



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 30 September 2014

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 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	178,707	142,378	482,103	373,581
Cost of Sales	(153,145)	(117,013)	(410,430)	(312,352)
Gross Profit	<u>25,562</u>	<u>25,365</u>	<u>71,673</u>	<u>61,229</u>
Other Income	1,742	559	3,794	1,911
Operating Expenses	(15,032)	(14,160)	(47,391)	(31,135)
Profit from operations	<u>12,272</u>	<u>11,764</u>	<u>28,076</u>	<u>32,005</u>
Finance Costs	(2,833)	(1,748)	(7,133)	(4,658)
Share of results of jointly controlled entities	<u>218</u>	<u>79</u>	<u>507</u>	<u>306</u>
Profit before tax	9,657	10,095	21,450	27,653
Income tax expense	<u>(2,995)</u>	<u>(2,977)</u>	<u>(8,000)</u>	<u>(8,371)</u>
Profit for the period	<u><u>6,662</u></u>	<u><u>7,118</u></u>	<u><u>13,450</u></u>	<u><u>19,282</u></u>
Attributable to :				
Equity holders of the Company	8,938	7,218	14,562	18,993
Non-controlling interests	<u>(2,276)</u>	<u>(100)</u>	<u>(1,112)</u>	<u>289</u>
	<u><u>6,662</u></u>	<u><u>7,118</u></u>	<u><u>13,450</u></u>	<u><u>19,282</u></u>
Basic earnings per share (sen):	<u>0.64</u>	<u>0.58</u>	<u>1.05</u>	<u>1.54</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 2013.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2013 RM'000	CURRENT YEAR TO DATE 30.9.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2013 RM'000
Profit for the period	<u>6,662</u>	<u>7,118</u>	<u>13,450</u>	<u>19,282</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	4,212	3	2,655	14
Total comprehensive income for the period, net of tax	<u>10,874</u>	<u>7,121</u>	<u>16,105</u>	<u>19,296</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	13,150	7,221	17,217	19,007
Non-controlling interests	<u>(2,276)</u>	<u>(100)</u>	<u>(1,112)</u>	<u>289</u>
	<u>10,874</u>	<u>7,121</u>	<u>16,105</u>	<u>19,296</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 2013.

DAYA MATERIALS BERHAD

(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

(The figures have not been audited)

	UNAUDITED 30.9.2014 RM'000	AUDITED 31.12.2013 RM'000
Non Current Assets		
Property, plant and equipment	169,887	143,845
Land held for property development	11,473	11,294
Investment properties	779	9,813
Intangible assets	85,288	85,699
Deferred tax assets	4,806	2,800
Investment in joint ventures	2,435	1,790
Available-for-sale financial asset	18,667	2,400
Other receivable	-	103
	293,335	257,744
Current Assets		
Inventories	26,102	17,465
Trade receivables	134,042	107,244
Other receivables	16,880	19,709
Other current assets	93,034	51,024
Tax recoverable	1,163	1,931
Financial assets at fair value through profit or loss	127	130
Cash and cash equivalents	79,032	69,977
	350,380	267,480
Current Liabilities		
Trade payables	83,747	78,590
Other payables	48,268	59,711
Provisions	2,318	611
Tax payables	5,258	3,240
Loans and borrowings	92,409	77,766
	232,000	219,918
Net Current Assets	118,380	47,562
	411,715	305,306
Financed by:		
Share capital	138,882	126,304
Reserves	170,824	114,379
	309,706	240,683
Non-controlling interests	19,758	1,278
	329,464	241,961
Non Current Liabilities		
Deferred tax liabilities	-	-
Loans and borrowings	82,251	63,345
	82,251	63,345
	411,715	305,306
Net assets per share (sen)	22.30	19.06

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014

(The figures have not been audited)

	-----Attributable to Equity Holders of the Company----->								
	-----Non-Distributable----->					Distributable			
	Equity		component of		Treasury Shares	Retained earnings	Total	Non- controlling interests	Total Equity
	Share capital	Share premium	Secured Loan Notes ("RCSLN")	Foreign Currency Translation Reserve					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	1,452	1,048	(65)	-	-	-	2,435	-	2,435
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	70	70
Balance as at 31 March 2013	<u>124,852</u>	<u>23,220</u>	<u>66</u>	<u>292</u>	<u>(3,049)</u>	<u>93,067</u>	<u>238,448</u>	<u>4</u>	<u>238,452</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
Balance as at 30 June 2013	<u>126,304</u>	<u>24,269</u>	<u>-</u>	<u>289</u>	<u>(3,058)</u>	<u>99,811</u>	<u>247,615</u>	<u>1,036</u>	<u>248,651</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
Balance as at 30 September 2013	<u>126,304</u>	<u>24,607</u>	<u>-</u>	<u>292</u>	<u>(2,599)</u>	<u>103,911</u>	<u>252,515</u>	<u>936</u>	<u>253,451</u>
Total comprehensive income for the period	-	-	-	829	-	(15,396)	(14,567)	342	(14,225)
Transactions with owners:									
Disposal of treasury shares	-	1,152	-	-	1,583	-	2,735	-	2,735
Balance as at 31 December 2013	<u>126,304</u>	<u>25,759</u>	<u>-</u>	<u>1,121</u>	<u>(1,016)</u>	<u>88,515</u>	<u>240,683</u>	<u>1,278</u>	<u>241,961</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 2014

(The figures have not been audited)

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

* Negligible

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 2013.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2014 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2013 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,450	11,467
Adjustments for:		
Share of results of joint ventures	(507)	(528)
Reversal of discount on Redeemable Convertible Secured Loan Notes	-	(95)
Amortisation on intangible assets	190	372
Depreciation on property, plant and equipment	9,363	5,516
Depreciation on investment property	6	15
Gain on disposal of property, plant & equipment	(49)	(249)
Gain on disposal of investment property	(685)	-
Property, plant and equipment written off	-	19
Fair value gain on financial assets at fair value through profit or loss	-	(22)
Loss on appreciation of market value of financial assets at fair value through profit or loss	3	-
Dividends income	-	(3)
Finance costs	7,133	6,277
Interest income	(769)	(1,152)
Unrealised foreign exchange gain	(3)	(358)
Allowance for impairment loss	-	5,039
Development expenditures incurred	(179)	(424)
Reversal of allowance for impairment loss	-	(46)
Operating profit before working capital changes	35,953	25,828
Changes in working capital:		
Inventories	(5)	(3,367)
Trade and other receivables	(24,003)	(52,475)
Other current assets	(42,010)	(10,899)
Trade and other payables	(6,283)	49,094
Provisions	1,707	286
Cash (used in) / generated from operations	(34,641)	8,467
Finance cost paid	(7,133)	(6,277)
Income tax paid	(7,219)	(8,252)
Net Cash Used In Operating Activities	(48,993)	(6,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(35,525)	(45,085)
Purchase of land held for property development	-	(395)
Purchase of investment property	-	(8,632)
Proceeds from disposal of property, plant and equipment	448	1,942
Proceeds from disposal of investment property	1,080	-
Proceeds from partial disposal of shares in subsidiaries	18,000	-
Purchase of intangible assets	(58)	(1,129)
Purchase of available-for-sale financial asset	(7,600)	(2,400)
Acquisition of a subsidiary	-	(1,135)
Acquisition of a joint venture company	-	(102)
Incorporation of subsidiaries	164	-
Incorporation of a joint venture company	-	(50)
(Increase)/Decrease in pledged deposits placed with licensed banks	(2,302)	8,379
Dividends received	-	3
Interest received	769	1,152
Net Cash Used In Investing Activities	(25,024)	(47,452)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2014 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(164,766)	(15,409)
Proceeds from loans and borrowings	180,063	66,220
Proceeds from disposal of treasury shares	2,161	3,533
Proceeds from issuance of shares	42,404	-
Purchase of treasury shares	-	(9)
Issuance of shares in a subsidiary to non-controlling shareholders	-	69
Dividends paid	-	(3,118)
Net Cash Generated From Financing Activities	59,862	51,286
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(14,155)	(2,228)
Effect of exchange rate fluctuations on cash held	2,655	848
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	38,977	40,357
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	27,477	38,977
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and bank balances	42,062	25,330
Fixed deposits with licenced banks	35,837	40,096
Short term investments	1,133	4,551
Bank overdraft	(34,383)	(16,130)
	44,649	53,847
Less: Deposits pledged	(17,172)	(14,870)
	27,477	38,977

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. ("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.

	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 2013 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 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. 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 2013.

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 2013, except for the adoption of the following new Amendments to FRSs and Interpretations as follow:

Amendments to MFRS 10 Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12 Disclosure of Interests in Other Entities: Investment Entities

Amendments to MFRS 127 Consolidated and Separate Financial Statements: Investment Entities

Amendments to MFRS 132 Financial Instruments: Presentation

IC Interpretation 21 Levies

The adoption of the above did not have any material impact on the financial statements of the Group in the period of initial application.

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

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119, Defined Benefits Plans: Employee Contributions

Annual Improvements to FRS 2010 – 2012 Cycle

Annual Improvements to MFRS 2011 – 2013 Cycle

Effective date yet to be determined by Malaysian Accounting Standards Board

MFRS 9 Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application, other than for MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued.

A3 Seasonal or cyclical factors

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

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

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

A5 Changes in estimates, significant accounting estimates and judgements

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

A6 Debt and equity securities

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

Shares Buy-Back

The Company had repurchased its issued share capital from the open market on 2 September 2014 for 1,000 ordinary shares at RM0.285 per share for a total cash consideration of RM326 inclusive of brokerage, stamping and clearance fees. The repurchase transactions were financed by internally generated funds. The shares repurchased were treated as treasury shares.

A7 Dividends paid

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

	31.12.2013
Final dividends for the financial year	31 December 2012
Approved and declared on	18 June 2013
Date paid	15 August 2013
Number of ordinary shares on which dividends were paid	1,247,317,054
Amount per share	0.25 sen single tier dividends
Net dividends paid (RM)	3,118,295

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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 Services RM'000	Others RM'000	Total RM'000
Revenue	<u>16,375</u>	<u>235,919</u>	<u>229,809</u>	<u>-</u>	<u>482,103</u>
Segment Results	(299)	6,270	20,854	215	27,040
Unallocated Results					<u>1,036</u>
Profit from Operations					28,076
Finance Costs					(7,133)
Share of results of jointly controlled entities					<u>507</u>
Profit Before Tax					21,450
Income Tax Expense					<u>(8,000)</u>
Profit After Tax					<u>13,450</u>

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

Geographical Segment

	Revenue RM'000
Malaysia	315,690
Foreign Countries	<u>166,413</u>
Consolidated	<u>482,103</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 RM'000	Software RM'000	Patents and Trademarks RM'000	Development Costs RM'000	Total RM'000
Cost					
At 1 January 2013	83,491	498	-	360	84,349
Acquisition through a business combination	830	-	-	-	830
Additions	-	977	152	-	1,129
Transfers	-	220	-	-	220
At 31 December 2013/1 January 2014	84,321	1,695	152	360	86,528
Additions	-	58	-	-	58
Reversal	-	(279)	-	-	(279)
At 30 September 2014	84,321	1,474	152	360	86,307
Accumulated amortisation					
At 1 January 2013	-	92	-	360	452
Amortisation	-	330	42	-	372
Transfers	-	5	-	-	5
At 31 December 2013/1 January 2014	-	427	42	360	829
Amortisation	-	186	4	-	190
At 30 September 2014	-	613	46	360	1,019
Net carrying amount:					
At 1 January 2013	83,491	406	-	-	83,897
At 31 December 2013/1 January 2014	84,321	1,268	110	-	85,699
At 30 September 2014	84,321	861	106	-	85,288

A11 Other Current Assets

	Note	AS AT END OF CURRENT QUARTER 30.9.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013 RM'000
Amount due from customers on contracts	(i)	88,307	41,961
Prepayments		4,727	9,063
		<u>93,034</u>	<u>51,024</u>

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A11 Other Current Assets (cont'd)

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

	AS AT END OF CURRENT QUARTER	PRECEDING YEAR CORRESPON- DING PERIOD
	30.9.2014	31.12.2013
	RM'000	RM'000
Aggregate costs incurred to date	553,560	608,991
Add: Attributable profits	71,868	72,615
	<u>625,428</u>	<u>681,606</u>
Less: Progress billings	(537,121)	(661,477)
	<u>88,307</u>	<u>20,129</u>
Customer advances for construction work in progress	-	21,832
	<u>88,307</u>	<u>41,961</u>

A12 Subsequent Events

Save for Section B7, there were no material events subsequent to the current financial quarter ended 30 September 2014 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:

Disposal of 2,400,000 ordinary shares of RM1.00 each in Daya CMT Sdn Bhd ("DCMT") ("Sale Shares") to Perfect Propel Sdn. Bhd. ("Purchaser") for a total cash consideration of RM18,000,000.00 ("Proposed Disposal")

On 28 April 2014, the Company had entered into a Share Sale Agreement ("SSA") with the Purchaser to dispose 2,400,000 ordinary shares of RM1.00 each in DCMT ("Sale Shares") representing 30% of the issued and paid-up share capital of DCMT at a total cash consideration of RM18,000,000.00 ("Disposal Consideration")("Proposed Disposal"). Upon the completion of Proposed Disposal, DCMT will become 70% owned subsidiaries of the Company.

In consideration of the Purchaser agreeing to purchase the Sale Shares, the Company agrees to grant the put option to the Purchaser in respect of all the ordinary shares in DCMT and not just part thereof then held by Purchaser upon the occurrence of several conditions.

In addition and in consideration of the Purchaser agreeing to purchase the Sale Shares, the Company also agrees to grant the call option to the Purchaser subject to the the Company's shareholders' approval in a general meeting to be convened, if required by law. The Purchaser is entitled to exercise the Call Option in respect of up to 45% of the issued and paid up share capital of DCMT held by the Company other than the Sale Shares at any time and from time to time within 24 months from the Completion Date.

The Purchaser, Perfect Propel Sdn. Bhd. was incorporated on 7 April 2014 under the Companies Act, 1965 as a private limited company with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The Purchaser is principally engaged in the general trading, investment holding and property development. The shareholders of the Purchaser has substantial experience in corporate matters and property sector. The participation of the Purchaser in DCMT will enable to Company to benefit directly from the existing business ventures of the Purchaser. Moreover, the Proposed Disposal is in line with the Group's overall objective of focusing its resources in its core Oil & Gas business.

Subsequently on 17 July 2014, the Proposed Disposal is completed.

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A14 Contingent Assets and Contingent Liabilities

As at 30 September 2014, the Company provides corporate guarantees up to a total amount of RM364,010,537 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 RM183,609,675.

As at 30 September 2014, 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 RM3,351,759.

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

A15 Capital Commitments

	As at 30.9.2014 RM'000
Contracted and not provided for:	Note <u>931,136</u>
Approved but not contracted for:	<u>5,709</u>

Note:

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

- (i) two (2) units of Dynamic Positioning Class 2 ("DP2") offshore subsea construction vessel known as Siem Daya 1 ("SD1") and Siem Daya 2 ("SD2") for a total cash consideration of USD280 million (equivalent to approximately RM888.2 million);
- (ii) one (1) 50 metric tonnes active heave compensation 3,000 metres crane for a cash consideration of USD2.3 million (equivalent to approximately RM7.3 million); and
- (iii) stores and spares at an estimated cash consideration of USD3.2 million (equivalent to approximately RM10.5 million).

A16 Related Party Transactions

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

	Transaction for the period ended 30.9.2014 RM'000	Balance due at 30.9.2014 RM'000	Transaction for the period ended 30.9.2013 RM'000	Balance due at 30.9.2013 RM'000
Interest income charged on housing loan to a former director	21	-	45	-
Housing loan to a former director	-	<u>256</u>	-	<u>849</u>

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

B1 Review of performance

Current Year Quarter versus Preceding Year Corresponding Quarter

(i) Polymer segment

Revenue of RM4.745 million in Polymer in Q3 2014 was in line with the revenue of RM4.535 million recorded in Q3 2013.

(ii) Oil & Gas segment

The revenue recognised in the Oil & Gas segment for Q3 2014 amounted to RM86.534 million, an increase of 8% as compared to RM79.910 million achieved in Q3 2013. This was primarily attributable to the contribution from subsea business in North Sea.

(iii) Technical Services segment

The 51% increase in Technical Service revenue from RM57.933 million in Q3 2013 to RM87.427 million in Q3 2014 was mainly attributable to continued progress of several ongoing projects.

Overall, the Group achieved revenue of RM178.707 million for Q3 2014, an increase of 26% from RM142.378 million recorded in Q3 2013. However, the Group recorded profit before tax of RM9.657 million in Q3 2014, representing a decrease of 4% over RM10.095 million in Q3 2013 mainly due to high operating expenses in the subsea business.

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

(i) Polymer segment

The Group achieved revenue of RM16.375 million on the Polymer Segment for the financial period ended 30 September 2014, a slight increase of 1% from RM16.203 million recorded in the previous financial period. The revenue achieved in the Polymer Segment remained consistent in the current financial period.

(ii) Oil & Gas segment

The Group achieved revenue of RM235.919 million in the Oil & Gas Segment for the financial period ended 30 September 2014, an increase of 29% as compared to RM183.572 million recorded in the previous financial period. The increase in the revenue in the Oil & Gas segment was mainly due to the sales contribution from the commencement of the long-term subsea contract in the North Sea since March 2014.

(iii) Technical Services segment

The Group achieved revenue of RM229.809 million in the Technical Services Segment for the financial period ended 30 September 2014, an increase of 32% from RM173.806 million recorded in the previous financial period. The increase in revenue in the Technical Services Segment was mainly due to improved progress of existing projects and completion of several projects.

The Group achieved revenue of RM482.103 million for the period ended 30 September 2014, an increase of 29% from RM373.581 million recorded in the previous financial period ended 30 September 2013. The increase was mainly attributed to the higher revenue contribution from Oil & Gas and Technical Services segments. Notwithstanding with the higher revenue, the Group recorded a profit before tax of RM21.450 million for the financial period ended 30 September 2014, representing a decrease of 22% over RM27.653 million recorded for previous financial period ended 30 September 2013 mainly due to high operating expenses and set up costs of the subsea business.

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B2 Variation of results against preceding quarter

	Quarter ended 30.9.2014 RM'000	Quarter ended 30.6.2014 RM'000
Revenue	178,707	174,089
Profit before tax	9,657	8,774

For the quarter ended 30 September 2014, the Group has recorded revenue of RM178.707 million, an increase of 3% as compared to RM174.089 million recorded in Q2 2014. The slight increase in revenue was mainly due to continued progress of existing projects under the Oil & Gas and Technical Services segments.

B3 Prospects

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

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

O&G remains the most strategically important component of our business, especially since the commencement of the long-term deployment in the North Sea in early March 2014. In Q3, we achieved almost full utilization of both vessels and we expect the trend to continue in the coming months.

The Group's investment in Reach Energy Berhad ("Reach"), a Special Purpose Acquisition Company, for an initial amount of RM10 million is a strategic move by the Group to facilitate our entry into upstream business. Reach was successfully listed on 15 August 2014, resulting in an attractive return on our original investment.

On the downstream side, downstream chemicals and specialized lifting services have performed well in the past and are expected to 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.

(ii) Technical Services Segment

The Technical Services Segment is expected to perform well over the next few years as the Group continue to build and execute its order book. The Group will continue to leverage on its engineering expertise to expand the revenue stream, secure new contracts and build its overall brand equity. In July 2014, the Group successfully completed the sale of a 30% equity interest in Daya CMT Sdn. Bhd., a key unit with the Technical Services Division for RM18 million. This was very much in line with the Group's ultimate plan to divest non-strategic assets and transform itself into a full-fledged O&G business.

(iii) Polymer Segment

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

The Board is of the view that the Group's operational results for the financial year ending 2014 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
	30.9.2014	30.09.2013	30.9.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	3,071	2,974	12,805	8,362
Deferred tax (income)/expense	(76)	3	(4,805)	9
	<u>2,995</u>	<u>2,977</u>	<u>8,000</u>	<u>8,371</u>

The Group's effective tax rate for the quarter under review at 31% was higher than the statutory income tax rate. The comparatively higher effective tax rate was mainly due to the losses incurred in some of the subsidiaries of the Group and certain expenses which are not deductible for tax purposes.

B6 Sale of unquoted investments and properties

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

B7 Status of corporate proposals

The status of a corporate proposal announced by the Company and completed as at 19 November 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 Disposal of 140,250 Ordinary Shares of RM1.00 each ("Sale Shares") in Daya Proffscorp Sdn. Bhd. ("DPRO") to Wiramas Baiduri Sdn. Bhd. ("Purchaser") for a total cash disposal consideration of RM2,000,000 ("Proposed Disposal")

On 16 June 2014, the Board announced that the Company had entered into a Share Sale Agreement ("SSA") with the Purchaser to dispose 140,250 ordinary shares of RM1.00 each in DPRO ("Sale Shares") representing 8.5% of the issued and paid-up share capital of DPRO for a total cash disposal consideration of RM2,000,000 ("Purchase Price").

On announcement date, the Company owned a 67% equity interest in DPRO and the Purchaser owned a 33% equity interest in DPRO. The Proposed Disposal involves the disposal of 8.5% equity interest in DPRO for the Purchase Price. Upon the completion of Proposed Disposal, DPRO will become a 58.5% owned subsidiary of the Company.

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

The Proposed Disposal is not expected to have any material effect on the earnings and earnings per share of the Group for the financial year ending 31 December 2014 and in the future.

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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 19 November 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 Disposal of 140,250 Ordinary Shares of RM1.00 each ("Sale Shares") in Daya Proffscorp Sdn. Bhd. ("DPRO") to Wiramas Baiduri Sdn. Bhd. ("Purchaser") for a total cash disposal consideration of RM2,000,000 ("Proposed Disposal") (cont'd)

As set out in the SSA, the Purchaser agrees that any yield declared and payable or paid by DPRO to the Purchaser for any of its financial year which is in excess of the Guaranteed Yield and all rights, interests, benefits and titles of the Purchaser in and to such yield exceeding the Guaranteed Yield and in and to the Purchaser's entitlement or share of the net assets and profits of DPRO are assigned absolutely to the Company. As a result, the management expects that the Proposed Disposal will not have any material financial effect on the Group's future earnings.

The Audit Committee of the Company, having considered all aspects of the Proposed Disposal, including but not limited to the rationale of the Proposed Disposal, the basis and justification for the Purchase Price, salient terms of the SSA and the effects of the Proposed Disposal, is of the view that the Proposed Disposal is in the best interests of the Company, fair and reasonable and on normal commercial terms and is not detrimental to the interest of the minority shareholders of the Company.

On 1 October 2014, the Board announced that the Proposed Disposal was completed on the same day.

(ii) Incorporation of two subsidiary companies - Daya Global 1 Limited and Daya Global 2 Limited

On 3 October 2014, the Company had incorporated two limited liability companies known as Daya Global 1 Limited ("DG1L") and Daya Global 2 Limited ("DG2L") with paid-up share capital of USD10.00 divided by 10 ordinary shares of USD1.00 each.

The incorporation of DG1L and DG2L are to enable the Group to take advantage of the current favorable tax regime in Labuan for its Oil & Gas segment business. The incorporation of DG1L and DG2L are also in line with the Group's policy for major contracts in relation to the vessel leased to be housed under a separate legal entity for the purposes of clarity on the structure, financing and potential future sale.

(iii) Incorporation of two subsidiary companies - Daya Global 1 Pte. Ltd. and Daya Global 2 Pte. Ltd.

On 15 October 2014, the Company had incorporated two limited liability companies known as Daya Global 1 Pte. Ltd. ("DG1PL") and Daya Global 2 Pte. Ltd. ("DG2PL") with paid-up share capital of SGD2.00 divided by 2 ordinary shares of SGD1.00 each.

The incorporation of DG1PL and DG2PL are to enable the Group to take advantage of the Maritime Sector Incentive in Singapore for its Oil & Gas segment business. The incorporation of DG1PL and DG2PL are also in line with the Group's policy for major assets, in this case, vessels, to be held by a separate legal entity for the purposes of clarity on the structure, financing and potential future sale.

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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 19 November 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) Proposed Joint Venture between Terra Hill Development Sdn Bhd, a sub-subsi-dary of the Company and Kee Lin Trading Sdn Bhd

On 18 May 2012, the Board announced that Terra Hill Development Sdn. Bhd. ("THDSB" or "the Developer"), a sub-subsi-dary of Daya CMT Sdn. Bhd. ("DCMT"), which is the subsidiary of the Company, had entered into a Joint Venture agreement ("JVA") with Kee Lin Trading Sdn. Bhd. ("Kee Lin" or "the Landowner") and DCMT ("the Guarantor") to develop 3 pieces of land at Seberang Perai Selatan, Pulau Pinang into a commercial development by erecting thereon primarily service apartments on the said land to cater specifically to the growing Multinational Companies ("MNC") population within the rapid expanding Penang Science Park and Batu Kawan industrial area. Significant efforts have been made to secure long-term leases with some of these MNCs which have been the clients of DCMT over the years.

On 19 September 2014, the Board announced that the JVA has been mutually terminated between THDSB and Kee Lin (collectively "the Parties") vide the Deed of Rescission and Revocation dated 19 September 2014 entered into by the Parties whereupon the Parties shall release each other from terms and conditions stipulations covenants and undertaking conferred under the JVA. Pursuant to the said Deed of Rescission and Revocation, the Parties agree that Kee Lin shall be entitled to forfeit a sum of RM75,000 only from the cash consideration of RM750,000 earlier paid by THDSB pursuant to the JVA as agreed liquidated damages and the balance sum of RM675,000 of the said cash consideration shall be refunded to THDSB free of interest upon the fulfillment of the agreed conditions.

Subsequently on 15 October 2014, the Board announced that the Deed of Rescission and Revocation dated 19 September 2014 has been completed in accordance with its terms and conditions.

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

On 31 December 2013, the Board announced that DPV, a 100% owned subsidiary of the Company, 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.

On 30 June 2014 and 30 September 2014 respectively, the Board announced that the status of the MOU remains unchanged as of to-date and will make the necessary announcements as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of the proposals.

On 3 November 2014, the Board announced that DPV had, via its letter dated 3 November 2014, given a notice of termination of this MOU to Kazariah. The MOU is deemed terminated effective 3 November 2014 after receiving a response from Kazariah on the notice of termination.

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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 19 November 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.

The ESOS expired on 25 February 2014. As at the date of expiry, no options have been granted under the ESOS.

On 2 May 2014, 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 2014.

The shareholders of the Company, by a special resolution passed in a general meeting held on 18 June 2014, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

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

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

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

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

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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 19 November 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) Memorandum of Agreement ("MOA") between Daya Offshore Construction Sdn. Bhd. ("DOCSB"), a wholly owned subsidiary of the Company and Caracal Oil & Gas Services Limited ("Caracal")

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

On 5 September 2014, the Board announced that the status of the MOU remains unchanged as of to-date and will make the necessary announcements as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of the proposals.

(iv) Proposed Acquisition of Vessels and Proposed Fund Raising Exercise

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

- (i) a Dynamic Positioning Class 2 ("DP2") offshore subsea construction vessel known as "Siem Daya 1" ("SD1") for a cash consideration of USD140.0 million (equivalent to approximately RM444.1 million) ("Proposed SD1 Acquisition"); and
- (ii) a second DP2 offshore subsea construction vessel known as "Siem Daya 2" ("SD2") for a cash consideration of USD140.0 million (equivalent to approximately RM444.1 million) and an additional USD2.3 million (equivalent to approximately RM7.3 million) for a 50 metric tonnes active heave compensation 3,000 metres crane ("Proposed SD2 Acquisition").

SD1 and SD2 shall collectively hereinafter be referred to as the "Vessels". The Proposed SD1 Acquisition and Proposed SD2 Acquisition shall collectively hereinafter be referred to as the "Proposed Acquisitions".

The Company had also agreed with SORA vide a letter dated 22 August 2014 in relation to the additional terms for the purchase of the said Vessels.

In addition, the Company is undertaking the following proposals:

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

The Proposed Placement, Proposed Rights Issue and Proposed Bonds Issue are collectively hereinafter referred to as the "Proposed Fund Raising Exercise").

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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 19 November 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) Proposed Acquisition of Vessels and Proposed Fund Raising Exercise (cont'd)

The Proposed Acquisitions, Proposed Fund Raising Exercise and Proposed Increase in Authorised Share Capital shall collectively hereinafter be referred to as the "Proposals".

The Proposed Acquisitions will enable the Group to own and operate the Vessels instead of chartering the Vessels from SORA. The Proposed Acquisitions will further enhance the operating cost structure of the Vessels, which is expected to contribute positively to the future profitability of the Group. It is also in line with the Group's business strategy to own operating assets to expand its range of subsea services and enhance its subsea capabilities in offshore oil and gas operations.

The Proposed Fund Raising Exercise is undertaken to raise funds to partly finance the acquisition of the Vessels, which is expected to contribute positively to the future performance of the Group.

After due consideration of the various funding methods available to the Company, the Board is of the view that the Proposed Fund Raising Exercise is currently the most appropriate avenue of fund raising.

The Proposed Increase in Authorised Share Capital is required to facilitate the issuance of new DMB Shares under the Proposed Placement and Proposed Rights Issue as well as the conversion of Bonds under the Proposed Bonds Issue. As a consequence of the Proposed Increase in Authorised Share Capital, the Company's Memorandum and Articles of Association will be amended accordingly.

On 12 September 2014, the Board announced that the listing application in respect of the Proposed Placement, Proposed Rights Issue and Proposed Bonds Issue has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on the same day for its consideration. In addition and after further consideration by the Board, the Company proposes to further increase the authorised share capital of the Company to RM1,000,000,000 comprising 10,000,000,000 DMB Shares. As a consequence thereof, the Company's Memorandum of Association will be amended accordingly.

Subsequently on 26 September 2014, the Board announced that Bank Negara Malaysia ("BNM") had, via its letter dated 25 September 2014 (which was received on 26 September 2014), approved the transfer of funds amounting to USD103.3 million as an advance from the Company to its foreign subsidiary, being part payment of the Proposed Acquisitions (subject to several conditions). The balance of the transfer amounting to USD14.5 million does not require the permission of BNM.

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

As a result of the aforementioned, the Proposed SD1 Acquisition, Proposed SD2 Acquisition, Proposed Placement, Proposed Rights Issue and Proposed Increase in Authorised Share Capital are inter-conditional in respect of the approval of the shareholders of the Company at an EGM to be convened. For avoidance of doubt, the inter-conditional nature of the Proposed SD1 Acquisition, Proposed SD2 Acquisition, Proposed Placement, Proposed Rights Issue and Proposed Increase in Authorised Share Capital will only apply in terms of the shareholders' approval of the Company and shall not apply to the manner and sequence of completion of any of the foregoing proposals.

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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 19 November 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) Proposed Acquisition of Vessels and Proposed Fund Raising Exercise (cont'd)

All the other terms and conditions of the Proposed SD1 Acquisition, Proposed SD2 Acquisition, Proposed Placement, Proposed Rights Issue and Proposed Increase in Authorised Share Capital remain unchanged.

In view of the above, the listing application in respect of the Proposed Placement and Proposed Rights Issue has been submitted to Bursa Securities on 10 October 2014.

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

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

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

- (a) The Company and its adviser must fully comply with the relevant provisions under the Bursa Malaysia Main Market Listing Requirements ("Listing Requirements") pertaining to the implementation of the Proposals;
- (b) The Company and its adviser to inform Bursa Securities upon completion of the Proposals;
- (c) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;
- (d) The Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company at extraordinary general meeting for the Proposals;
- (e) HLIB must submit to Bursa Securities the placee's details in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement before the listing of the Placement Shares to be issued pursuant to the Proposed Placement;
- (f) if applicable, payment of additional listing fee based on the final issue price(s) together with a copy of the details of the computation of the amount of listing fee payable; and
- (g) payment of additional listing fees pertaining to the exercise of Warrants. In this respect, The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a details computation of listing fee payable.

Subsequently on 11 November 2014 and due to the prevailing market condition, the Board has decided that the discount to the Rights Issue Price shall be at no less than 20% to the TERP of DMB Shares immediately before the price-fixing date, but shall in no event be lower than the par value of DMB Shares of RM0.10 each. All the other terms and conditions of the Proposals remain unchanged.

Barring any unforeseen circumstances, the Proposals are expected to be completed in the first quarter of 2015.

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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
<u>Secured borrowings</u>			
Trade facilities	47,921	40,000	87,921
Hire purchases	1,584	5,723	7,307
Overdraft	29,354	-	29,354
Term loans	8,521	36,528	45,049
	<u>87,380</u>	<u>82,251</u>	<u>169,631</u>
<u>Unsecured borrowing</u>			
Overdraft	5,029	-	5,029
	<u>92,409</u>	<u>82,251</u>	<u>174,660</u>

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

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

The bank borrowings and other facilities are denoted in local currency.

B9 Material litigations

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2013 and 19 November 2014, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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

On 25 March 2008, Daya Secadyme Sdn. Bhd. ("DSSB") filed a civil suit against (i) Mohd Akbar B Hj. Johari, (ii) AJ Premier Holdings Sdn Bhd, (iii) Aims Mission Sdn Bhd, (iv) Global Max Trading Sdn. Bhd. and (v) Azrul Bin Mohd Nasir trading as Rasa Indah Trading ("Defendants") vide KL High Court Civil Suit No. D3-22-380-2008. The claim against the 1st, 2nd and 3rd Defendants is based on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received, and against the 4th and 5th Defendants on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,000 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 16 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 1st and 2nd 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 1st and 2nd Defendants again appealed for the deferment of another three plus one months with payments of RM10,000 each payable not later than 10 May 2012 and 31 May 2012 respectively as a pledge of commitments. On 16 May 2012 and 10 July 2012 respectively, DSSB received the cheque of RM10,000 from the 1st and 2nd Defendants on each date.

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B9 Material litigations (cont'd)

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

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

His last proposal in November 2013 was as follows:

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

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

B10 Other Litigations

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

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

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

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

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

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

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B10 Other Litigations (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

- (i) an injunction to restrain the Company from selling, transferring and/or otherwise dealing in any manner whatsoever the 5 million ordinary shares in DOCSB that is currently held and registered in the name of the Company;

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B10 Other Litigations (cont'd)

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

(ii) an injunction to restrain the Company from requisitioning, calling, convening and/or otherwise holding any Board and/or Shareholder meeting of DOCSB without the Plaintiff's participation and/or consent, in relation to the following Reserved Matters pursuant to the Shareholders Agreement:-

- (a) New loans and borrowing;
- (b) Rights issues, capital reductions and any form of fund raising;
- (c) Amendments to DOCSB's Memorandum and Articles of Association;
- (d) Joint ventures, mergers and acquisitions and asset sales of or by DOCSB;
- (e) New businesses which are not directly related to DOCSB's core business; and
- (f) Change of Board Directors and Signatories.

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

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

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

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

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

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

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

The solicitors of our Company are of the opinion that our Company and DOCSB have a good arguable case for its defence as well as the counterclaim against the Plaintiff based on the evidence reviewed thus far, provided that our Company and DOCSB are able to lead the necessary oral evidence and documentary evidence during the trial of this litigation suit.

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B10 Other Litigations (cont'd)

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

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

The salient terms of the MOA are as follows:

(i) No deposit is required.

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

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

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

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

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

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

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

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

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

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

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

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

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B10 Other Litigations (cont'd)

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

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

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

As at 19 November 2014, SBM have not served its pleadings. At this juncture, the opinion on the probable outcome of this arbitration cannot be provided as SBM's submission has not been served to DVL.

(c) Shah Alam Sessions Court Suit No. B52NCVC-91-05/2014 (Zainon Shipping (Sarawak) Sdn. Bhd. vs Daya OCI Sdn. Bhd.)

On 5 June 2014, Daya OCI Sdn Bhd ("DOCI"), a subsidiary of the Company, had received notice of an action brought against it by Zainon Shipping (Sarawak) Sdn Bhd ("Plaintiff") together with a copy of the sealed Writ and Statement of Claim dated 28 May 2014 ("Suit").

In the Suit, the Plaintiff is claiming the sum of RM582,764.40 allegedly owing for certain shipping, forwarding and logistics services allegedly provided to DOCI which payment had allegedly become overdue, together with interest at 2% per month on the amount claimed from 12 March 2014 until judgment and interest at 4% per annum on the entire amount claimed from judgment until full settlement.

The claim under the Suit does not have any reasonably foreseeable material and adverse financial and operational impact on the Company.

The Suit was fixed for case management on the 11 July 2014. During case management, the Plaintiff withdrew the Suit subsequent to a settlement with DOCI and the Suit was struck out with no order as to costs and with no liberty to file afresh.

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B10 Other Litigations (cont'd)

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

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

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

DOCI filed its Memorandum of Appearance on 24 October 2014 and had until 17 November 2014 to file its defence and counterclaim, if any.

DOCI has appointed Messrs. Zain Megat & Murad to inter alia challenge and defend the Suit and counterclaim against the Plaintiff.

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

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

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

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

On 7 November 2014, our Company filed the Memorandum of Appearance and we have until 1 December 2014 to file our defence. The first Case Management of this litigation suit has been fixed on 28 November 2014. The solicitors of our Company are of the opinion that our Company have a good arguable case for defence against the Plaintiff based on instructions received and evidence reviewed thus far provided that our Company is able to lead the necessary oral evidence and documentary evidence during the trial of this litigation suit.

B11 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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B12 Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	8,938	7,218	14,562	18,993
Weighted average number of shares in issue ('000)	1,388,817	1,247,647	1,387,586	1,237,129
Basic earnings per share (sen)	<u>0.64</u>	<u>0.58</u>	<u>1.05</u>	<u>1.54</u>

B13 Additional disclosure as per Appendix 9B , Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	2,833	1,748	7,133	4,658
Depreciation on property, plant and equipment	5,960	1,302	9,363	4,219
Depreciation on investment property	1	4	6	11
Amortisation on intangible assets	89	11	190	83
Allowance for impairment loss	-	500	-	500
Unrealised foreign exchange losses	-	72	-	27
and after crediting:				
Interest income	371	313	769	998
Rental income	147	141	531	424
Reversal of discount on convertible loan notes	-	-	-	95
Reversal of allowance for impairment loss	-	7	-	46
Unrealised foreign exchange gains	14	-	208	-
Realised foreign exchange gains	467	-	185	-
Gain on disposal of property, plant & equipment	-	3	49	154
Gain on disposal of investment property	-	-	685	-
Fair value gain on financial assets at fair value through profit or loss	-	12	-	29

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

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B14 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.

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
	30.9.2014	31.12.2013 #
	RM'000	RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	132,877	117,630
- Unrealised profits	4,768	3,181
	<u>137,645</u>	<u>120,811</u>
Less: Consolidated adjustments	(35,996)	(32,296)
Total group retained earnings as per consolidated accounts	<u>101,649</u>	<u>88,515</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.

B15 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was unqualified.

By Order of the Board

Tham Jooi Loon
Managing Director

Date: 25 November 2014