



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 30 September 2013

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 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2012 RM'000	CURRENT YEAR TO DATE 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2012 RM'000
Revenue	142,378	72,881	373,581	178,615
Cost of Sales	(117,013)	(60,116)	(312,352)	(141,080)
Gross Profit	<u>25,365</u>	<u>12,765</u>	<u>61,229</u>	<u>37,535</u>
Other Income	559	1,864	1,911	5,125
Operating Expenses	(14,160)	(5,766)	(31,135)	(22,845)
Profit from operations	<u>11,764</u>	<u>8,863</u>	<u>32,005</u>	<u>19,815</u>
Finance Costs	(1,748)	(850)	(4,658)	(2,939)
Share of results of jointly controlled entities	<u>79</u>	<u>70</u>	<u>306</u>	<u>4,832</u>
Profit before tax	10,095	8,083	27,653	21,708
Income tax expense	<u>(2,977)</u>	<u>(1,766)</u>	<u>(8,371)</u>	<u>(6,737)</u>
Profit for the period	<u><u>7,118</u></u>	<u><u>6,317</u></u>	<u><u>19,282</u></u>	<u><u>14,971</u></u>
Attributable to :				
Equity holders of the Company	7,218	6,329	18,993	14,986
Non-controlling interests	<u>(100)</u>	<u>(12)</u>	<u>289</u>	<u>(15)</u>
	<u><u>7,118</u></u>	<u><u>6,317</u></u>	<u><u>19,282</u></u>	<u><u>14,971</u></u>
Earnings per share (sen):				
Basic	<u>0.58</u>	<u>0.52</u>	<u>1.54</u>	<u>1.23</u>
Diluted*	<u>0.58</u>	<u>0.50</u>	<u>1.54</u>	<u>1.22</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.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2012 RM'000	CURRENT YEAR TO DATE 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2012 RM'000
Profit for the period	<u>7,118</u>	<u>6,317</u>	<u>19,282</u>	<u>14,971</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	3	-	14	12
Total comprehensive income for the period, net of tax	<u>7,121</u>	<u>6,317</u>	<u>19,296</u>	<u>14,983</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	7,221	6,329	19,007	14,998
Non-controlling interests	<u>(100)</u>	<u>(12)</u>	<u>289</u>	<u>(15)</u>
	<u>7,121</u>	<u>6,317</u>	<u>19,296</u>	<u>14,983</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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

(The figures have not been audited)

	UNAUDITED 30.09.2013 RM'000	AUDITED 31.12.2012 RM'000
Non Current Assets		
Property, plant and equipment	111,237	105,582
Land held for property development	11,135	10,475
Investment properties	8,806	1,195
Intangible assets	84,894	83,897
Investment in jointly controlled entities	2,849	2,391
Available-for-sale financial asset	2,400	-
Other receivable	256	728
	<u>221,577</u>	<u>204,268</u>
Current Assets		
Inventories	12,399	14,098
Trade receivables	121,873	48,141
Other receivables	42,050	24,453
Other current assets	53,820	40,125
Tax recoverable	2,673	1,611
Financial assets at fair value through profit or loss	137	108
Cash and cash equivalents	69,679	66,412
	<u>302,631</u>	<u>194,948</u>
Current Liabilities		
Trade payables	52,651	25,121
Other payables	79,927	60,516
Provisions	5,513	325
Tax payables	4,288	812
Loans and borrowings	79,231	40,348
	<u>221,610</u>	<u>127,122</u>
Net Current Assets	81,021	67,826
	<u>302,598</u>	<u>272,094</u>
Financed by:		
Share capital	126,303	123,400
Reserves	126,211	107,568
	252,514	230,968
Non-controlling interests	936	(54)
	<u>253,450</u>	<u>230,914</u>
Non Current Liabilities		
Deferred tax liabilities	198	199
Loans and borrowings	48,950	40,981
	49,148	41,180
	<u>302,598</u>	<u>272,094</u>
Net assets per share (sen)	<u>19.99</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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->								
	<----- Non-Distributable ----->						Distributable		
	Share capital	Share premium	Equity component of RCSLN	Foreign Currency Translation Reserve	Treasury Shares	Retained earnings	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 Translation 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 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>
Total comprehensive income for the period	-	-	-	3	-	7,218	7,221	(100)	7,121
Transactions with owners:									
Dividends paid	-	-	-	-	-	(3,118)	(3,118)	-	(3,118)
Disposal of treasury shares	-	338	-	-	459	-	797	-	797
At 30 September 2013	<u>126,303</u>	<u>24,607</u>	<u>-</u>	<u>292</u>	<u>(2,599)</u>	<u>103,911</u>	<u>252,514</u>	<u>936</u>	<u>253,450</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.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.09.2013 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2012 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	27,653	28,386
Adjustments for:		
Share of results of joint ventures	(306)	(1,480)
Reversal of discount on convertible loan notes	(95)	(30)
Amortisation on intangible assets	83	86
Depreciation on property, plant and equipment	4,219	4,359
Depreciation on investment property	11	15
Gain on disposal of property, plant & equipment	(154)	(2,962)
Property, plant and equipment written off	-	8
Gain on disposal of marketable securities	-	(7)
Fair value (gain) / loss on financial assets at fair value through profit or loss	(29)	11
Dividends income	-	(6)
Finance costs	4,658	4,068
Interest income	(998)	(1,212)
Unrealised foreign exchange loss	50	91
Allowance for impairment loss	500	743
Development expenditures incurred	(660)	(90)
Reversal of allowance for impairment loss	(46)	(90)
Operating profit before working capital changes	34,886	31,890
Changes in working capital:		
Inventories	1,699	84
Trade and other receivables	(86,698)	13,719
Other current assets	(13,695)	(17,510)
Trade and other payables	43,321	(11,836)
Provisions	5,188	(1,384)
Cash (used in) / generated from operations	(15,299)	14,963
Finance cost paid	(4,658)	(4,068)
Income tax paid	(6,081)	(8,221)
Net Cash (Used In) / Generated From Operating Activities	(26,038)	2,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,438)	(6,502)
Purchase of land held for property development	-	(10,384)
Purchase of investment property	(7,622)	-
Proceeds from disposal of property, plant and equipment	1,743	3,483
Purchase of intangible assets	(250)	(98)
Purchase of available-for-sale financial asset	(2,400)	-
Acquisition of a subsidiary	(1,135)	-
Acquisition of joint venture companies	(152)	-
Proceeds from issuance of shares to non-controlling shareholder of a subsidiary	70	131
(Increase) / Decrease in pledged deposits placed with licensed banks	(5,946)	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	998	1,212
Net Cash Used In Investing Activities	(26,132)	(6,644)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.09.2013 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(12,289)	(9,809)
Proceeds from loans and borrowings	56,660	27,274
Purchase of treasury shares	(9)	(2,732)
Disposal of treasury shares	797	-
Dividends paid	(3,118)	(3,074)
Net Cash Generated From Financing Activities	42,041	11,659
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		
	(10,129)	7,689
Effect of exchange rate fluctuations on cash held	15	107
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	40,357	32,561
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30,243	40,357
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Cash and bank balances	34,392	33,010
Fixed deposits with licenced banks	34,849	29,781
Short term investments	438	3,621
Bank overdraft	(10,241)	(2,806)
	59,438	63,606
Less: Deposits pledged	(29,195)	(23,249)
	30,243	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)	(133)
Payables and accruals	(3,570)	(3,570)
Net identifiable assets and liabilities	1,701	1,701
Non-controlling interests		(839)
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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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 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

These condensed consolidated interim financial statements, for the period ended 30 September 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
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

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A2 Significant Accounting Policies (cont'd)

FRSs and Interpretations (cont'd)	Effective for financial periods beginning on or after
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.

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.

Resale of Treasury Shares

The Company had re-sold its treasury shares in the open market on 19 September 2013 for 2,500,000 ordinary shares at RM0.320 per share for a total cash consideration of RM797,160 net of brokerage, stamping and clearance fees. The credit difference arose between the sales consideration and the carrying amount of the treasury shares were recognised in the share premium account.

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A7 Dividends paid

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

	30.09.2013	31.12.2012
Final dividends for the financial year	31 December 2012	31 December 2011
Approved and declared on	18 June 2013	26 June 2012
Date paid	15 August 2013	15 August 2012
Number of ordinary shares on which dividends were paid	1,232,799,052	1,229,607,650
Amount per share	0.25 sen single tier dividends	0.25 sen single tier dividends
Net dividends paid (RM)	3,118,295	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 Services	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,203	199,900	157,478	330	373,911
Inter-segment revenue	-	-	-	(330)	(330)
External revenue	<u>16,203</u>	<u>199,900</u>	<u>157,478</u>	<u>-</u>	<u>373,581</u>
Segment Results	166	26,847	6,143	(367)	32,789
Unallocated Results					<u>(784)</u>
Profit from Operations					32,005
Finance Costs					(4,658)
Share of results of jointly controlled entities					306
Profit Before Tax					<u>27,653</u>
Income Tax Expense					(8,371)
Profit After Tax					<u><u>19,282</u></u>

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

Geographical Segment

	Revenue RM'000
Malaysia	363,461
Foreign Countries	10,120
Consolidated	<u><u>373,581</u></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.

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A10 Intangible assets

	Goodwill	Software	License	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2012	83,491	400	-	83,891
Additions	-	98	-	98
At 31 December 2012/1 January 2013	83,491	498	-	83,989
Additions	-	98	152	250
Acquisition of a subsidiary	830	-	-	830
At 30 September 2013	84,321	596	152	85,069
Accumulated amortisation				
At 1 January 2012	-	6	-	6
Amortisation	-	86	-	86
At 31 December 2012/1 January 2013	-	92	-	92
Amortisation	-	83	-	83
At 30 September 2013	-	175	-	175
Net carrying amount:				
At 1 January 2012	83,491	394	-	83,885
At 31 December 2012/1 January 2013	83,491	406	-	83,897
At 30 September 2013	84,321	421	152	84,894

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A11 Other Current Assets

		AS AT END OF CURRENT QUARTER	PRECEDING YEAR CORRESPON- DING PERIOD
	Note	30.09.2013 RM'000	31.12.2012 RM'000
Amount due from customers on contracts	(i)	49,675	38,765
Prepayments		4,145	1,360
		<u>53,820</u>	<u>40,125</u>

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

		AS AT END OF CURRENT QUARTER	PRECEDING YEAR CORRESPON- DING PERIOD
		30.09.2013 RM'000	31.12.2012 RM'000
Aggregate costs incurred to date		640,571	267,751
Add: Attributable profits		57,811	32,689
		<u>698,382</u>	<u>300,440</u>
Less: Progress billings		(648,707)	(261,675)
		<u>49,675</u>	<u>38,765</u>

A12 Subsequent Events

There were no material events subsequent to the current financial quarter ended 30 September 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:

Acquisition of a joint venture company

Daya Petroleum Ventures Sdn Bhd ("DPV") had on 15 August 2013 entered into a Shareholders and Joint Venture Agreement ("SJVA") with Cutech Solutions & Services Pte. Ltd. ("CUTECH") and Wiramas Baiduri Sdn. Bhd. ("WIRAMAS") to jointly venture into the businesses of provision of inspection services, non-destructive testing ("NDT") and advanced NDT services, cathodic protection, piping and fabrication projects, underwater and subsea services, technical training and certification services, technical manpower outsourcing, engineering, procurement and construction projects, electrical and mechanical projects in Malaysia ("the Businesses") (Proposed Joint Venture). The Businesses shall be undertaken by a single-purpose joint venture company named Daya Cutech Inspection Services Sdn. Bhd. ("DCIS").

On 28 August 2013, DPV acquired 2 ordinary shares of RM1.00 each in DCIS, for a cash consideration of RM1 for each ordinary shares from Dato' Mazlin Bin Md Junid and Shahul Hamid bin Mohd Ismail. On the same date, DPV, CUTECH and WIRAMAS has further subscribed 49,998, 30,000 and 20,000 ordinary shares of RM1.00 each in DCIS for a total cash consideration of RM49,998, RM30,000 and RM20,000 respectively as part of the arrangement for the Proposed Joint Venture ("Shares Subscription").

With the above Shares Subscription, the Proposed Joint Venture had been duly completed on 28 August 2013.

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A14 Contingent Assets and Contingent Liabilities

As at 30 September 2013, the Company provides corporate guarantees up to a total amount of RM353,242,853 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 RM184,018,087.

As at 30 September 2013, the Company also provides corporate guarantees up to a total amount of RM4,850,000 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 RM601,554.

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

A15 Capital Commitments

	As at 30.09.2013 RM'000
Contracted and not provided for:	<u>1,183</u>
Approved but not contracted for:	<u>1,622</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	Balance due at	Transaction for the period ended	Balance due at
	30.09.2013	30.09.2013	30.09.2012	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Interest income charged on housing loan to a director	45	-	68	-
Housing loan to a director	-	849	-	1,409
	<u>-</u>	<u>849</u>	<u>-</u>	<u>1,409</u>

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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 September 2013 was recorded at RM4.535 million, an increase of 13% from RM4.029 million recorded in the previous year corresponding quarter.

Consequently, the increase in revenue in the Polymer Segment has resulted in a segment profit of RM121 thousand for the quarter ended 30 September 2013.

(ii) Oil & Gas segment

The Group has recorded a higher revenue in the Oil & Gas Segment of RM85.549 million for the quarter ended 30 September 2013, indicating a significant increase in revenue by 515% from RM13.919 million recorded in the previous year corresponding quarter. Higher revenue in the current quarter in the Oil & Gas Segment was mainly due to sales recognition on the offshore cable laying project.

(iii) Technical Services segment

The Group achieved a lower revenue on Technical Services segment of RM52.293 million for the quarter ended 30 September 2013, a slight decrease of 5% as compared to RM54.933 million recorded in the previous year corresponding quarter. The slight decrease in the revenue in the Technical Services Segment was mainly due to the completion of construction works done with Gemesis Malaysia Sdn. Bhd. and Malaysian Automative Lighting Sdn. Bhd.

All in all, the Group recorded revenue of RM142.378 million for the quarter ended 30 September 2013, an increase of 95% as compared to RM72.881 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 only 25% to RM10.095 million. The slight improvement in profits was mainly attributable to the higher sales contribution from the subsea offshore business in the Oil and Gas segment which carried lower profit margin than the traditional chemical sales.

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

(i) Polymer segment

The Group achieved revenue of RM16.203 million on the Polymer Segment for the financial period ended 30 September 2013, a slight increase of 3% from RM15.686 million recorded in the previous financial period. The revenue achieved in the Polymer Segment remained rather consistent in the current financial period.

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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 RM199.900 million on the Oil & Gas Segment for the financial period ended 30 September 2013, a significant increase in revenue by 166% as compared to RM75.012 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 sales recognised on the offshore cable laying projects during the period ended 30 September 2013.

(iii) Technical Services segment

The Group achieved revenue of RM157.478 million on the Technical Services Segment for the financial year ended 30 September 2013, a significant increase of 79% from RM87.917 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 RM373.581 million for the period ended 30 September 2013, an increase of 109% from RM178.615 million recorded in the previous financial period ended 30 September 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 RM27.653 million for the financial period ended 30 September 2013, representing an increase of 27% over RM21.708 million recorded for previous financial period ended 30 September 2012.

B2 Variation of results against preceding quarter

	Quarter ended	Quarter ended
	30.09.2013	30.6.2013
	RM'000	RM'000
Revenue	142,378	131,052
Profit before tax	10,095	10,022

For the quarter ended 30 September 2013, the Group has recorded higher revenue of RM142.378 million, a slight increase of 9% as compared to RM131.052 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 profit before tax of RM10.095 million, a slight increase of 0.73% as compared to RM10.022 million in the preceding quarter.

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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 has been a key pillar of growth for the Group, and will become even more so going forward with the long-term charter of Siem Daya 1 (SD1) and Siem Daya 2 (SD2), both newbuilt offshore subsea construction vessels (OSCVs). SD1 had been launched in September 2013 while SD2 is expected to be launched in December 2013. Both of these vessels have been earmarked for deployment in North Sea for two long-term Technip contracts.

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.

On the downstream side, downstream chemicals and specialized lifting services have performed well and will continue to contribute positively.

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.

B4 Profit forecast

Not applicable.

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B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
In respect of the current period:				
Malaysian income tax	2,974	1,868	8,362	6,844
Deferred tax expense / (income)	3	(102)	9	(107)
	<u>2,977</u>	<u>1,766</u>	<u>8,371</u>	<u>6,737</u>

The Group's effective tax rate for the quarter under review at 29% was 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 November 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 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.

On 3 September 2013, the Board announced that the MOU expired on 3 September 2013 in accordance with the terms and conditions of the MOU and that DOCI and CESTECH do not intend to extend the MOU. The MOU was deemed terminated as of 3 September 2013.

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B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company and completed as at 13 November 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) Proposed Joint Venture between Daya Petroleum Ventures Sdn Bhd, A Subsidiary of DMB, Cutech Solutions & Services Pte Ltd and Wiramas Baiduri Sdn Bhd

Daya Petroleum Ventures Sdn Bhd ("DPV") had on 15 August 2013 entered into a Shareholders and Joint Venture Agreement ("SJVA") with Cutech Solutions & Services Pte. Ltd. ("CUTECH") and Wiramas Baiduri Sdn. Bhd. ("WIRAMAS") to jointly venture into the businesses of provision of inspection services, non-destructive testing ("NDT") and advanced NDT services, cathodic protection, piping and fabrication projects, underwater and subsea services, technical training and certification services, technical manpower outsourcing, engineering, procurement and construction projects, electrical and mechanical projects in Malaysia ("the Businesses") (Proposed Joint Venture). The Businesses shall be undertaken by a single-purpose joint venture company named Daya Cutech Inspection Services Sdn. Bhd. ("DCIS").

On 28 August 2013, DPV acquired 2 ordinary shares of RM1.00 each in DCIS, for a cash consideration of RM1 for each ordinary shares from Dato' Mazlin Bin Md Junid and Shahul Hamid bin Mohd Ismail. On the same date, DPV, CUTECH and WIRAMAS has further subscribed 49,998, 30,000 and 20,000 ordinary shares of RM1.00 each in DCIS for a total cash consideration of RM49,998, RM30,000 and RM20,000 respectively as part of the arrangement for the Proposed Joint Venture ("Shares Subscription").

With the above Shares Subscription, the Proposed Joint Venture had been duly completed on 28 August 2013.

(iii) Proposed Joint Venture between Daya Sheffield Sdn Bhd, A Joint Venture Company of Daya OCI Sdn Bhd and Connect Energy Services Pte Ltd

On 11 September 2013, the Board announced that Daya Sheffield Sdn Bhd ("DSFSB"), a joint venture company of Daya OCI Sdn. Bhd. ("DOCI"), which in turn is a subsidiary of DMB, had on 11 September 2013 entered into a Joint Venture agreement ("JVA") with Connect Energy Services Pte. Ltd. ("Connect Energy") to undertake the provision of manpower services to Songa Offshore Malaysia Sdn. Bhd. ("Proposed Joint Venture").

The Proposed Joint Venture is to participate in an unincorporated joint venture to undertake the provision of manpower services to Songa Offshore Malaysia Sdn. Bhd. which shall provide reasonable returns to DSFSB and Connect Energy. The Proposed Joint Venture is expected to contribute positively to the future profitability and cash flow of DMB as well as the stability of its future income stream.

(iv) 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.

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B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company and completed as at 13 November 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):

(v) Memorandum of understanding ("MOU") between Daya Land & Development Sdn Bhd ("DLD"), A Wholly-Owned Subsidiary of DMB and Chang Cheng Realty Sdn Bhd ("CCR")

In relation to the Memorandum of Understanding entered into between DLD and CCR and the Letter of Award for the works under the proposed construction of 40 units 4-Storeys & 8 units 3-Storeys Shop Offices & 1 Block of 28-Storeys Retail/Showroom/Service Suits on Four (4) parcels of empty land held located at Jalan Pintas in the District of Penampang, Sabah, Malaysia (hereinafter referred to as "the Project") awarded by CCR to Daya CMT Sdn Bhd ("DCMT"), the Board announced on 9 October 2013 that given DCMT's significant amount of order book on hand and its resource deployment strategy, both DLD and CCR have mutually agreed to re-award the construction works on an open tender basis. DLD will be appointed by the developer of the Project, Semangat Global Sdn Bhd, to assume the role of a Project Management Company to manage the Project until its completion.

The status of a corporate proposal announced by the Company but not completed as at 13 November 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").

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.

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B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 13 November 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):

(iii) 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.

(iv) Proposed Joint Venture between Daya Petroleum Ventures Sdn Bhd, A Subsidiary of DMB, Pt. Singgar Mulia and Globalstroy Engineering India Pty Ltd, A Wholly-Owned Affiliate of Open Joint Stock Company, Globalstroy Engineering Services

On 16 October, the Board announced that Daya Petroleum Ventures Sdn. Bhd. ("DPV"), a subsidiary of DMB, had entered into a Shareholders and Joint Venture Agreement ("SJVA") with PT. Singgar Mulia ("SINGGAR MULIA") and Globalstroy Engineering India Pty Ltd ("GLOBALSTROY"), a wholly-owned affiliate of Open Joint Stock Company, Globalstroy Engineering Services to jointly venture into design engineering services business opportunities ("the Business") ("Proposed Joint Venture"). The Business shall be undertaken by a single-purpose joint venture company ("JV Company").

The Proposed Joint Venture is to invest and develop design engineering services business opportunities. The completion of the Proposed Joint Venture will mark another milestone for the DMB Group in providing full-fledged exploration and production ("E&P") support services for the oil & gas industry. The Proposed Joint Venture is expected to contribute positively to the future profitability and cash flow of DMB as well as the stability of its future income stream.

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B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 13 November 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):

(v) Proposed Private Placement of Up To 10% of the Issued and Paid-Up Share Capital of DMB ("Proposed Private Placement")

On 21 October 2013, the Board announced that DMB proposes to undertake a private placement of new ordinary shares of RM0.10 each in DMB ("DMB Shares"), representing up to 10% of the issued and paid-up share capital of the Company ("Placement Shares"). The Proposed Private Placement is proposed to be implemented pursuant to a prior approval obtained pursuant to Section 132D of the Companies Act, 1965 from shareholders of DMB in a general meeting held on 18 June 2013.

Based on the issued and paid-up share capital of DMB as at 18 October 2013 of RM125,781,705 comprising 1,257,817,054 DMB Shares (excluding treasury shares), the number of Placement Shares to be issued under the Proposed Private Placement would be up to 125,781,705 Placement Shares, representing up to 10% of the issued and paid-up share capital of DMB as at 18 October 2013. The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the issued and paid-up share capital of DMB at any point in time upon obtaining all the relevant approvals.

Subject to the prevailing market conditions, the Proposed Private Placement may be implemented in multiple tranches within 6 months from the date of approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, and provided that the Placement Shares to be issued when aggregated with the nominal value of such shares or convertible securities issued during the preceding 12 months, does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of DMB.

The Board is of the view that the Proposed Private Placement is the most appropriate method of raising funds as the Proposed Private Placement:

(i) will enable the DMB Group to raise funds without incurring interest cost as compared to bank borrowings or issuance of debt instruments; and

(ii) provides the most effective way of raising fund as compared to a pro-rata issuance of securities such as a right issue, in view of the expected timeframe for completion of the exercise.

On 28 October 2013, the Board have submitted the additional listing application to Bursa Securities and the application to the Ministry of International Trade and Industry pursuant to the Proposed Private Placement and subsequently on 30 October 2013, Bursa Securities has approved the listing of and quotation for 125,781,705 new DMB Shares to be issued pursuant to the Proposed Private Placement subject to certain conditions.

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B8 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
Trade facilities (Secured)		58,500	-	58,500
Hire purchases (Secured)		1,094	3,970	5,064
Overdraft (Unsecured)		10,241	-	10,241
Term loans (Secured)		9,396	44,980	54,376
Redeemable Convertible Secured Loan Notes ("RCSLN")	(i)	-	-	-
		<u>79,231</u>	<u>48,950</u>	<u>128,181</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 YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2013 RM'000	30.09.2012 RM'000
Nominal value	-	5,000
Add: Discount on convertible notes	-	120
Less: Unamortised discount	-	(174)
	<u>-</u>	<u>4,946</u>

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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	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2013 RM'000	30.09.2012 RM'000
Liability component:-		
Nominal value of the convertible notes	-	5,000
Add: Discount on convertible notes	-	120
	-	5,120
Equity component, net of deferred tax	-	(131)
Deferred tax liability	-	(43)
	-	4,946

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 November 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

- (i) 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 .

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.

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B9 Material litigations (cont'd)

- (ii) On 26 August 2013, Daya CMT Sdn. Bhd. ("DCMT"), a wholly-owned subsidiary of DMB had received a letter dated 20 August 2013 accompanied with a Writ and Statement of Claim dated 16 August 2013 ("the Writ and Statement of Claim") via registered post from Messrs Soon Eng Thye & Co., the advocates and solicitors acting for and on behalf of Million Aim Sdn. Bhd. ("Million Aim") for a claim of RM2,250,000.00, with interest at 5% per annum and the related costs for the claim in relation to reinforced concrete structured works carried out by Million Aim, as sub-contractor. on the superstructure works for the project awarded to DCMT by Dreammont Development Sdn Bhd on 24.09.2012 ("the IOI Project").

Million Aim's claim is based on a purported Statement of Final Accounts, which was signed off by the former CEO of DCMT, Jimmy Liew Hock Leong ("Jimmy Liew"). Million Aim is claiming for the sum of RM2,250,000.00 with interest at 5% per annum as well as costs.

DCMT is disputing the said RM2,250,000 claimed by Million Aim, inter alia for the poor performance of Million Aim in giving rise to the delays and defective works on the IOI Project, which culminated in DCMT's mutual withdrawal from the IOI Project. In this regard, DCMT is also counterclaiming inter alia for damages and loss of profits.

DCMT is also counterclaiming against Million Aim for its breaches as sub-contractor in another project awarded to DCMT by Yuk Tung Land Sdn Bhd on 02.05.2012 ("Yuk Tung Project").

In addition to the counterclaim for breaches under the IOI Project and Yuk Tung Project, DCMT is also counterclaiming against Million Aim and Jimmy Liew for conspiracy in inter alia the appointment of Million Aim as DCMT's sub-contractor and/or the finalisation of the Final Accounts.

In relation thereto, Million Aim filed an application under Order 14 of the Rules of Court 2012 for Summary Judgment and the same was fixed for hearing on 14.11.2013. The Summary Judgment application has been dismissed and the matter is set down for trial on 26 February 2014.

The maximum expected losses from the Writ and Statement of Claim, if any, is RM2,250,000.00, with interest at 5% per annum and costs. The claim has no reasonably foreseeable material financial and operational impact on DMB.

DCMT has appointed Messrs. Zain Megat & Murad (Advocates & Solicitors) to inter alia resist Million Aim's claim as well as DCMT's counterclaim against Million Aim and Jimmy Liew.

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 has been approved by shareholders at the Tenth Annual General Meeting and has been paid on 15 August 2013.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B11 Earnings per share

a) Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	7,218	6,329	18,993	14,986
Weighted average number of shares in issue ('000)	1,247,647	1,226,972	1,237,129	1,220,563
Basic earnings per share (sen)	<u>0.58</u>	<u>0.52</u>	<u>1.54</u>	<u>1.23</u>

b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	7,218	6,329	18,993	14,986
Effect of dilution (RM'000)	-	3	-	9
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	7,218	6,332	18,993	14,995
Weighted average number of shares in issue ('000)	1,247,647	1,226,972	1,237,129	1,220,563
Effect of dilution ('000)	-	27,395	-	10,279
Adjusted weighted average number of shares in issue ('000)	1,247,647	1,254,367	1,237,129	1,230,842
Diluted earnings per share (sen)	<u>0.58</u>	<u>0.50</u>	<u>1.54</u>	<u>1.22</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 YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	1,748	850	4,658	2,939
Depreciation on property, plant and equipment	1,302	1,405	4,219	3,197
Depreciation on investment property	4	4	11	11
Amortisation on intangible assets	11	46	83	64
Discount on convertible loan notes	-	11	-	(41)
Allowance for impairment loss	500	-	500	-
Property, plant and equipment written off	-	-	-	8
Net foreign exchange loss	72	44	27	712

and after crediting:

Interest income	313	366	998	1,122
Rental income	141	152	424	426
Reversal of discount on convertible loan notes	-	-	95	-
Reversal of allowance for impairment loss	7	-	46	-
Gain on disposal of property, plant & equipment	3	1,175	154	3,329
Fair value gain on marketable securities	12	-	29	8

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
	30.09.2013	31.12.2012
	RM'000	RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	133,078	117,989
- Unrealised losses	(1,181)	(290)
	<u>131,897</u>	<u>117,699</u>
Less: Consolidated adjustments	(27,986)	(29,663)
Total group retained earnings as per consolidated accounts	<u><u>103,911</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: 19 November 2013