



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 30 June 2013

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	131,052	75,379	231,202	105,734
Cost of Sales	(110,279)	(57,180)	(195,338)	(80,981)
Gross Profit	<u>20,773</u>	<u>18,199</u>	<u>35,864</u>	<u>24,753</u>
Other Income	854	2,156	1,352	3,261
Operating Expenses	(10,146)	(11,073)	(16,975)	(17,062)
Profit from operations	<u>11,481</u>	<u>9,282</u>	<u>20,241</u>	<u>10,952</u>
Finance Costs	(1,595)	(1,002)	(2,910)	(2,089)
Share of results of jointly controlled entities	<u>136</u>	<u>756</u>	<u>227</u>	<u>4,763</u>
Profit before tax	10,022	9,036	17,558	13,626
Income tax expense	<u>(2,877)</u>	<u>(3,318)</u>	<u>(5,394)</u>	<u>(4,971)</u>
Profit for the period	<u><u>7,145</u></u>	<u><u>5,718</u></u>	<u><u>12,164</u></u>	<u><u>8,655</u></u>
Attributable to :				
Equity holders of the Company	6,744	5,718	11,775	8,658
Non-controlling interests	401	-	389	(3)
	<u><u>7,145</u></u>	<u><u>5,718</u></u>	<u><u>12,164</u></u>	<u><u>8,655</u></u>
Earnings per share (sen):				
Basic	<u>0.54</u>	<u>0.47</u>	<u>0.96</u>	<u>0.71</u>
Diluted*	<u>0.54</u>	<u>0.47</u>	<u>0.96</u>	<u>0.71</u>

* The dilution of the earnings per share is due to the dilutive potential ordinary shares pursuant to the conversion of Redeemable Convertible Secured Loan Notes ("RCSLN").

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 2012.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2012 RM'000	CURRENT YEAR TO DATE 30.06.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2012 RM'000
Profit for the period	<u>7,145</u>	<u>5,718</u>	<u>12,164</u>	<u>8,655</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	(3)	-	11	12
Total comprehensive income for the period, net of tax	<u>7,142</u>	<u>5,718</u>	<u>12,175</u>	<u>8,667</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	6,741	5,718	11,786	8,670
Non-controlling interests	401	-	389	(3)
	<u>7,142</u>	<u>5,718</u>	<u>12,175</u>	<u>8,667</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 2012.

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

(The figures have not been audited)

	UNAUDITED 30.06.2013 RM'000	AUDITED 31.12.2012 RM'000
Non Current Assets		
Property, plant and equipment	109,648	105,582
Land held for property development	10,722	10,475
Investment properties	5,586	1,195
Intangible assets	85,012	83,897
Investment in jointly controlled entities	2,720	2,391
Other receivable	407	728
	<u>214,095</u>	<u>204,268</u>
Current Assets		
Inventories	11,837	14,098
Trade receivables	120,111	48,141
Other receivables	13,463	24,453
Other current assets	61,318	40,125
Tax recoverable	2,952	1,611
Marketable securities	126	108
Cash and cash equivalents	49,957	66,412
	<u>259,764</u>	<u>194,948</u>
Current Liabilities		
Trade payables	48,302	25,121
Other payables	29,682	60,516
Provisions	8,781	325
Tax payables	3,882	812
Loans and borrowings	85,987	40,348
	<u>176,634</u>	<u>127,122</u>
Net Current Assets	83,130	67,826
	<u>297,225</u>	<u>272,094</u>
Financed by:		
Share capital	126,303	123,400
Reserves	121,311	107,568
	247,614	230,968
Non-controlling interests	1,036	(54)
	<u>248,650</u>	<u>230,914</u>
Non Current Liabilities		
Deferred tax liabilities	194	199
Loans and borrowings	48,381	40,981
	<u>48,575</u>	<u>41,180</u>
	<u>297,225</u>	<u>272,094</u>
Net assets per share (sen)	<u>19.60</u>	<u>18.72</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 2012 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 SECOND QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->								
	<----- Non-Distributable ----->						Distributable		
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Transalation Reserve RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
Balance as at 1 January 2012	119,915	19,631	287	172	(317)	70,940	210,628	-	210,628
Total comprehensive income for the period	-	-	-	12	-	2,939	2,951	(3)	2,948
Transactions with owners:									
Conversion of RCSLN	1,742	1,258	(78)	-	-	-	2,922	-	2,922
Balance as at 31 March 2012	<u>121,657</u>	<u>20,889</u>	<u>209</u>	<u>184</u>	<u>(317)</u>	<u>73,879</u>	<u>216,501</u>	<u>(3)</u>	<u>216,498</u>
Total comprehensive income for the period	-	-	-	-	-	5,718	5,718	-	5,718
Transactions with owners:									
Conversion of RCSLN	1,743	1,257	(78)	-	-	-	2,922	-	2,922
Purchase of treasury shares	-	-	-	-	(186)	-	(186)	-	(186)
Balance as at 30 June 2012	<u>123,400</u>	<u>22,146</u>	<u>131</u>	<u>184</u>	<u>(503)</u>	<u>79,597</u>	<u>224,955</u>	<u>(3)</u>	<u>224,952</u>
Total comprehensive income for the period	-	-	-	-	-	6,328	6,328	(12)	6,316
Transactions with owners:									
Dividends paid	-	-	-	-	-	(3,074)	(3,074)	-	(3,074)
Purchase of treasury shares	-	-	-	-	(2,180)	-	(2,180)	-	(2,180)
Balance as at 30 September 2012	<u>123,400</u>	<u>22,146</u>	<u>131</u>	<u>184</u>	<u>(2,683)</u>	<u>82,851</u>	<u>226,029</u>	<u>(15)</u>	<u>226,014</u>
Total comprehensive income for the period	-	-	-	94	-	5,185	5,279	(39)	5,240
Transactions with owners:									
Costs revision on conversion of RCSLN	-	26	-	-	-	-	26	-	26
Purchase of treasury shares	-	-	-	-	(366)	-	(366)	-	(366)
Balance as at 31 December 2012	<u>123,400</u>	<u>22,172</u>	<u>131</u>	<u>278</u>	<u>(3,049)</u>	<u>88,036</u>	<u>230,968</u>	<u>(54)</u>	<u>230,914</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 SECOND QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->								Total Equity RM'000
	<----- Non-Distributable ----->				Distributable				
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
Balance as at 1 January 2013	123,400	22,172	131	278	(3,049)	88,036	230,968	(54)	230,914
Total comprehensive income for the period	-	-	-	14	-	5,031	5,045	(12)	5,033
Transactions with owners:									
Conversion of RCSLN	1,451	1,048	(65)	-	-	-	2,434	-	2,434
Issuance of shares to non-controlling interest in a subsidiary	-	-	-	-	-	-	-	70	70
Balance as at 31 March 2013	<u>124,851</u>	<u>23,220</u>	<u>66</u>	<u>292</u>	<u>(3,049)</u>	<u>93,067</u>	<u>238,447</u>	<u>4</u>	<u>238,451</u>
Total comprehensive income for the period	-	-	-	(3)	-	6,744	6,741	401	7,142
Transactions with owners:									
Conversion of RCSLN	1,452	1,049	(66)	-	-	-	2,435	-	2,435
Purchase of treasury shares	-	-	-	-	(9)	-	(9)	-	(9)
Acquisition of a subsidiary	-	-	-	-	-	-	-	631	631
At 30 June 2013	<u>126,303</u>	<u>24,269</u>	<u>-</u>	<u>289</u>	<u>(3,058)</u>	<u>99,811</u>	<u>247,614</u>	<u>1,036</u>	<u>248,650</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 2012.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.06.2013 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2012 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,558	28,386
Adjustments for:		
Share of results of joint ventures	(227)	(1,480)
Reversal of discount on convertible loan notes	(95)	(30)
Amortisation on intangible assets	72	86
Depreciation on property, plant and equipment	2,917	4,359
Depreciation on investment property	7	15
Gain on disposal of property, plant & equipment	(208)	(2,962)
Property, plant and equipment written off	-	8
Gain on disposal of marketable securities	-	(7)
Fair value (gain) / loss on marketable securities	(17)	11
Dividends income	-	(6)
Finance costs	2,910	4,068
Interest income	(685)	(1,212)
Unrealised foreign exchange (gain)/loss	(2)	91
Allowance for impairment loss	500	743
Development expenditures incurred	(247)	(90)
Reversal of allowance for impairment loss	(39)	(90)
Operating profit before working capital changes	22,444	31,890
Changes in working capital:		
Inventories	2,261	84
Trade and other receivables	(56,508)	13,719
Other current assets	(21,193)	(17,510)
Trade and other payables	(11,221)	(11,836)
Provisions	8,456	(1,384)
Cash generated from operations	(55,761)	14,963
Finance cost paid	(2,910)	(4,068)
Income tax paid	(3,792)	(8,221)
Net Cash (Used In) / Generated From Operating Activities	(62,463)	2,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,258)	(6,502)
Purchase of land held for property development	-	(10,384)
Purchase of investment property	(4,398)	-
Proceeds from disposal of property, plant and equipment	509	3,483
Purchase of intangible assets	(357)	(98)
Acquisition of a subsidiary	(i) (1,135)	-
Acquisition of a joint venture company	(102)	-
Proceeds from issuance of shares to non-controlling shareholder of a subsidiary	70	131
(Increase) / Decrease in pledged deposits placed with licensed banks	(3,307)	1,483
Decrease in deposit placed with licensed banks more than three months	-	1,807
Distribution of profits from a jointly controlled entity	-	2,218
Dividends received	-	6
Interest received	685	1,212
Net Cash Used In Investing Activities	(15,293)	(6,644)

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.06.2013 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(12,252)	(9,809)
Proceeds from loans and borrowings	67,172	27,274
Purchase of treasury shares	(9)	(2,732)
Dividends paid	-	(3,074)
Net Cash Generated From Financing Activities	54,911	11,659
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		
	(22,845)	7,689
Effect of exchange rate fluctuations on cash held	11	107
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	40,357	32,561
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	17,523	40,357
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Cash and bank balances	14,212	33,010
Fixed deposits with licenced banks	33,482	29,781
Short term investments	2,263	3,621
Bank overdraft	(5,878)	(2,806)
	44,079	63,606
Less: Deposits pledged	(26,556)	(23,249)
	17,523	40,357

Note

- (i) The Group, via its subsidiary, Daya Petroleum Ventures Sdn. Bhd. had on 18 March 2013 entered into a Subscription Agreement with Daya Maxflo Sdn. Bhd. (formerly known as Maxflo Energy Products Sdn. Bhd.) ("DMSB"), Sales and Purchase Agreement with Jay Dorfman, Shareholders Agreement and Call and Put Option Agreement with Jay Dorfman and Visual Well Solutions Sdn. Bhd. for the proposed acquisition of 50.70% of the issued and paid up share capital of DMSB for a cash consideration of RM1,900,000. The acquisition was completed on 5 April 2013. DMSB is principally engaged in providing instrumentation and pipelines products specifically for oil & gas, refining, petro-chemical and energy industry.

The acquisitions had the following effect on the Group's assets and liabilities on acquisition date:

Daya Maxflo Sdn. Bhd. (formerly known as Maxflo Energy Product Sdn. Bhd.)

	Pre-acquisition carrying amounts RM'000	Recognised values on acquisition RM'000
2013		
Property, plant and equipment	26	26
Trade and other receivables	4,613	4,613
Cash and cash equivalents	765	765
Tax payables	(133.07)	(133)
Payables and accruals	(3,570)	(3,570)
Net identifiable assets and liabilities	1,700	1,700
Non-controlling interests		(838)
Goodwill on acquisition		1,038
Consideration paid, satisfied in cash		1,900
Cash acquired		(765)
Net cash outflow		1,135
Goodwill on acquisition consist of:-		
Equity holders of the Company		830
Non-controlling interests		208
		1,038

These condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and accompanying explanatory notes attached to these interim financial statements.

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(Company No: 636357-W)

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations as follow:

FRSs and Interpretations	Effective for financial periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10: Consolidated Financial Statements	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosure of Interests in Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employee Benefits	1 January 2013
MFRS 127: Separate Financial Statements	1 January 2013
MFRS 128: Investment in Associate and Joint Ventures	1 January 2013
MFRS 127: Consolidated and Separate Financial Statements (IAS 127 revised by IASB in December 2003)	1 January 2013
Amendments to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

A2 Significant Accounting Policies (cont'd)

	Effective for financial periods beginning on or after
FRSs and Interpretations (cont'd)	
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The adoption of the standards and interpretations above has no material impact on the financial statements in the period of initial application.

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.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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 24 April 2013 for 45,000 ordinary shares at RM0.205 per share for a total cash consideration of RM9,293 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

The following dividends was paid during the previous financial year ended:-

	31.12.2012
Final dividends for the financial year	31 December 2011
Approved and declared on	26 June 2012
Date paid	15 August 2012
Number of ordinary shares on which dividends were paid	1,229,607,650
Amount per share	0.25 sen single tier dividends
Net dividends paid (RM)	3,074,022

A8 Segment information

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

Business Segment	Polymer	Oil & Gas	Technical	Others	Total
	RM'000	RM'000	Services	RM'000	RM'000
			RM'000		
Revenue	11,668	114,350	105,184	210	231,412
Inter-segment revenue	-	-	-	(210)	(210)
External revenue	<u>11,668</u>	<u>114,350</u>	<u>105,184</u>	<u>-</u>	<u>231,202</u>
Segment Results	45	15,836	4,824	(230)	20,475
Unallocated Results					(234)
Profit from Operations					<u>20,241</u>
Finance Costs					(2,910)
Share of results of jointly controlled entities					<u>227</u>
Profit Before Tax					17,558
Income Tax Expense					(5,394)
Profit After Tax					<u><u>12,164</u></u>

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(Company No: 636357-W)

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A8 Segment information (cont'd)

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

Geographical Segment

	Revenue RM'000
Malaysia	230,104
Foreign Countries	1,098
Consolidated	<u>231,202</u>

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	Development cost RM'000	Total RM'000
Cost				
At 1 January 2012	83,491	400	360	84,251
Additions	-	98	-	98
At 31 December 2012/1 January 2013	<u>83,491</u>	<u>498</u>	<u>360</u>	<u>84,349</u>
Additions	-	357	-	357
Acquisition of a subsidiary	830	-	-	830
At 30 June 2013	<u>84,321</u>	<u>855</u>	<u>360</u>	<u>85,536</u>
Accumulated amortisation				
At 1 January 2012	-	6	360	366
Amortisation	-	86	-	86
At 31 December 2012/1 January 2013	<u>-</u>	<u>92</u>	<u>360</u>	<u>452</u>
Amortisation	-	72	-	72
At 30 June 2013	<u>-</u>	<u>164</u>	<u>360</u>	<u>524</u>
Net carrying amount:				
At 1 January 2012	<u>83,491</u>	<u>394</u>	<u>-</u>	<u>83,885</u>
At 31 December 2012/1 January 2013	<u>83,491</u>	<u>406</u>	<u>-</u>	<u>83,897</u>
At 30 June 2013	<u>84,321</u>	<u>691</u>	<u>-</u>	<u>85,012</u>

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(Company No: 636357-W)

(Incorporated in Malaysia)

A11 Other Current Assets

		AS AT END OF CURRENT QUARTER 30.06.2013 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2012 RM'000
	Note		
Amount due from customers on contracts	(i)	58,238	38,765
Prepayments		3,080	1,360
		61,318	40,125

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

	AS AT END OF CURRENT QUARTER 30.06.2013 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2012 RM'000
Aggregate costs incurred to date	481,326	267,751
Add: Attributable profits	46,459	32,689
	527,785	300,440
Less: Progress billings	(469,547)	(261,675)
	58,238	38,765

A12 Subsequent Events

There were no material events subsequent to the current financial quarter ended 30 June 2013 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) Acquisition of a sub-subsidiary

The Group, via its subsidiary, Daya Petroleum Ventures Sdn. Bhd. (formerly known as Metriwell Sdn. Bhd.) had on 18 March 2013 entered into a Subscription Agreement with Daya Maxflo Sdn. Bhd. (formerly known as Maxflo Energy Products Sdn. Bhd.) ("Maxflo"), Sales and Purchase Agreement with Jay Dorfman, Shareholders Agreement and Call and Put Option Agreement with Jay Dorfman and Visual Well Solutions Sdn. Bhd. for the proposed acquisition of 50.70% of the issued and paid up share capital of Maxflo for a cash consideration of RM1,900,000.

The acquisition was completed on 5 April 2013.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

A13 Changes in the composition of the Group (cont'd)**(ii) Group re-organisation on investment in Daya Land & Development Sdn. Bhd.**

On 31 May 2013, through the Internal Group Re-organisation Plan, the Company acquired 500,000 ordinary shares of RM1.00 each in Daya Land & Development Sdn. Bhd. ("DLD"), a subsidiary of Daya CMT Sdn Bhd which is a wholly-owned subsidiary of DMB representing 100% of the issued and paid-up share capital of DLD for a cash consideration of RM1,222,065 from DCMT.

A14 Contingent Assets and Contingent Liabilities

As at 30 June 2013, the Company provides corporate guarantees up to a total amount of RM301,411,716 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 RM188,960,493.

As at 30 June 2013, the Company also provides corporate guarantees up to a total amount of RM4,350,000 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 RM2,655,307.

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

A15 Capital Commitments

	As at 30.06.2013 RM'000
Contracted and not provided for:	<u>4,037</u>
Approved but not contracted for:	<u>4,438</u>

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 30.06.2013 RM'000	Balance due at 30.06.2013 RM'000	Transaction for the period ended 30.06.12 RM'000	Balance due at 30.06.12 RM'000
Interest income charged on housing loan to a director	32	-	47	-
Housing loan to a director	<u>-</u>	<u>992</u>	<u>-</u>	<u>1,544</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA 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 June 2013 was recorded at RM5.986 million, an increase of 27.12% from RM4.709 million recorded in the previous year corresponding quarter.

Consequently, the increase in revenue in the Polymer Segment has resulted in a segment profit of RM140 thousand for the quarter ended 30 June 2013.

(ii) Oil & Gas segment

The Group has recorded a higher revenue in the Oil & Gas Segment of RM79.104 million for the quarter ended 30 June 2013, indicating a significant increase in revenue by 75.83% from RM44.989 million recorded in the previous year corresponding quarter. Higher revenue in the current quarter in the Oil & Gas Segment was mainly due to progress billings on the offshore cable laying project.

(iii) Technical Services segment

The Group achieved a higher revenue on Technical Services segment of RM45.962 million for the quarter ended 30 June 2013, an increase of 78.97% as compared to RM25.681 million recorded in the previous year corresponding quarter. The increase in the revenue in the Technical Services Segment was mainly due to the progress construction works done with B. Braun Medical Industries Sdn. Bhd., Yuk Tung Construction Sdn. Bhd., Gemesis Malaysia Sdn. Bhd. and Malaysian Automotive Lighting Sdn. Bhd.

All in all, the Group recorded revenue of RM131.052 million for the quarter ended 30 June 2013, an increase of 73.86% as compared to RM75.379 million recorded in the previous year corresponding quarter. Even though the Group recorded significant increase in revenue during the quarter, the profit before tax rose by 10.91% to RM10.022 million. The slight improvement in profits was mainly attributable to the sales from the Oil and Gas segment in current quarter which were mainly generated from subsea offshore business which carried lower profit margin than the traditional chemical sales, which tend to yield a higher profit margin.

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

(i) Polymer segment

The Group achieved revenue of RM11.668 million on the Polymer Segment for the financial period ended 30 June 2013, a slight increase of 0.09% from RM11.657 million recorded in the previous financial period. The revenue achieved in the Polymer Segment remained rather consistent in the current financial period.

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 (cont'd)

(ii) Oil & Gas segment

The Group achieved revenue of RM114.350 million on the Oil & Gas Segment for the financial period ended 30 June 2013, a significant increase in revenue by 87.17% as compared to RM61.093 million recorded in the previous financial period. The increase in the revenue on the Oil & Gas segment was mainly due to the sales on downstream chemical and progress billings on the offshore cable laying projects during the period ended 30 June 2013.

(iii) Technical Services segment

The Group achieved revenue of RM105.184 million on the Technical Services Segment for the financial year ended 30 June 2013, a significant increase of 218.89% from RM32.984 million recorded in the previous financial period. The increase in revenue in the Technical Services Segment was mainly due to improved progress in several of its projects which were previously delayed, hence higher revenue being recognised during the current financial year ended.

The Group achieved revenue of RM231.202 million for the period ended 30 June 2013, an increase of 118.66% from RM105.734 million recorded in the previous financial period ended 30 June 2012. The increase was mainly attributed to the higher revenue contribution from the Oil & Gas Segment and Technical Services segment. Accordingly, the Group recorded a profit before tax of RM17.558 million for the financial period ended 30 June 2013, representing an increase of 28.86% over RM13.626 million recorded for previous financial period ended 30 June 2012.

B2 Variation of results against preceding quarter

	Quarter ended 30.06.2013 RM'000	Quarter ended 31.3.2013 RM'000
Revenue	131,052	100,150
Profit before tax	10,022	7,536

For the quarter ended 30 June 2013, the Group has recorded higher revenue of RM131.052 million, an increase of 30.85% as compared to RM100.150 million recorded in the preceding quarter. The increase in revenue was mainly attributed to the improvement in offshore construction business from the Oil & Gas Segment. Accordingly, the Group recorded a higher profit before tax of RM10.022 million, an increase of 32.99% as compared to RM7.536 million in the preceding quarter.

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) Polymer Segment

The underlying economics of the polymer business remains weak due to the increased competition from foreign suppliers and the resulting margin erosion. The Group has undertaken new initiatives in production and marketing with the aim of improving its overall costs structure. Consequently, notable improvements have been reflected during the current quarter with positive segment profit as compared to previous year corresponding quarter.

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

O&G Segment has been the Group most important driver of growth in the past and will remain so in the foreseeable future. Significant investments and emphasis have been placed on this sector across, especially on the upstream spectrum of the business.

The Group is on the track to strengthen its position in the offshore construction services with the delivery of Siem Daya 1 ("SD1"), a high-end latest generation subsea construction vessel, by September 2013. This vessel will complement our in-house subsea engineering capabilities and position our group to tap into the global offshore construction markets, especially in the North Sea, North Atlantic and Asian Pacific markets.

In addition to the prospect on the offshore construction services, the Group's strategic investment in Reach Energy Sdn Bhd, a Special Purpose Acquisition Company ("SPAC") for an initial amount of RM8 million is another strategic move by the Group for its entry to the exploration and production ("E&P") business. .

Meanwhile, the rest of the Group's existing businesses in the Oil & Gas segment is expected to be resilient given the recurring nature of the jobs with earnings visibility for the years to come.

The Group is upbeat on its strong prospect on the Oil & Gas segment in view of the burgeoning contract awards available in the sector.

(iii) Technical Services Segment

The Group's Technical Services Segment is expected to grow significantly over the next few years as the Group continue to build and execute its order book which now exceeds RM1 billion. The Group will continue to leverage on its engineering expertise to expand the revenue stream and build brand equity.

Overall, the Group remains cautiously optimistic with its business outlook.

The Board is of the view that the Group's operational results for the financial year ending 2013 will be satisfactory, barring any unforeseen circumstances.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B4 Profit forecast

Not applicable.

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2013 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 30.06.2012 RM'000	CURRENT YEAR TO DATE 30.06.2013 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.06.2012 RM'000
In respect of the current period:				
Malaysian income tax	2,876	3,329	5,393	4,997
Deferred tax expense	1	(11)	1	(26)
	<u>2,877</u>	<u>3,318</u>	<u>5,394</u>	<u>4,971</u>

The Group's effective tax rate for the quarter under review at 29% was slightly higher than the statutory income tax rate. The comparatively higher effective tax rate was mainly due to certain expenses which are not deductible for tax purposes and balancing charge for the disposal of property, plant and equipment.

B6 Sale of unquoted investments and properties

There were no 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 13 August 2013, 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 Materials Berhad ("DMB") with Malco Engineering (Private) Limited ("MALCO")

On 6 June 2012, the Board announced that DMB, had on 6 June 2012 entered into a MOU with Malco. The purpose of the MOU is to record the preliminary intentions and understanding of the DMB and Malco with respect to their common interest and agreement to collaborate and pursue mutual cooperation in business in Sri Lanka with the view to establishing a joint venture entity. Malco is a company incorporated in Sri Lanka involved in projects associated with power plants, renewable energy, oil & gas, telecommunications, infrastructure and water supply.

On 5 June 2013, the Board announced that DMB had given a notice of termination of this MOU to Malco due to difficulties of targeted business development in Sri Lanka. The MOU has now been terminated after receiving no response from Malco on the notice of termination. The MOU is deemed terminated as of 5 June 2013.

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 and completed as at 13 August 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

(ii) Memorandum of Understanding ("MOU") between Daya Petroleum Ventures Sdn. Bhd. ("DPV"), a subsidiary of Daya Materials Berhad ("DMB") with Malco Engineering (Private) Limited ("MALCO") and United Global Services (Pvt) Limited ("UGS")

On 10 December 2012, the Board announced that DPV, a subsidiary of DMB had on 7 December 2012 entered into a MOU with MALCO and UGS. The purpose of the MOU is to record the preliminary intentions and understanding of the parties with respect to their common interest and agreement to collaborate and pursue mutual cooperation in the petroleum bunkering business.

On 5 June 2013, the Board announced that DMB had, via its letter dated 15 May 2013, given a notice of termination of this MOU to Malco and UGS respectively due to difficulties of targeted business development in Sri Lanka. The MOU has now been terminated after receiving no response from Malco or UGS on the notice of termination. The MOU is deemed terminated as of 5 June 2013.

(iii) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") with Upstream Downstream Process Services Sdn. Bhd. ("UDPS")

On 10 August 2012, the Board announced that DMB, had on 9 August 2012 entered into a MOU with UDPS. The purpose of the MOU is to jointly develop and market mobile water injection technologies and solutions to the upstream oil & gas sector. UDPS is a process engineering and equipment packaging company providing sea water injection packages, related engineering services and water injection system management services.

On 2 August 2013, the Board announced that DMB had on 17 May 2013, given a notice of termination of this MOU to UDPS due to limited opportunity to collaborate on business at the present moment. The MOU has now been terminated after receiving no response from UDPS on the notice of termination. The MOU is deemed terminated as of 2 August 2013.

The status of a corporate proposal announced by the Company but not completed as at 13 August 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

(i) Proposed ESOS and Shares Buy-Back

On 22 December 2008, the Board announced that the Company has proposed to undertake the following:-

a. Proposed establishment of an employees' share option scheme ("ESOS") for the eligible directors and employees of DMB and its subsidiary companies ("Proposed ESOS"); and

b. 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").

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 13 August 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

(i) Proposed ESOS and Shares Buy-Back (cont'd)

The shareholders of DMB had approved the Proposed ESOS and Proposed Share Buy-Back at the extraordinary general meeting convened on 26 February 2009.

On 22 April 2013, 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 Tenth AGM held on 18 June 2013.

(ii) Purchase of commercial property at Damai Central for total consideration of RM8,400,000

On 8 November 2012, the Board announced that its wholly owned subsidiary, Daya Urusharta Sdn Bhd had on 8 November 2012, entered into six Sale and Purchase Agreements with Delight 2000 Holdings Sdn. Bhd. for the acquisition of two (2) units of three (3) storey Shop-Office and four (4) units of two (2) storey Shop-Office all erected on leasehold land of ninety nine (99) years expiring on 23 October 2104 under P.N. 48236, Lot No. 42781 in the Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur for a total consideration of RM8,400,000.

(iii) Proposed joint venture between Semangat Global Sdn. Bhd., a joint venture company of Daya Materials Berhad ("DMB") and Jesselton Venture Sdn. Bhd.

On 27 June 2013, the Board announced that Semangat Global Sdn. Bhd. ("SGSB"), a joint venture company of Daya Land & Development Sdn. Bhd. ("DLD"), which is the wholly-owned subsidiary of DMB, had on 27 June 2013 entered into a Joint Venture agreement ("JVA") with Jesselton Venture Sdn. Bhd. ("Jesselton") to develop a piece of land at Penampang, Sabah into residential/commercial development by the construction thereon 83 units of retail shop and 320 units of SOVO ("the said Project").

SGSB and Jesselton are desirous of joint venturing with each other in respect of the said Project and to that end, agree amongst others, to cooperate in the planning and designing of all the units in the said Project in accordance with the development plans, building, engineering structural and other requisite plans and specifications relating to the said Project which have been agreed to between both parties subject to the approval(s) by the Appropriate Authorities or such addition, variation, alternation or amendment (including but not limited to the Variation of Plans (as defined)) and further subject to the terms and conditions appearing herein the JVA.

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 13 August 2013, 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) Memorandum of Understanding ("MOU") between Daya OCI Sdn. Bhd. ("DOCI"), a subsidiary of Daya Materials Berhad ("DMB") with Cesti Technologies Sdn. Bhd. ("CESTECH")

On 3 September 2012, the Board announced that DOCI, a subsidiary of DMB had on 3 September 2012 entered into a MOU with CESTECH. The purpose of the MOU is to jointly participate in the marketing with technical presentation, preparation and submission of tenders for relevant projects in oil and gas sectors, and upon issuance of the letter of award, both DOCI and CESTECH shall jointly undertake, manage and complete the projects.

(v) Subscription in Reach Energy Sdn Bhd for RM8,000,002.80

On 29 July 2013, the Board announced that DMB had on 26 July 2013, entered into a subscription agreement ("Subscription Agreement") with Reach Energy Sdn Bhd ("Reach Energy") for the subscription of the following:

(a) 533,334 redeemable convertible preference shares of RM0.01 each ("RCPS") at an issue price of RM4.50 each in Reach Energy for a consideration of RM2,400,003.00 ("RCPS Subscription"); and

(b) 12,444,444 ordinary shares of RM0.01 each ("Shares") together with 12,444,444 free detachable Warrants at an issue price of RM0.45 per Share in Reach Energy for a consideration of RM5,599,999.80 ("Shares Subscription").

Each RCPS subscribed will be convertible into 10 Shares together with 10 free detachable warrants of Reach Energy upon receipt of approval from the Securities Commission for the Proposed IPO (as defined below).

DMB has fully paid for the RCPS Subscription on the even date.

Reach Energy proposes to undertake an initial public offering and listing on the Main Market of Bursa Malaysia Securities Berhad as a Special Purpose Acquisition Company ("SPAC") ("Proposed IPO") focused on the oil and gas industry.

The Subscription will enable DMB to invest in Reach Energy, a company which will be an oil and gas exploration and production company, once it completes its qualifying acquisition.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

		Payable within	Payable after	Total
	Note	12 months	12 months	Outstanding
		RM'000	RM'000	RM'000
Trade facilities (Secured)		67,365	-	67,365
Hire purchases (Secured)		1,171	4,114	5,285
Overdraft (Unsecured)		5,878	-	5,878
Term loans (Secured)		11,573	44,267	55,840
Redeemable Convertible Secured Loan Notes ("RCSLN")	(i)	-	-	-
		<u>85,987</u>	<u>48,381</u>	<u>134,368</u>

The 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.

(i) The proceeds received from the issue of the RCSLN have been split between the liability component and the equity component, representing the fair value of the conversion option. The RCSLN has been fully redeemed in May 2013 and are accounted for in statement of financial position of the Group as follows:

	CUMULATIVE QUARTER	
	CURRENT	PRECEDING
	YEAR TO DATE	YEAR
	30.06.2013	CORRESPON-
	RM'000	DING PERIOD
		30.06.2012
		RM'000
Nominal value	-	5,000
Add: Discount on convertible notes	-	108
Less: Unamortised discount	-	(174)
	<u>-</u>	<u>4,934</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B8 Group's borrowings and debt securities (cont'd)

The amounts recognised in the statement of financial position of the Group may be analysed as follows:-

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30.06.2013 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.06.2012 RM'000
Liability component:-		
Nominal value of the convertible notes	-	5,000
Add: Discount on convertible notes	-	108
	<hr/>	<hr/>
	-	5,108
Equity component, net of deferred tax	-	(209)
Deferred tax liability	-	(69)
	<hr/>	<hr/>
	<hr/>	<hr/>
	-	4,830

B9 Material litigations

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2012 and 13 August 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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 RM1,942,000 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) installments, 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 installments, the 1st and 2nd Defendants become liable for the payment of the entire sum claimed of RM1,942,250 less any installments paid. The 1st and 2nd Defendants have also agreed to provide security for the installments 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 installments shall fall due as at the date of default. On 16th August 2011, the Court granted Judgment against the 3rd, 4th and 5th defendants for the sum claimed of RM1,942,000 with costs and interest .

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B9 Material litigations (cont'd)

The first installment payment of RM100,000 from the first and second Defendants, is due on or before the 31 December 2011. On 29 December 2011, the first and second Defendants has appeal for the deferment of first installment payment of RM100,000 with a full settlement by end of April 2012. On 30 April 2012, the first and second Defendants has again appeal 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 pledged of commitments. On 16 May 2012 and 10 July 2012, DSSB received the cheque of RM10,000 from the first and second Defendants on each date.

Thereafter, DSSB has not received the full settlement as appealed by the first and second Defendants which was due on 31 August 2012. DSSB has reserve its right for further legal considerations on the matter.

B10 Proposed Dividends

No interim dividends has been declared for the current quarter under review.

The Company had propose a final single tier dividends of 2.5% in respect of the financial year ended 31 December 2012. These final dividends payable will be proposed for shareholders' approval at the forthcoming Annual General Meeting and has been paid on 15 August 2013.

B11 Earnings per share**a) Basic earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2013	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2012	CURRENT YEAR TO DATE 30.06.2013	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2012
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	6,744	5,718	11,775	8,658
Weighted average number of shares in issue ('000)	1,239,990	1,223,491	1,231,784	1,217,323
Basic earnings per share (sen)	<u>0.54</u>	<u>0.47</u>	<u>0.96</u>	<u>0.71</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B11 Earnings per share (cont'd)**b) Diluted earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2013	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2012	CURRENT YEAR TO DATE 30.06.2013	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2012
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	6,744	5,718	11,775	8,658
Effect of dilution (RM'000)	-	5	-	5
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	6,744	5,723	11,775	8,663
Weighted average number of shares in issue ('000)	1,239,990	1,223,491	1,231,784	1,217,323
Effect of dilution ('000)	-	3,255	-	1,627
Adjusted weighted average number of shares in issue ('000)	1,239,990	1,226,746	1,231,784	1,218,950
Diluted earnings per share (sen)	<u>0.54</u>	<u>0.47</u>	<u>0.96</u>	<u>0.71</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR TO DATE	YEAR
	QUARTER	CORRESPONDING QUARTER	CURRENT	CORRESPONDING PERIOD
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	1,595	1,002	2,910	2,089
Depreciation on property, plant and equipment	1,549	743	2,917	1,792
Depreciation on investment property	(i) (3)	4	7	8
Amortisation on intangible assets	47	1	72	18
Discount on convertible loan notes	-	304	-	283
Property, plant and equipment written off	-	6	-	8
Net foreign exchange loss	-	39	-	668
and after crediting:				
Interest income	443	362	685	756
Rental income	128	145	283	274
Reversal of discount on convertible loan notes	53	-	95	-
Reversal of allowance for impairment loss	10	-	39	-
Gain on disposal of property, plant & equipment	208	1,638	208	2,049
Net foreign exchange gain	12	-	44	-
Fair value gain on marketable securities	17	(4)	17	8

(i) Negative balance denotes reversal of over-depreciation on investment property in the first quarter.

There is no any impairment of other assets and gain or loss on derivatives.

B13 Realised and Unrealised Profits/Losses

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B13 Realised and Unrealised Profits/Losses (cont'd)

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

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
	30.06.2013	31.12.2012
	RM'000	RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	133,960	117,989
- Unrealised losses	(491)	(290)
	<u>133,469</u>	<u>117,699</u>
Less: Consolidated adjustments	(33,658)	(29,663)
Total group retained earnings as per consolidated accounts	<u><u>99,811</u></u>	<u><u>88,036</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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.

B14 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 was unqualified.

By Order of the Board

Tham Jooi Loon
Managing Director

Date: 20 August 2013