in DCMT ("Revised Call Option Shares"), representing 50% equity interest in DCMT, to Purchaser for a disposal consideration of RM30.0 million or RM7.50 per ordinary shares of RM1.00 each in DCMT.

On 13 May 2015, the Company received a supplemental letter from PPSB stating amongst others, that the call option notice dated 28 April 2015 ("Old Call Option Notice"), is with immediate effect cancelled, nullified and voided and is deemed not having been served ("Revised Letter from PPSB").

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(v) Proposed disposal of up to 50% shares in Daya CMT Sdn. Bhd. (Cont'd)**

Upon further review of DCMT's financing plans and requirements in the near term and the financial support it needs to execute its various projects, it has been mutually agreed between the two parties that PPSB will withdraw the Old Call Option Notice and embark on the Proposed Disposal (as defined below) instead.

The Company had on 13 May 2015 agreed and accepted the Revised Letter from PPSB. Pursuant to the Revised Letter from PPSB:

- (a) The Company also received a call option notice from PPSB stating its intention to exercise the Revised Call Option requiring the Company to sell and transfer 1,520,000 DCMT Shares, representing 19.0% equity interest in DCMT, to PPSB for a disposal consideration of RM11.4 million based on the revised call option price of RM7.50 per DCMT Share ("Revised Call Option Price") in accordance with the terms and conditions of the share sale agreement dated 28 April 2014 ("SSA"). ("Proposed Initial Disposal"); and
- (b) Subsequent to the completion of the Proposed Initial Disposal, PPSB is still entitled to require DMB to sell and transfer the remaining Revised Call Option Shares of 2,480,000 DCMT Shares, representing 31.0% equity interest in DCMT, to PPSB at the Revised Call Option Price ("Proposed Further Disposal").

The Proposed Initial Disposal and the Proposed Further Disposal are collectively referred to as the "Proposed Disposal".

Upon completion of the Proposed Initial Disposal, DCMT will be a 51%-owned subsidiary of DMB and the balance 49.0% equity interest will be held by PPSB.

The other salient terms and conditions of the Revised Letter from PPSB are as follows:

- (a) the Revised Letter from PPSB shall commit and bind PPSB to purchase and commit and bind the Company to sell the number of Revised Call Option Shares at the Revised Call Option Price, in accordance with the terms and conditions of the SSA;
- (b) for the avoidance of doubt, subsequent to the completion of the aforesaid sale, pursuant to the Revised Call Option, PPSB are still entitled to require the Company to sell and transfer the remaining Revised Call Option Shares (being 2,480,000 DCMT Shares representing a further 31% equity interest in DCMT) to PPSB at the Revised Call Option Price. For the avoidance of doubt, pursuant to Clause 9(n) of the SSA, the Company has inter alia undertaken "to provide continued financial guarantees and support to all of DCMT's existing and new banking facilities such that (i) existing facilities are not unduly withdrawn or terminated and (ii) new facilities can be secured". The said undertaking remains valid and binding on the Company; and
- (c) the Company agrees not to permit DCMT to declare and/or pay any dividends without PPSB's written consent.

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

On 10 June 2015, Bursa Securities had resolved to approve the listing of and quotation for up to 840,000,000 new DMB Shares to be issued pursuant to the conversion of the Bonds, which will be issued pursuant to the Proposed SD1 Acquisition.

The approval by Bursa Securities for the above is subject to the following conditions:

- (a) the Company and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- (b) the Company and its adviser to inform Bursa Securities upon completion of the Proposals;
- (c) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;



**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B7 Status of corporate proposals (cont'd)**

The status of a corporate proposal announced by the Company but not completed as at 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

**(v) Proposed disposal of up to 50% shares in Daya CMT Sdn. Bhd. (Cont'd)**

- (d) the Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company at an extraordinary general meeting for the Proposals;
- (e) the Company to furnish Bursa Securities with a copy of the duly executed Trust Deed constituting the Bonds; and
- (f) payment of additional listing fees pertaining to the conversion of the Bonds, if relevant. In this respect, the Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the Bonds as at the end of each quarter together with details of computation of listing fee payable.

On 6 August 2015, the Proposed Initial Disposal has been completed.

**(vi) Proposed disposal of 102,000 ordinary shares of RM1.00 each in Semangat Global Sdn. Bhd. ("SGSB") by Daya Land & Development Sdn. Bhd. ("DLD"), a subsidiary of Daya CMT Sdn. Bhd. ("DCMT"), which in turn is a 51% owned subsidiary of the Company, to Highstar Realty Sdn. Bhd. ("Highstar")**

On 6 July 2015, Highstar offered to purchase 102,000 ordinary shares of RM1.00 each in SGSB ("Sale Shares") representing 51% of the issued and paid-up share capital of SGSB from DLD, for a total sale consideration of RM3,835,000.00 ("Proposed Disposal").

SGSB is principally engaged in the in the field of construction and development of industrial, commercial and housing project and other related industry. On 20 November 2012, entered into a Shareholders Agreement with Chang Cheng Realty Sdn. Bhd. ("CCR") to jointly develop and construct of One (1) block of 28 storey retail/showroom/service suites, forty (40) blocks of 4 storey shop office and eight (8) blocks of 3 storey shops on four (4) parcels of empty land held located at Jalan Pintas in the District of Penampang, Sabah, Malaysia ("the JV Project"). The Board of Directors, after assessing the future opportunities in respect of SGSB are of the opinion that it is in the best interest for the Group to dispose SGSB at the best price obtainable. The Proposed Disposal is also in line with our Group's overall objective of focusing our resources in the core Oil & Gas business.

On 21 July 2015, DLD had entered into a Sale and Purchase of Shares Agreement with the Purchaser in respect of the Proposed Disposal for a total sale consideration of RM 3,835,000.00.

**(vii) Proposed acquisition of an additional 160,000 ordinary shares of RM1.00 each in Daya Maxflo Sdn. Bhd. ("DMSB")**

On 16 November 2015, Daya Petroleum Ventures Sdn. Bhd. ("DPV"), a 51% subsidiary of Daya Materials Berhad ("DMB") received a letter from the Visual Well Solutions Sdn Bhd ("the vendor") ("Put Option Notice") to sell the 160,000 ordinary shares of RM1.00 each in DMSB ("the Sale Shares") representing 11.27% of the issued and paid-up share capital of DMSB from the Vendor at a total cash consideration of RM2,850,000.

Both DPV and the Vendor mutually agree that a 6 months interest of RM114,000 calculated at 8% per annum form part of the above mentioned total cash consideration ("Final Total Cash Consideration")

DPV had on 16 November 2015 entered into a Sale and Purchase Agreement with the Vendor, to acquire the Sale Shares from the Vendor at Final Total Cash Consideration of RM2,964,000 ("Proposed Acquisition").

The Proposed Acquisition will enable DMB Group to further expand its business activities in the upstream oil & gas industry.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B8 Status of utilisation of proceeds**

Private Placement Proceeds- Year 2014

As at 30 September 2015, the Company has raised gross proceeds of approximately RM43.395 million ("Gross Placement Proceeds") via the placement of 263,000,000 Placement Shares under the Proposed Placement exercise at an issue price of RM0.165 per share and the status of the utilisation proceeds is as follows:

Description	Original utilisation amount	Revised utilisation amount (Note 1)	Actual utilisation	Balance	Estimated timeframe for the utilisation of proceeds from the date of listing of the Placement Shares
	RM'000	RM'000	RM'000	RM'000	
	A	B	C	D = B-C	
Purchase of vessels	43,395	15,000	15,000	-	Within six (6) months
Working capital (including the estimated expenses for the Prpososals)	-	28,395	28,395	-	Within three (3) months
Total proceeds	<u>43,395</u>	<u>43,395</u>	<u>43,395</u>	<u>-</u>	

**Note 1:**

In the announcement to Bursa Malaysia Securities Sdn. Bhd. ("Bursa Malaysia") on 10 February 2015, the Board of Directors of the Company ("the Board") had resolved to revise the utilisation of proceeds from the Proposed Placement amounting to RM28.395 million or 65.43% of the Gross Placement Proceeds.

The Company intends to use part of the proceeds raised from the Proposed Placement for general working capital purposes of DMB Group, including but not limited to payment of trade and other payables, management, employees and marketing expenses and other day-to-day expenses. The breakdown of proceeds to be utilised for each component of working capital has not been determined at this juncture. Moreover, the actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation.

The Company intends to finance the shortfall in the Proposed Acquisitions either via bank borrowings and/or internally-generated funds of the the Group and/or other forms of financing.

On 24 April 2015, Bursa Malaysia Securities Berhad approved the extension of time of six months to 25 October 2015 for the implementation of the Proposed Placement.

On 20 October 2015, Bursa Malaysia Securities granted an extension of time of 6 months until 25 April 2016 to complete the implementation of the Placement.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B9 Group's borrowings and debt securities**

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
<b><u>Secured borrowings</u></b>			
Trade facilities	46,181	40,000	86,181
Hire purchases	2,180	8,208	10,388
Overdraft	22,640	-	22,640
Term loans	7,612	27,917	35,529
	<u>78,613</u>	<u>76,125</u>	<u>154,738</u>
<b><u>Unsecured borrowing</u></b>			
Overdraft	4,882	-	4,882
	<u>83,495</u>	<u>76,125</u>	<u>159,620</u>

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

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

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

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B10 Material litigations**

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2014 and 18 November 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

**(a) Kuala Lumpur High Court Suit No. D3-22-360-2008 (Seca Dyme Sdn. Bhd. (now known as Daya Secadyme Sdn. Bhd.) vs Mohd. Akbar B Hj. Johari & 4 Others)**

On 25 March 2008, Daya Secadyme Sdn. Bhd. ("DSSB") filed a civil suit against (i) Mohd Akbar B Hj. Johari, (ii) AJ Premier Holdings Sdn Bhd, (iii) Aims Mission Sdn Bhd, (iv) Global Max Trading Sdn. Bhd. and (v) Azrul Bin Mohd Nasir trading as Rasa Indah Trading ("Defendants") vide KL High Court Civil Suit No. D3-22-380-2008. The claim against the 1st, 2nd and 3rd Defendants is based on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received, and against the 4th and 5th Defendants on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,250 with interest at 8.00% p.a. thereupon from judgment to settlement, and the legal costs of the proceedings.

On the 11 August 2011, the 1st and 2nd Defendants consented to Judgment for a sum of RM1,200,000.00 payable by way of four (4) instalments, RM100,000 on or before 31 December 2011, RM370,000 on or before 31 December 2012, RM365,000 on or before 31 December 2013 and RM365,000 on or before 31 December 2014. In default of any one of these instalments, the 1st and 2nd Defendants become liable for the payment of the entire sum claimed of RM1,942,250 less any instalments paid. The 1st and 2nd Defendants have also agreed to provide security for the instalments payments in the form of titles to properties up to the value of RM300,000 on or before 31 December 2011 and RM900,000 on or before 30 June 2012 in default of which the entire sum due on the instalments shall fall due as at the date of default. On 16 August 2011, the Court granted Judgment against the 3rd, 4th and 5th defendants for the sum claimed of RM1,942,250 with costs and interest. As of the date of this quarterly update, DSSB has not received the same.

The first instalment payment of RM100,000 from the 1st and 2nd Defendants, was due on or before the 31 December 2011. On 29 December 2011, the 1st and 2nd Defendants appealed for the deferment of first instalment payment of RM100,000 with a full settlement by end of April 2012. On 30 April 2012, the 1st and 2nd Defendants again appealed for the deferment of another three plus one months with payments of RM10,000 each payable not later than 10 May 2012 and 31 May 2012 respectively as a pledge of commitments. On 16 May 2012 and 10 July 2012 respectively, DSSB received the cheque of RM10,000 from the 1st and 2nd Defendants on each date.

Thereafter, DSSB has not received the settlement as proposed by the 1st and 2nd Defendants. The 1st Defendant has made a fresh set of proposals in 2013 but has not been able to comply with his own terms. Subsequently on 24 December 2013, DSSB received a cheque of RM10,000 from the 1st and 2nd Defendants.

His last proposal in November 2013 was as follows:

- payment of RM160,000.00 by or before the end of December 2013;
- payment of RM150,000.00 a month beginning January 2014 till end of June 2014; and
- Final Payment of the balance due to DSSB in July 2014 (the difference between total amount due to DSSB and total amount paid till end of June 2014).

The above proposal was not complied with, the 1st Defendant submitted a revised payment proposal in February 2014. DSSB has informed him repeatedly that he and the 2nd Defendant are in default of the Consent Judgment, and reserves its rights for further legal considerations on the matter, and that any payment made by the 1st Defendant will be received without prejudice to DSSB's rights to take steps to enforce the Consent Judgment.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B10 Material litigations (cont'd)**

**(a) Kuala Lumpur High Court Suit No. D3-22-360-2008 (Seca Dyme Sdn. Bhd. (now known as Daya Secadyme Sdn. Bhd.) vs Mohd. Akbar B Hj. Johari & 4 Others) (cont'd)**

On 16 February 2015, DSSB through its solicitors filed cause papers for bankruptcy proceedings against the 5th Defendant under Shah Alam High Court Bankruptcy No. 29NCC-1578-02/2015 and is currently pending extraction of the sealed Adjudication Order and Receiving Order in order to lodge a proof of debt form with the Insolvency Department of Malaysia against the 5th Defendant.

On 17 February 2015, DSSB through its solicitors, served on the 3rd and 4th Defendants a Notice pursuant to section 218 (2) (a) of the Companies Act 1965 ("said Notice"). The 3rd and 4th Defendants who have had 21 days from the date of the said Notice to respond did not respond to the same. As such, DSSB, through its solicitors, filed winding up petition against the 3rd and 4th Defendants on 15 May 2015 at Shah Alam High Court under Shah Alam High Court Winding Up 28NCC-231-05/2015 and Shah Alam High Court Winding Up 28NCC-232-05/2015 respectively. Both petitions were fixed for hearing on 10 August 2015. On 10 August 2015, the Court granted Order in Terms for both Winding Up Petitions with costs to be paid by the 3rd and 4th Defendants to the DSSB for each proceeding. DSSB through its solicitors have duly advertised the Notice of Winding Up Order and Particulars of Liquidator in respect of the 3rd and 4th Defendants.

On 19 March 2015, DSSB through its solicitors successfully lodged a proof of debt form with the Insolvency Department of Malaysia against the 1st Defendant for the sum of RM1,912,250.00. The matter is currently kept in abeyance pending notification of creditors' meeting by the Insolvency Department of Malaysia.

On 28 March 2015, DSSB through its solicitors, served on the 2nd Defendant a Notice pursuant to section 218(2)(a) of the Companies Act 1965 ("said Notice"). The 2nd Defendant who have had 21 days from the date of the said Notice to respond did not respond to the same. As such, DSSB, through its solicitors, filed winding up petition against the 2nd Defendant on 19 May 2015 at Seremban High Court under Seremban High Court Winding Up 28NCC-13-05/2015. The petition was fixed for hearing on 3 August 2015 where the Court granted Order in Terms in relation to the petition and DSSB through its solicitors filed into Court the draft Winding Up Order and have duly advertised the Notice of Winding Up Order And Particulars of Liquidator.

**B11 Other Litigations**

**(a) Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Daya Offshore Construction Sdn. Bhd.)**

On 18 March 2014, the Company and its wholly-owned subsidiary, Daya Offshore Construction Sdn. Bhd. ("DOCSB"), had been notified by their lawyers, Messrs. Zain Megat & Murad, of the said lawyers' receipt in the evening of 17 March 2014, of a letter dated 17 March 2014 from Messrs. Trevor George Partnership ("the Plaintiff's Solicitors"), the lawyers acting for and on behalf of Mark Leonard Midgley ("Plaintiff"), the former Chief Executive Officer and Director of DOCSB, together with a copy of the sealed Writ of Summons and Statement of Claim ("Writ of Summons and Statement of Claim") also dated 17 March 2014, where both the Company and DOCSB had been named as defendants in a civil suit filed by the Plaintiff in the High Court of Malaya at Kuala Lumpur ("the Suit").

The Plaintiff claims that the Company had allegedly breached a shareholders agreement dated 30 April 2013 ("Shareholders Agreement") in relation to DOCSB and the Plaintiff is claiming for inter alia a Declaration to that effect, valuation of the shares in DOCSB, damages and an injunction to restrain breach or further breach of the Shareholders Agreement.

On 2 April 2014, the Company and DOCSB had been notified by their lawyers that the said lawyers had been served on 1 April 2014 by the Plaintiff's Solicitors, with a Notice of Application and Affidavit in Support dated 31 March 2014 for interlocutory injunction ("Interlocutory Injunction Application").

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B11 Other Litigations (cont'd)**

**(a) Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Daya Offshore Construction Sdn. Bhd.) (cont'd)**

In the Interlocutory Injunction Application, the Plaintiff is seeking for inter alia the following reliefs:-

- (i) an injunction to restrain the Company and/or DOCSB from excluding the Plaintiff as a director of DOCSB and/or from curtailing, impeding and/or otherwise preventing the Plaintiff's exercise of all his rights as a director of DOCSB and pursuant to the Shareholders Agreement;
- (ii) an injunction to restrain the Company from selling, transferring and/or otherwise dealing in any manner whatsoever the 5 million ordinary shares in DOCSB that is currently held and registered in the name of the Company;
- (iii) an injunction to restrain the Company from requisitioning, calling, convening and/or otherwise holding any Board and/or Shareholder meeting of DOCSB without the Plaintiff's participation and/or consent;
- (iv) an injunction to restrain DOCSB from making, executing and/or otherwise implementing any decisions of DOCSB without the approval of the Plaintiff or court;
- (v) alternatively, that interim Receivers & Managers be hereby appointed to enter, and take control and have full management control of DOCSB.

The High Court granted an ad interim injunction only in relation to part of the reliefs sought for in the Interlocutory Injunction Application to preserve status quo pending the hearing of the Interlocutory Injunction Application. They are as follows:

- (i) an injunction to restrain the Company from selling, transferring and/or otherwise dealing in any manner whatsoever the 5 million ordinary shares in DOCSB that is currently held and registered in the name of the Company; and
- (ii) an injunction to restrain the Company from requisitioning, calling, convening and/or otherwise holding any Board and/or Shareholder meeting of DOCSB without the Plaintiff's participation and/or consent, in contravention of the Shareholders Agreement.

On 17 April 2014, the Company and DOCSB vide their lawyers, filed in and served on the Plaintiff's Solicitors the following:

- (i) Defence and Counterclaim against the Plaintiff; and
- (ii) An Affidavit in Reply to resist the Plaintiff's Injunction Application.

Amongst others, the Company and DOCSB are counter claiming against the Plaintiff for:

- (i) a declaration that the Shareholders Agreement dated 30 April 2013 is not valid and/or not binding and/or otherwise void for total failure of consideration as the Plaintiff had never purchased the 20% shares in DOCSB from the Company as envisaged; and
- (ii) breach of his employment agreement, breach of his fiduciary duties, negligent management and/or mismanagement whilst the Plaintiff was the Chief Executive Officer of DOCSB.

The Company and DOCSB have appointed Messrs. Zain Megat & Murad to inter alia challenge and defend the Suit, counterclaim against the Plaintiff and resist the Plaintiff's Injunction Application.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B11 Other Litigations (cont'd)**

**(a) Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Daya Offshore Construction Sdn. Bhd.) (cont'd)**

On 5 May 2014, the Company had been notified by their lawyers that the said lawyers had received the Plaintiff's Affidavit in Reply on 2 May 2014 and in the circumstances, the hearing of the Plaintiff's Interlocutory Injunction Application on 5 May 2014 was adjourned to 3 June 2014 and the following directions were given by the Court:-

- (i) The Company and DOCSB to file and serve its Affidavit in Reply to the Plaintiff's Affidavit in Reply on or before 14 May 2014. The Company and DOCSB vide their lawyers on 14 May 2014, requested for an extension to file and serve its Affidavit in Reply to the Plaintiff's Affidavit in Reply from the Plaintiff's Solicitors. This was agreed by the Plaintiff's Solicitors and filed and served on 15 May 2014; and
- (ii) The Plaintiff to file his Affidavit in Reply to the aforesaid Company and DOCSB's Affidavit in Reply on or before 21 May 2014.

Pending the hearing of the Interlocutory Injunction Application, the ad interim injunction granted on 3 April 2014 is maintained.

On 3 June 2014, the Company and DOCSB had recorded a Consent Order before the High Court, on a without prejudice basis and without admission, for an interlocutory injunction to continue pending the disposal of trial, on the following terms ("Interlocutory Injunction"):-

- (i) an injunction to restrain the Company from selling, transferring and/or otherwise dealing in any manner whatsoever the 5 million ordinary shares in DOCSB that is currently held and registered in the name of the Company;
- (ii) an injunction to restrain the Company from requisitioning, calling, convening and/or otherwise holding any Board and/or Shareholder meeting of DOCSB without the Plaintiff's participation and/or consent, in relation to the following Reserved Matters pursuant to the Shareholders' Agreement:
  - (a) New loans and borrowing;
  - (b) Rights issues, capital reductions and any form of fund raising;
  - (c) Amendments to DOCSB's Memorandum and Articles of Association;
  - (d) Joint ventures, mergers and acquisitions and asset sales of or by DOCSB;
  - (e) New businesses which are not directly related to DOCSB's core business; and
  - (f) Change of Board Directors and Signatories.

This is to facilitate an early disposal of the trial of the matter as well as to have a clearer definition of the matters where participation and/or consent of the Plaintiff need to be sought. The liberty for parties to apply to Court in relation to the Interlocutory Injunction is maintained.

On 4 August 2014, the Plaintiff filed an application to strike out the Company and DOCSB's counterclaim along with an affidavit in support on the basis that the Company and DOCSB had not filed its Reply to Further and Better Particulars and a Reply to Interrogatories by 17 June 2014 ("Plaintiff's Striking Out Application").

On 13 August 2014, the Company and DOCSB filed its reply to Further and Better Particulars and Affidavit in reply to the Interrogatories. The hearing of the Plaintiff's Striking Out Application was set for 8 September 2014.

On 28 August 2014, the Company and DOCSB filed its Affidavit in Reply to the Plaintiff's Striking Out Application. The Plaintiff had on the same date, filed a second application to strike out the Company and DOCSB's counterclaim specifically on the issue of the Memorandum of Agreement ("MOA") between Daya Vessels Limited ("DVL"), a subsidiary of Daya OCI Sdn. Bhd. ("DOCI"), which in turn is a subsidiary of our Company and SBM Installer S.A.R.L Construction Vessel ("Plaintiff's Second Striking Out Application"). The hearing of the Plaintiff's Second Striking Out Application was also set for 8 September 2014.

On 8 September 2014, the High Court dismissed the Plaintiff's Striking Out Application upon hearing both parties submissions and fixed the hearing of the Plaintiff's Second Striking Out Application for 25 September 2014.

On 25 September 2014, the High Court dismissed the Plaintiff's Second Striking Out Application upon hearing both parties submissions.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B11 Other Litigations (cont'd)**

**(a) Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Daya Offshore Construction Sdn. Bhd.) (cont'd)**

The matter was fixed for full trial on 18 to 20 November 2014. Further to the case management of the Suit on 11 November 2014, the matter is now fixed for full trial on 9 to 12 March 2015 with additional trial dates of 30 to 31 March 2015.

On 15 December 2014, the Plaintiff had served his application for the appointment of receivers and managers for DOCSB ("Application"), pending determination of the trial of this litigation suit, which was fixed from 9 March 2015 to 12 March 2015 and 30 March 2015 to 31 March 2015. The Application was fixed for Case Management on 6 January 2015 and then fixed for a hearing on 12 February 2015, where the Application was struck out with costs awarded to the Defendants.

The trial of this litigation suit was completed on 19 March 2015 and fixed for decision on 29 September 2015 wherein the Court allowed part of the Plaintiff's claim and dismissed the Plaintiff's claim for damages. The Court also dismissed the Defendant's counterclaim.

The Court granted the following orders as per the Plaintiff's Writ and Statement of Claim:-

- (1) A declaration, under s. 41 of the Specific Relief Act 1950 that the Company had breached its obligations under the Shareholders Agreement;
- (2) Consequent to the above, an order that the Company do, pursuant to Clause 23.7 of the Shareholders Agreement, cease to have:
  - (i) any voting rights in respect of any shares it may have in DOCSB; and
  - (ii) any entitlement for any of its Directors to attend and vote at any meetings of the Board of DOCSB and a quorum for meetings of the Board shall be one (1) Director appointed by the other Party;
- (3) That pursuant to the Shareholders Agreement, that the Company do, within Ninety (90) Days from the date of order, conduct a valuation of 80% (4 million shares) in DOCSB and that the Plaintiff be at liberty to verify / counter such valuation by appointing his own valuers for the
- (4) An injunction against the Company and/or DOCSB, their officers, agents, servants or whosoever, from acting in breach (further breach) of the provisions of the Shareholders Agreement; and
- (5) Costs of RM50,000.00.

In view of the nature of the orders mentioned above, the Company's Counsel orally applied for an interim stay of Items (2) (i) and (ii) above. An interim stay of the same was granted pending the disposal of a formal stay application to be within 2 weeks from 29 September 2015;

The Company instructed its solicitors to immediately file an appeal against the Decision as well as an urgent stay of the execution of the orders granted in the Decision which was duly filed on 13.10.2015.

The hearing of the formal stay application has been fixed for 14 December 2015.

Pending the outcome of the hearing of the formal stay application, the Board do not foresee any changes to the business of the Company and its wholly owned subsidiary, DOCSB.



**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**(b) Memorandum of Agreement ("MOA") between Daya Vessels Limited ("DVL"), a subsidiary of Daya OCI Sdn. Bhd. ("DOCI"), which in turn is a 67% owned subsidiary of the Company and SBM Installer S.A.R.L Construction Vessel ("VESSEL")**

On 7 November 2013, the Board announced that DVL, a 100% owned subsidiary of DOCI, which in turn is a 67% owned subsidiary of the Company, allegedly entered into the MOA with SBM in relation to the acquisition of one newbuild Diving Support and Construction Vessel ("DSCV") named the "SBM Installer" for a purchase consideration of USD180 million, equivalent to approximately RM577 million.

The salient terms of the MOA are as follows:

(i) No deposit is required.

(ii) An irrevocable on demand bank guarantee of 10% of the Purchase Price ("Bank Guarantee") is to be issued in favour of SBM and called no earlier than 15 January 2013, by Fortress Bank or any other bank acceptable to SBM ("Bank Guarantor").

(iii) On delivery of the Vessel, but no later than three (3) banking days after the date that notice of readiness has been given, as set out in Clause 5 of the MOA, DVL is to pay the full amount of the Purchase Price and all other sums payable on delivery.

(iv) No later than five (5) banking days after the execution of the MOA, DVL shall provide SBM with a parent company guarantee ("PCG") from DMB and documentary evidence that DVL has secured the necessary loan and/or equity funding in order to allow it to purchase the Vessel ("Documentary Evidence of Financing").

(v) Should DVL fail to provide either the PCG or Documentary Evidence of Financing in accordance with Item (iv) above, SBM shall have the right to cancel the MOA and claim compensation for their direct losses and for all expenses incurred in relation to the transaction, together with interest.

(vi) Should the Bank Guarantee not be issued by the Bank Guarantor in accordance with Item (ii) above, SBM shall have the right to cancel the MOA and claim compensation for their direct losses and for all expenses incurred in relation to the transaction, together with interest.

(vii) The Board of Directors of the Company wishes to clarify that:

(a) DVL had no intention to purchase the Vessel and as such has not attempted to meet any of the terms of the MOA.

(b) The MOA was signed without the knowledge or prior approval of the Board or board of directors of DVL.

(c) No shareholders' approval of DVL was sought or given.

(d) The press release issued by SBM on 11 November 2013 was inaccurate.

(e) DVL had notified SBM to terminate the MOA.

(f) No deposits, Documentary Evidence of Financing or other forms of payment in accordance with the salient terms of Items (ii) and (iv) mentioned above, have been made.

Having obtained legal opinions from Lee Choon Wan & Co and Clyde & Co respectively, the Board decided to make an announcement confirming all the relevant facts of the matter and will continue to seek further legal advice.

On 7 August 2014, the Board announced that DVL had through its solicitors, received a letter from SBM's lawyers dated 6 August 2014 giving DVL notice that SBM has appointed its arbitrator in relation to all disputes arising out of and/or in connection with the MOA. DVL is to appoint its arbitrator within 14 calendar days, failing which SBM shall take steps to appoint its nominated arbitrator as sole arbitrator. DVL had appointed its arbitrator for this matter and SBM had twenty eight (28) days from 20 August 2014 to serve its pleadings.

On 28 November 2014, the Board announced that DVL had through its solicitors, received a letter from SBM's lawyers dated 27 November 2014 setting out SBM's claims submissions ("Claims Submissions").

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B11 Other Litigations (cont'd)**

**(b) Memorandum of Agreement ("MOA") between Daya Vessels Limited ("DVL"), a subsidiary of Daya OCI Sdn. Bhd. ("DOCI"), which in turn is a 67% owned subsidiary of the Company and SBM Installer S.A.R.L Construction Vessel ("VESSEL") (cont'd)**

In the Claims Submissions, SBM is claiming for:

(i) Damages in the amount of United States Dollars Forty Million (USD40,000,000), equivalent to approximately Ringgit Malaysia One Hundred and Thirty Four Million (RM134,000,000), being the difference between the purchase price of the Vessel under the MOA of United States Dollars One Hundred and Eighty Million (USD180,000,000) and the market value of the Vessel as at the date of cancellation of the MOA being 21 February 2014, being United States Dollars One hundred and Forty Million (USD140,000,000);

(ii) British Pound Sterling Twenty Nine Thousand and Eighteen (£29,018), equivalent to approximately Ringgit Malaysia One Hundred and Fifty Three Thousand (RM153,000), in legal costs and disbursements;

(iii) Singapore Dollars Thirty Two Thousand Six Hundred and Fifteen (S\$32,615), equivalent to approximately Ringgit Malaysia Eighty Four Thousand (RM84,000), in wasted third party costs representing SBM's direct losses incurred in connection with DVL's breach of the MOA;

(iv) Compound interest in accordance with Section 49 of the English Arbitration Act 1996, at such rate and compounded for such periods that the tribunal considers just; and

(v) Costs.

On 6 February 2015, DVL through its solicitors, served its defence submissions whilst on 10 March 2015, SBM served its reply submissions, together with a request for further information.

On 19 May, DVL served its Response to the Request for Further Information together with DVL's own Request for Further Information.

DVL's case is that the MOA was not validly entered into and has no contractual force (and was thus not breached). Having conducted a relatively detailed merits review, DVL regards its position to be strong and is robustly defending the arbitration.

The tribunal has been constituted and parties have exchanged their submissions. The Tribunal had on 27 August 2015 thanked the parties for agreeing the timetable and hearing dates. The timetable provides, inter alia, for exchange of disclosure and witness statements, with the hearing to be held on 14 - 17 December 2015 in London. The tribunal has ordered that the proceedings be bifurcated between a jurisdiction/merits phase and (if relevant) a subsequent phase dealing with the extent of SBM's damages entitlement.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B11 Other Litigations (cont'd)**

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

On 20 October 2014, Daya OCI Sdn Bhd ("DOCI") had received service of notice of an action being brought against it by Tideway Alliance Sdn Bhd (Company No. 607144-M) ("Plaintiff") together with a copy of the sealed copy of the Writ and Statement of Claim ("Suit").

The Plaintiff is claiming the sum of RM6,937,500 allegedly owing for services allegedly rendered at the request and instructions of DOCI. The Plaintiff's claim in the abovementioned civil suit was in relation to certain rock-dumping works and services allegedly provided to DOCI.

During the Case Management on 14 November 2014, the following directions were given by the Court:

(i) DOCI was to file its defence by 21 November 2014;

(iii) Tideway was to file its reply to the defence (if any) by 5 December 2014.

On 21 November 2014, in view of the abovementioned directions, DOCI filed its defence and counterclaimed RM132,539.14, general damages, costs, interest on all sums awarded until full and final settlement and such further and/or other relief as deemed fit and just by the Court and Tideway filed its reply to defence and defence to counterclaim on 3 December 2014.

The litigation suit was completed on 27 August 2015 and fixed for decision on 25 November 2015.

DOCI's solicitors are of the opinion that DOCI has a good arguable case for its defence against Tideway's claim based on the evidence available and provided DOCI is able to lead the necessary oral evidence and documentary evidence during the trial of this litigation suit.

**(d) Kuala Lumpur High Court Suit No. 23NCVC-56-10/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Tham Jooi Loon and The Edge Communications Sdn. Bhd.)**

On 3 November 2014, Mark Leonard Midgley ("Plaintiff") brought an action against our Company along with Tham Jooi Loon and The Edge Communications Sdn. Bhd. (collectively the "Defendants") for alleged libel in relation to an article published in The Edge newspaper on 22 September 2014. The Writ and Statement of Claim was served on our Company on 3 November 2014 wherein the Plaintiff, claims as follows:

- (i) an injunction restraining the Defendants, whether by themselves, their servants or agents or otherwise from further making any other defamatory statements, remarks and/or publications against the Plaintiff;
- (ii) damages of USD5,000,000 for libel;
- (iii) exemplary damages;
- (iv) aggravated damages;
- (v) interest at the rate of 4% for the damages awarded;
- (vi) cost (on an indemnity basis) to be paid by the Defendants; and
- (vii) such other, or further order or relief as is deemed appropriate and proper by the Court.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B11 Other Litigations (cont'd)**

**(d) Kuala Lumpur High Court Suit No. 23NCVC-56-10/2014 (Mark Leonard Midgley vs Daya Materials Berhad and Tham Jooi Loon and The Edge Communications Sdn. Bhd.) (cont'd)**

On 8 December 2014, our Company filed and served its Defence.

Following the last Case Management on 12 January 2015, the final Case Management of this litigation suit has been fixed on 8 June 2015 and the trial has been fixed on 15 June 2015 to 17 June 2015. Further, The Edge Communications Sdn Bhd served an application for stay proceedings pending the disposal of the Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 mentioned above and the said application was fixed for Case Management on 21 January 2015.

On 19 March 2015, the Court granted a stay order and this litigation suit was pending the final disposal of the Kuala Lumpur High Court Suit No. 22NCC-90-03/2014 mentioned above. The Company notified by its solicitors on 23 October 2015 that further to the case management of the matter on 21 October 2015, the matter is now fixed for full trial on 28th to 31st March 2016.

The solicitors of our Company are of the opinion that our Company has a good arguable case for defence against the Plaintiff based on instructions received and evidence reviewed thus far provided that our Company is able to lead the necessary oral evidence and documentary evidence during the trial of this litigation suit.

**B12 Proposed Dividends**

The Board of Directors did not recommend the payment of any dividends for the financial year ended 31 December 2014.

**B13 Basic earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Net (loss)/profit for the period attributable to ordinary equity holders of the company (RM'000)	9,986	8,938	18,500	14,562
Weighted average number of shares in issue ('000)	1,651,815	1,388,817	1,651,816	1,387,586
Basic earnings per share (sen)	<u>0.60</u>	<u>0.64</u>	<u>1.12</u>	<u>1.05</u>

No item, transaction or event has arisen in the interval between the end of the financial year and the date of this report which has dilutive effect on the ordinary shares. Hence, diluted earnings per share is not presented.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B14 Additional disclosure as per Appendix 9B , Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	2,635	2,833	7,362	7,133
Depreciation on property, plant and equipment	5,650	5,960	14,178	9,363
Depreciation on investment property	1	1	3	6
Amortisation on intangible assets	132	89	418	190
Loss on disposal of property, plant & equipment	15	-	26	-
and after crediting:				
Interest income	187	371	709	769
Rental income	115	147	342	531
Dividends income	397	-	397	-
Unrealised foreign exchange gains	13,415	14	27,221	208
Realised foreign exchange gains	2,283	467	2,667	185
Gain on disposal of property, plant & equipment	44	-	73	49
Gain on disposal of a joint venture company	-	-	76	-
Gain on disposal of investment property	-	-	-	685

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

**B15 Realised and Unrealised Profits**

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia Securities Berhad further issued guidance on the disclosure and the format required.

**DAYA MATERIALS BERHAD**

(Company No: 636357-W)

(Incorporated in Malaysia)

**B15 Realised and Unrealised Profits (cont'd)**

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	CUMULATIVE QUARTER	
	AS AT	AS AT
	30.9.2015	31.12.2014 #
	RM'000	RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	76,589	74,641
- Unrealised profits	19,305	15,379
	<u>95,894</u>	<u>90,020</u>
Less: Consolidated adjustments	(26,159)	(38,095)
Total group retained earnings as per consolidated accounts	<u>69,735</u>	<u>51,925</u>

# The comparative amounts have been reclassified to conform with audited financial statement's presentation.

The breakdown of the retained profits into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

**B16 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2014 was unqualified.

By Order of the Board

Tham Jooi Loon  
Executive Vice Chairman

Date: 24 November 2015