



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2013

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.12.2013 RM'000	31.12.2012 # RM'000	31.12.2013 RM'000	31.12.2012 # RM'000
Revenue	139,956	98,314	513,537	276,929
Cost of Sales	(147,020)	(80,406)	(459,372)	(221,486)
Gross Profit	<u>(7,064)</u>	<u>17,908</u>	<u>54,165</u>	<u>55,443</u>
Other Income	1,941	601	3,853	5,723
Operating Expenses	(9,112)	(7,351)	(40,248)	(30,192)
(Loss)/Profit from operations	<u>(14,235)</u>	<u>11,158</u>	<u>17,770</u>	<u>30,974</u>
Finance Costs	(1,532)	(1,128)	(6,190)	(4,068)
Share of results of jointly controlled entities	<u>232</u>	<u>(3,352)</u>	<u>538</u>	<u>1,480</u>
(Loss)/Profit before tax	(15,535)	6,678	12,118	28,386
Income tax expense	<u>319</u>	<u>(1,533)</u>	<u>(8,052)</u>	<u>(8,270)</u>
(Loss)/Profit for the period	<u><u>(15,216)</u></u>	<u><u>5,145</u></u>	<u><u>4,066</u></u>	<u><u>20,116</u></u>
Attributable to :				
Equity holders of the Company	(15,583)	5,184	3,410	20,171
Non-controlling interests	<u>367</u>	<u>(39)</u>	<u>656</u>	<u>(55)</u>
	<u><u>(15,216)</u></u>	<u><u>5,145</u></u>	<u><u>4,066</u></u>	<u><u>20,116</u></u>
Earnings per share (sen):				
Basic	<u>(1.24)</u>	<u>0.43</u>	<u>0.27</u>	<u>1.65</u>
Diluted*	<u>(1.24)</u>	<u>0.43</u>	<u>0.27</u>	<u>1.63</u>

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

* 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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(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING
	QUARTER	CORRESPONDING	YEAR TO DATE	YEAR
	31.12.2013	31.12.2012 #	31.12.2013	31.12.2012 #
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	<u>(15,216)</u>	<u>5,145</u>	<u>4,066</u>	<u>20,116</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	1,182	94	1,196	4
Total comprehensive (loss)/income for the period, net of tax	<u>(14,034)</u>	<u>5,239</u>	<u>5,262</u>	<u>20,120</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	(14,401)	5,278	4,606	20,175
Non-controlling interests	367	(39)	656	(55)
	<u>(14,034)</u>	<u>5,239</u>	<u>5,262</u>	<u>20,120</u>

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

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 31 DECEMBER 2013

(The figures have not been audited)

	UNAUDITED 31.12.2013 RM'000	AUDITED 31.12.2012 RM'000
Non Current Assets		
Property, plant and equipment	109,809	105,582
Land held for property development	11,294	10,475
Investment properties	9,643	1,195
Intangible assets	85,068	83,897
Deferred tax assets	2,178	-
Investment in jointly controlled entities	3,081	2,391
Available-for-sale financial asset	2,400	-
Other receivable	103	728
	<u>223,576</u>	<u>204,268</u>
Current Assets		
Inventories	17,464	14,098
Trade receivables	85,635	48,141
Other receivables	12,707	24,453
Other current assets	85,133	40,125
Tax recoverable	1,239	1,611
Financial assets at fair value through profit or loss	130	108
Cash and cash equivalents	68,240	66,412
	<u>270,548</u>	<u>194,948</u>
Current Liabilities		
Trade payables	76,323	25,121
Other payables	26,940	60,516
Provisions	5,026	325
Tax payables	3,906	812
Loans and borrowings	72,389	40,348
	<u>184,584</u>	<u>127,122</u>
Net Current Assets	85,964	67,826
	<u>309,540</u>	<u>272,094</u>
Financed by:		
Share capital	126,303	123,400
Reserves	114,546	107,568
	240,849	230,968
Non-controlling interests	1,303	(54)
	<u>242,152</u>	<u>230,914</u>
Non Current Liabilities		
Deferred tax liabilities	-	199
Loans and borrowings	67,388	40,981
	<u>67,388</u>	<u>41,180</u>
	<u>309,540</u>	<u>272,094</u>
Net assets per share (sen)	<u>19.07</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 FOURTH QUARTER ENDED 31 DECEMBER 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 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 FOURTH QUARTER ENDED 31 DECEMBER 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>
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>
Total comprehensive income for the period	-	-	-	1,182	-	(15,583)	(14,401)	367	(14,034)
Transactions with owners:									
Disposal of treasury shares	-	1,152	-	-	1,584	-	2,736	-	2,736
At 31 December 2013	<u>126,303</u>	<u>25,759</u>	<u>-</u>	<u>1,474</u>	<u>(1,015)</u>	<u>88,328</u>	<u>240,849</u>	<u>1,303</u>	<u>242,152</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 FOURTH QUARTER ENDED 31 DECEMBER 2013

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2013	AUDITED FOR THE YEAR ENDED 31.12.2012
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,118	28,386
Adjustments for:		
Share of results of joint ventures	(538)	(1,480)
Reversal of discount on convertible loan notes	(95)	(30)
Amortisation on intangible assets	154	86
Depreciation on property, plant and equipment	5,944	4,359
Depreciation on investment property	15	15
Gain on disposal of property, plant & equipment	(247)	(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	(22)	11
Dividends income	-	(6)
Finance costs	6,190	4,068
Interest income	(1,355)	(1,212)
Unrealised foreign exchange (gain)/ loss	(339)	91
Allowance for impairment loss	500	743
Development expenditures incurred	(819)	(90)
Reversal of allowance for impairment loss	(46)	(90)
Operating profit before working capital changes	21,460	31,890
Changes in working capital:		
Inventories	(3,366)	84
Trade and other receivables	(20,964)	13,719
Other current assets	(45,008)	(17,510)
Trade and other payables	14,395	(11,836)
Provisions	4,701	(1,384)
Cash (used in) / generated from operations	(28,782)	14,963
Finance cost paid	(6,190)	(4,068)
Income tax paid	(7,086)	(8,221)
Net Cash (Used In) / Generated From Operating Activities	(42,058)	2,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,222)	(6,502)
Purchase of land held for property development	-	(10,384)
Purchase of investment property	(8,462)	-
Proceeds from disposal of property, plant and equipment	1,324	3,483
Purchase of intangible assets	(495)	(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	(6,405)	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	1,355	1,212
Net Cash Used In Investing Activities	(27,522)	(6,644)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2013 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(15,364)	(9,809)
Proceeds from loans and borrowings	66,861	27,274
Purchase of treasury shares	(9)	(2,732)
Disposal of treasury shares	3,533	-
Dividends paid	(3,118)	(3,074)
Net Cash Generated From Financing Activities	51,903	11,659
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(17,677)	7,689
Effect of exchange rate fluctuations on cash held	1,196	107
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	40,357	32,561
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23,876	40,357
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Cash and bank balances	23,593	33,010
Fixed deposits with licenced banks	40,096	29,781
Short term investments	4,551	3,621
Bank overdraft	(14,710)	(2,806)
	53,530	63,606
Less: Deposits pledged	(29,654)	(23,249)
	23,876	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 year ended 31 December 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 17 October 2013 and 18 October 2013 for 5,000,000 and 3,000,000 ordinary shares at RM0.34 per share for a total cash consideration of RM1,719,108 and RM1,016,434 net of brokerage, stamping and clearance fees respectively. 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 previous financial years ended:-

	31.12.2013	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	1,247,317,054	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 RM'000	Oil & Gas RM'000	Technical	Others RM'000	Total RM'000
			Services RM'000		
Revenue	21,291	292,167	200,079	-	513,537
Segment Results	285	6,868	10,124	(472)	16,805
Unallocated Results					965
Profit from Operations					17,770
Finance Costs					(6,190)
Share of results of jointly controlled entities					538
Profit Before Tax					12,118
Income Tax Expense					(8,052)
Profit After Tax					4,066

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

Geographical Segment	Revenue RM'000
Malaysia	488,896
Foreign Countries	24,641
Consolidated	513,537

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 RM'000	Software RM'000	License RM'000	Total 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	-	343	152	495
Acquisition of a subsidiary	830	-	-	830
At 31 December 2013	84,321	841	152	85,314
Accumulated amortisation				
At 1 January 2012	-	6	-	6
Amortisation	-	86	-	86
At 31 December 2012/1 January 2013	-	92	-	92
Amortisation	-	154	-	154
At 31 December 2013	-	246	-	246
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 31 December 2013	84,321	595	152	85,068

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A11 Other Current Assets

		AS AT END OF CURRENT QUARTER	PRECEDING YEAR CORRESPON- DING PERIOD
	Note	31.12.2013 RM'000	31.12.2012 RM'000
Amount due from customers on contracts	(i)	73,537	38,765
Prepayments		11,596	1,360
		<u>85,133</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
	31.12.2013 RM'000	31.12.2012 RM'000
Aggregate costs incurred to date	568,056	267,751
Add: Attributable profits	68,463	32,689
	<u>636,519</u>	<u>300,440</u>
Less: Progress billings	(562,982)	(261,675)
	<u>73,537</u>	<u>38,765</u>

A12 Subsequent Events

There were no material events subsequent to the current financial quarter ended 31 December 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:

Incorporation of a subsidiary - Daya Maritime Limited

On 27 December 2013, the Company had incorporated a limited liability company known as Daya Maritime Limited ("DML") with paid-up share capital of USD10 divided by 10 ordinary shares of USD1.00 each.

DML is to principally engage in the shipping leasing business and other related services to the oil and gas industry. The incorporation of DML is to enable DMB Group to take advantage of the current favorable tax regime in Labuan for its Oil & Gas segment business. The incorporation of DML is also in line with the Group's policy where each major contract of the vessel is housed under a separate legal entity for the purposes of clarity on the structure, financing and potential future sale.

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A14 Contingent Assets and Contingent Liabilities

As at 31 December 2013, the Company provides corporate guarantees up to a total amount of RM349,082,853 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 RM171,018,718.

As at 31 December 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 RM3,613,864.

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

A15 Capital Commitments

	As at 31.12.2013 RM'000
Contracted and not provided for:	<u>657</u>
Approved but not contracted for:	<u>17,995</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
	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2012 RM'000
Interest income charged on housing loan to a director	56	-	87	-
Housing loan to a director	<u>-</u>	<u>704</u>	<u>-</u>	<u>1,272</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 31 December 2013 was recorded at RM5.088 million, an increase of 31% from RM3.875 million recorded in the previous year corresponding quarter.

Consequently, the increase in revenue in the Polymer Segment has resulted in a segment profit of RM119 thousand for the quarter ended 31 December 2013.

(ii) Oil & Gas segment

The Group has recorded a higher revenue in the Oil & Gas Segment of RM92.267 million for the quarter ended 31 December 2013, an increase of revenue by 212% from RM29.507 million recorded in the previous year corresponding quarter. The higher revenue in the current quarter was mainly due to the contribution from subsea cable laying project amounting to RM32 million and subsea business from Allseas UK Ltd amounting RM13 million.

During the quarter ended 31 December 2013, the Group recorded a operating loss of RM19.771 million as a result of revision of profit margin due to the finalisation of the cable laying project. The loss was a result of cost overrun incurred in this first subsea project.

(iii) Technical Services segment

The Group achieved a lower revenue on Technical Services segment of RM42.601 million for the quarter ended 31 December 2013, a decrease of 34% as compared to RM64.926 million recorded in the previous year corresponding quarter. The 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.

Overall, the Group recorded revenue of RM139.956 million for the quarter ended 31 December 2013, an increase of 42% as compared to RM98.314 million recorded in the previous year corresponding quarter. The Group recorded loss before tax of RM15.535 million for the quarter ended 31 December 2013, from profit before tax of RM6.678 million recorded in the previous year corresponding quarter. The loss before tax recorded for the quarter ended 31 December 2013 was mainly due to the revision of profit margin of the cable laying project in line with the finalisation of the project.

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

(i) Polymer segment

The Group achieved revenue of RM21.291 million on the Polymer Segment for the financial year ended 31 December 2013, a slight increase of 9% from RM19.561 million recorded in the previous financial year. The revenue achieved in the Polymer Segment remained rather consistent in the current financial year.

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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 RM292.167 million on the Oil & Gas Segment for the financial year ended 31 December 2013, an increase in revenue by 180% as compared to RM104.519 million recorded in the previous financial year. The increase in the revenue was mainly due to the higher sales on downstream chemical and progress sales recognised on the cable laying projects during the year ended 31 December 2013.

(iii) Technical Services segment

The Group achieved revenue of RM200.080 million on the Technical Services Segment for the financial year ended 31 December 2013, an increase of 31% from RM152.843 million recorded in the previous financial year. 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 RM513.537 million for the year ended 31 December 2013, an increase of 85% from RM276.929 million recorded in the previous financial year ended 31 December 2012. The increase was mainly attributed to the higher revenue contribution from the Oil & Gas Segment and Technical Services segment. However, the Group recorded only a profit before tax of RM12.118 million for the financial year ended 31 December 2013, representing a decrease of 57% over RM28.386 million recorded for previous financial year ended 31 December 2012 largely as a result of cost overrun in the cable laying project.

B2 Variation of results against preceding quarter

	Quarter ended 31.12.2013 RM'000	Quarter ended 30.9.2013 RM'000
Revenue	139,956	142,378
Profit before tax	(15,535)	10,095

For the quarter ended 31 December 2013, the Group has recorded lower revenue of RM139.956 million, a decrease of 2% as compared to RM142.378 million recorded in the preceding quarter. The decrease in revenue was mainly attributed to the lower sales recognition of cable laying projects which was largely completed in October 2013. Accordingly, the Group recorded loss before tax of RM15.535 million, a decrease of 254% as compared to RM10.095 million in the preceding quarter as a result of revision of profit margin due to the finalisation of the cable laying project.

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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 remain weak due to the slow growth of the industry and continued foreign competition. However the Group's ongoing operational initiatives have resulted in better production efficiency and improved cost structure. Consequently, these improvements have been reflected during the current quarter with positive profit contribution as compared to previous year's 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 since early September 2013 while SD2 in late December 2013. Both of these vessels have been earmarked for deployment in North Sea for two long-term Technip contracts.

In addition to the encouraging prospects on the offshore subsea sector above, the Group's investment in Reach Energy Berhad, a Special Purpose Acquisition Company ("SPAC") for an initial amount of RM8 million is another strategic move by the Group to facilitate its entry into the exploration and production ("E&P") business.

On the downstream side, downstream chemicals and specialized lifting services have performed well in the past and are expected continue to contribute positively going forward.

The Group is upbeat on its prospects on the Oil & Gas segment in view of the order book it has secured to-date as well as the positive outlook on the global O&G industry as a whole.

(iii) Technical Services Segment

The 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, secure new contracts and build its overall brand equity.

The Board is of the view that the Group's operational results for the financial year ending 2014 will be satisfactory, barring any unforeseen circumstances.

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B4 Profit forecast

Not applicable.

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	(4,297)	2,153	4,076	8,998
Deferred tax expense / (income)	3,978	(620)	3,976	(728)
	<u>(319)</u>	<u>1,533</u>	<u>8,052</u>	<u>8,270</u>

The Group's effective tax rate for the quarter under review at 2% was significantly lower than the statutory income tax rate. The comparatively lower effective tax rate was mainly due to the tax losses in some of the subsidiaries of the Group.

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 22 February 2014, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

(i) 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 of Directors of the Company ("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.

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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 22 February 2014, 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 Private Placement of Up To 10% of the Issued and Paid-Up Share Capital of DMB ("Proposed Private Placement") (cont'd)

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:

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

(b) 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 ("MITI") 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 whilst MITI, vide its letter dated 19 November 2013 had informed that it has no objections to the Proposed Private Placement.

On 18 December 2013 ("Price-Fixing Date"), the Board have fixed the issue price at RM0.345 per Placement Share whereby the issue price of RM0.345 represents a discount of approximately 9.7% to the 5-day VWAP of DMB Shares, up to including 17 December 2013 of RM0.3821 per DMB Share. The payments from the Placees are expected to be received within 5 market days from the Price-Fixing Date. The new ordinary shares of RM0.10 each in DMB in relation to the Private Placement were listed on Bursa Malaysia Securities Berhad on 3 January 2014, thereby marking the completion of the Private Placement.

(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 ("Properties") for a total consideration of RM8,400,000.

DUSB has collected the keys from the developer and performed a joint inspection of the Properties on 15 January 2014. Thus, the purchase of commercial property by DUSB is deem completed upon property handover.

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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 22 February 2014, 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) Incorporation of a sub-subsiary - PT Daya Maxflo

On 24 January 2014, the Board announced that Daya Maxflo Sdn Bhd (formerly known as Maxflo Energy Products Sdn. Bhd., a 50.70% owned subsidiary of Daya Petroleum Ventures Sdn. Bhd., which in turn is a 51.00% owned subsidiary of the Company had on 20 January 2014 incorporated a limited liability company known as PT Daya Maxflo ("PTDM").

PTDM was incorporated on 20 January 2014 as a limited liability company with an authorised and fully paid-up share capital of USD250,000 divided into 250,000 ordinary shares of USD1.00 each. PTDM's paid-up share capital is owned 80% by DMSB and the remaining 20% is owned by Rollin Mahaputra Rahmat Shah, an Indonesian private investor.

The principal activity of PTDM is to provide, trade, import and distribute oil and gas products and services to the oil & gas industry in Indonesia. As at the date of this announcement, PTDM has yet to commence operation. The incorporation of PTDM is to facilitate DMSB to expand its provision of oil & gas products and services into Indonesia.

(iv) Incorporation of a sub-subsiary - Daya Offshore Construction AS

On 10 February 2014, the Board announced that Daya Offshore Construction Sdn. Bhd. (formerly known as SD Equipment Sdn Bhd), a 100% wholly-owned subsidiary of DMB had on 23 January 2014 incorporated a limited liability company known as Daya Offshore Construction AS ("DOCAS") with an authorised and fully paid-up share capital of NOK30.000 divided into 1,000 ordinary shares of NOK30 each. The principal activities of DOCAS are offshore and offshore operations including contracting, purchasing possession and chartering of vessels, and activities associated. As at the date of this announcement, DOCAS has yet commenced operation.

The incorporation of DOCAS is to facilitate DMB and its subsidiary companies to expand its subsea business into Norway as a contracting entity for Norwegian and North Sea projects with clients.

The status of a corporate proposal announced by the Company but not completed as at 22 February 2014, 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 seeked approval for the Proposed Share Buy-Back Renewal from the shareholders at the Tenth AGM held on 18 June 2013.

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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 22 February 2014, 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) 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.

(iii) 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 2013, 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 22 February 2014, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

(iii) Proposed 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 (cont'd)

On 13 January 2014, DPV had entered into a Supplemental Shareholders and Joint Venture Agreement ("SSJVA") with SINGGAR MULIA and GLOBALSTROY (hereinafter referred to collectively as "Parties" and individually as "Party") which supplements and is construed as one with the initial Shareholders and Joint Venture Agreement ("SJVA") entered into by the Parties on 16 October 2013. Pursuant to the terms and conditions of the SJVA, the Parties agreed to increase the issued and paid up share capital of the jointly venture company, subscribe for shares in the joint venture company in accordance with the agreed proportions, appoint their representatives to the board of the joint venture company and appoint the company secretary of the joint venture company (collectively referred to as "the Steps"), within ninety (90) days from the effective date of the SJVA, up to 14 January 2014 ("the Period").

The Parties hereby mutually agree pursuant to the SSJVA to further extend the Period to carry out the Steps, for a further ninety (90) days from 13 January 2014.

(iv) Memorandum of Agreement ("MOA") between Daya Vessels Limited ("DVL"), a subsidiary of Daya OCI Sdn. Bhd. ("DOCI"), which in turn is a subsidiary of Daya Materials Berhad ("DMB") and SBM Installer S.A.R.L Construction Vessel ("VESSEL")

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

The salient terms of the MOA are as follows:

(a) No deposit is required.

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

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

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

(e) Should DVL fail to provide either the PCG or Documentary Evidence of Financing in accordance with Item 1 (d), SBM shall have the right to cancel the MOA and claim compensation for their direct losses and for all expenses incurred in relation to the transaction, together with interest.

(f) Should the Bank Guarantee not be issued by the Bank Guarantor in accordance with Item 1 (b), SBM shall have the right to cancel the MOA and claim compensation for their direct losses and for all expenses incurred in relation to the transaction, together with interest.

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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 22 February 2014, 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 Agreement ("MOA") between Daya Vessels Limited ("DVL"), a subsidiary of Daya OCI Sdn. Bhd. ("DOCI"), which in turn is a subsidiary of Daya Materials Berhad ("DMB") and SBM Installer S.A.R.L Construction Vessel ("VESSEL") (cont'd)

The Board of Directors of DMB ("Board") wishes to clarify that:

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

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

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

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

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

(f) No deposits, Documentary Evidence of Financing or other forms of payment in accordance with the salient terms of (b) and (d) have been made.

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

(v) Memorandum of Understanding ("MOU") between Daya Petroleum Ventures Sdn Bhd ("DPV"), a subsidiary of DMB and Kazariah Energy LLP ("Kazariah").

On 31 December 2013, the Board announced that DPV, a 100% owned subsidiary of DMB, has entered into a MOU with Kazariah. The purpose of the MOU is to record the preliminary intentions and understanding between DPV and Kazariah with respect to the supply of oilfield products and services and subsea engineering services to the Oil & Gas industry in Kazakhstan ("the Business") and the establishment and on-going development of a suitable vehicle to carry out the Business, by utilising each respective resources, knowledge and expertise.

Kazariah is involved in the provision of technical services and products to various clients in the marine and offshore industry. Kazariah has the technical know-how and track record to provide such technical services and products to the Oil & Gas industry in Kazakhstan.

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B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Note	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
Trade facilities (Secured)		48,204	20,000	68,204
Hire purchases (Secured)		1,215	3,782	4,997
Overdraft (Unsecured)		14,710	-	14,710
Term loans (Secured)		8,260	43,606	51,866
Redeemable Convertible Secured Loan Notes ("RCSLN")	(i)	-	-	-
		<u>72,389</u>	<u>67,388</u>	<u>139,777</u>

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

- (a) legal charges over subsidiaries freehold land and buildings;
- (b) corporate guarantee by the Company;
- (c) a debenture over all assets of certain subsidiaries;
- (d) a pledge on the Company and subsidiaries' fixed deposits; and
- (e) 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
	31.12.2013 RM'000	31.12.2012 RM'000
Nominal value	-	5,000
Add: Discount on convertible notes	-	131
Less: Unamortised discount	-	(174)
	<u>-</u>	<u>4,957</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
	31.12.2013	31.12.2012
	RM'000	RM'000
Liability component:-		
Nominal value of the convertible notes	-	5,000
Add: Discount on convertible notes	-	131
	-	5,131
Equity component, net of deferred tax	-	(131)
Deferred tax liability	-	(43)
	-	4,957

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 20 February 2014, 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, was due on or before the 31 December 2011. On 29 December 2011, the first and second Defendants appealed 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 again appealed for the deferment of another three plus one months with payments of RM10,000 each payable not later than 10 May 2012 and 31 May 2012 respectively as a pledge of commitments. On 16 May 2012 and 10 July 2012 respectively, DSSB received the cheque of RM10,000 from the first and second Defendants on each date.

Thereafter, DSSB has not received the settlement as proposed by the first and second Defendants. The first Defendant has made a fresh set of proposals in 2013 but has not been able to comply with his own terms.

His last proposal in November 2013 was as follows:

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

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

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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.

The suit initiated Million Aim against DCMT, in Kuala Lumpur High Court Civil Suit No. 22C-29-08/2013 as reported as above, was amicably settled between Million Aim and DCMT on 10 January 2014.

Following therefrom, Million Aim's claim against DCMT as well as DCMT's counterclaim against Million Aim had been struck out with no liberty to file afresh on 10.01.2014 whereas the matter between DCMT against its former CEO, Jimmy Liew Hock Leong ("Jimmy") was withdrawn on the same day with liberty to file afresh.

B10 Proposed Dividends

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

The Board of Directors does not recommend the payment of any dividends for the financial year ended 31 December 2013.

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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
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	(15,583)	5,184	3,410	20,171
Weighted average number of shares in issue ('000)	1,256,393	1,219,714	1,241,984	1,220,349
Basic earnings per share (sen)	<u>(1.24)</u>	<u>0.43</u>	<u>0.27</u>	<u>1.65</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
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	(15,583)	5,184	3,410	20,171
Effect of dilution (RM'000)	-	-	-	18
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	(15,583)	5,184	3,410	20,189
Weighted average number of shares in issue ('000)	1,256,393	1,219,714	1,241,984	1,220,349
Effect of dilution ('000)	-	-	-	14,994
Adjusted weighted average number of shares in issue ('000)	1,256,393	1,219,714	1,241,984	1,235,343
Diluted earnings per share (sen)	<u>-1.24</u>	<u>0.43</u>	<u>0.27</u>	<u>1.63</u>

DAYA MATERIALS BERHAD

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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
	31.12.2013 RM'000	31.12.2012 # RM'000	31.12.2013 RM'000	31.12.2012 # RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	1,532	1,128	6,190	4,068
Depreciation on property, plant and equipment	1,725	1,162	5,944	4,359
Depreciation on investment property	4	4	15	15
Amortisation on intangible assets	71	22	154	86
Allowance for impairment loss	-	743	500	743
Property, plant and equipment written off	-	-	-	8
Fair value loss on marketable securities	7	3	-	11
Foreign exchange loss				
- realised	30	-	73	709
- unrealised	14	-	35	93
and after crediting:				
Interest income	357	90	1,355	1,212
Rental income	151	(78)	575	348
Dividends income	-	3	2	6
Reversal of discount on convertible loan notes	-	11	95	30
Reversal of allowance for impairment loss	-	90	46	90
Foreign exchange gains				
- realised	894	-	960	-
- unrealised	363	18	374	2
Gain on disposal of property, plant & equipment	93	83	247	2,962
Gain on disposal of marketable securities	-	3	13	7
Fair value gain on marketable securities	-	-	22	-

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

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

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.

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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 31.12.2013 RM'000	AS AT 31.12.2012 # RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	118,791	117,989
- Unrealised losses	1,203	(290)
	<u>119,994</u>	<u>117,699</u>
Less: Consolidated adjustments	(31,666)	(29,663)
Total group retained earnings as per consolidated accounts	<u><u>88,328</u></u>	<u><u>88,036</u></u>

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

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: 28 February 2014