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**Newsflash**

Market Open: Slow start for KLCI in line with regional markets

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Written by Wei Lynn Tang of theedgmalaysia.com

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KUALALUMPUR: Datuk Mazin Md Junid, 52, who was redesignated as a non-executive director of Daya Materials Bhd from president and chief executive officer effective June 30, said it is "business as usual" for the integrated oil and gas (O&G) player.

According to Mazin, stepping down from the day-to-day role is part of his succession plan and the company's business direction stays the same.

"In fact, the board [members] tried very hard to stop me from stepping down," he told The Edge Financial Daily via telephone.

"As I now sit on the board, I will still provide strategic direction to the company. Nathan Tham (Daya group managing director) will still continue to get guidance from me."

"Nathan and I share the same vision for Daya, which is in the offshore upstream subsea services. I wanted to provide some form of checks and balances as the other board members are not part of the executive team," Mazin said.

It is understood that Tham will remain in his current post as group MD.

"Apart from that, I'm also feeling old and tired. I've grown the company from a small polymer player to where it is today. I deserve to take a bit of a rest," Mazin said. Notably, Daya's market capitalisation has grown from about RM140 million at end-2008 to RM430 million today.

Mazin, who was appointed to Daya's board in August 2007, dismissed notions of a "boardroom tussle" between himself and the board members.

Some quarters said there were alleged differences between Mazin and the rest of the board over Daya's direction, which is said to be expanding "too fast" and "adventurous".

Mazin has been trimming his stake in the company.

"I have this company for the last eight to nine years, and at one point I owned 30% [of the company]. Now it's a good time to make some money [from selling some of my shares]. I've been diverting some of these [Daya shares] and

reinvesting [them] into other investments such as properties," he said.

Daya's 2007 annual report showed that Mazin had a 32.02% stake in the company, and this had been pared down to an 8.52% stake as at April 30, 2014 based on its 2013 annual report. As at June 30, he owned 8.95% of Daya.

Asked if he would continue to pare down his stake in Daya or exit completely, Mazin said he does not discount the possibility if the company continues to make profits and its management team remains stable.

Based on Bloomberg data, Tan Sri Koh Kin Lip and Tham are Daya's second and third largest shareholder with 5.84% and 5.36% respectively.

Meanwhile, oil and gas analysts said they were not too perturbed about Mazin's redesignation.

"I don't think there will be much change to the company's direction. Mazin will still be in the company, it's just he has moved to the board level," said one analyst.



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Highlight - Daya's ex-CEO says business direction stays

Another analyst, however, pointed out that although Tham will steer the company (despite Mazin himself being fairly hands-on), Daya's stock still has "a lot to live up to" fundamentally.

"It is crucial for Daya to secure funding in the near term, but I think for the company to obtain funding would be a tough feat, particularly from the equity market due to investors' sentiments," said the analyst.

"Everyone today wants to go into the O&G industry, but execution risk remains the single largest risk. Let's just say that with many O&G counters today, there are a lot more other options for investors to pick," he said.

Mazin said the company is confident that its exercise to raise US\$280 million (RM893.2 million) to purchase two subsea construction vessels, Siem Daya 1 (SD1) and Siem Daya 2 (SD2), which are currently on charter will go through.

Mazin said the funding structure of about 70% senior debt and 30% equity, including private placement, rights issue and convertible bonds, remains the same.

"We are finalising the approval for the senior debt portion in the next few weeks. For the equity portion, our bankers are looking at it now," he said.

"Assuming all goes well, we can expect to successfully purchase the two vessels by the fourth quarter (4Q) of this year. Thus, any major jump in earnings would be from 4Q onwards," Mazin said.

"Once the two vessels start contributing positively, it makes a lot of sense for us to buy more vessels. We don't discount that."

Mazin, however, stressed that the company's focus now will be to keep its vessels busy.

Shares in Daya closed unchanged at 31 sen last Friday, giving it a market capitalisation of RM430.53 million. The stock has fallen by 17.33% year-to-date.

This article first appeared in *The Edge Financial Daily*, on July 7, 2014.

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