



DAYA MATERIALS BERHAD

**Company No. 636357-W
(Incorporated in Malaysia)**

Quarterly Report 31 December 2014

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 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2013 # RM'000	CURRENT YEAR TO DATE 31.12.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013 # RM'000
Revenue	151,359	150,204	633,462	523,784
Cost of Sales	(178,894)	(133,226)	(589,324)	(445,577)
Gross (Loss)/Profit	<u>(27,535)</u>	<u>16,978</u>	<u>44,138</u>	<u>78,207</u>
Other Income	2,325	3,461	6,119	5,372
Operating Expenses	(29,690)	(35,229)	(77,081)	(66,363)
(Loss)/Profit from operations	<u>(54,900)</u>	<u>(14,790)</u>	<u>(26,824)</u>	<u>17,216</u>
Finance Costs	(3,711)	(1,619)	(10,844)	(6,277)
Share of results of jointly controlled entities	<u>211</u>	<u>222</u>	<u>718</u>	<u>528</u>
(Loss)/Profit before tax	(58,400)	(16,187)	(36,950)	11,467
Income tax expense	<u>11,750</u>	<u>1,133</u>	<u>3,750</u>	<u>(7,238)</u>
(Loss)/Profit for the period	<u><u>(46,650)</u></u>	<u><u>(15,054)</u></u>	<u><u>(33,200)</u></u>	<u><u>4,229</u></u>
Attributable to :				
Equity holders of the Company	(46,855)	(15,396)	(32,293)	3,597
Non-controlling interests	<u>205</u>	<u>342</u>	<u>(907)</u>	<u>632</u>
	<u><u>(46,650)</u></u>	<u><u>(15,054)</u></u>	<u><u>(33,200)</u></u>	<u><u>4,229</u></u>
Basic earnings per share (sen):	<u>(3.29)</u>	<u>(1.23)</u>	<u>(2.31)</u>	<u>0.29</u>
Diluted*	<u>-</u>	<u>(1.23)</u>	<u>-</u>	<u>0.29</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 2013.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2013 # RM'000	CURRENT YEAR TO DATE 31.12.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013 # RM'000
(Loss)/Profit for the period	<u>(46,650)</u>	<u>(15,054)</u>	<u>(33,200)</u>	<u>4,229</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	834	828	(723)	843
Total comprehensive (loss)/income for the period, net of tax	<u>(45,816)</u>	<u>(14,226)</u>	<u>(33,923)</u>	<u>5,072</u>
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company	(46,021)	(14,568)	(33,016)	4,440
Non-controlling interests	205	342	(907)	632
	<u>(45,816)</u>	<u>(14,226)</u>	<u>(33,923)</u>	<u>5,072</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 2013.

DAYA MATERIALS BERHAD

(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

(The figures have not been audited)

	UNAUDITED 31.12.2014 RM'000	AUDITED 31.12.2013 RM'000
Non Current Assets		
Property, plant and equipment	174,017	143,845
Land held for property development	11,365	11,294
Investment properties	778	9,813
Intangible assets	85,226	85,699
Deferred tax assets	17,518	2,800
Investment in joint ventures	2,646	1,790
Available-for-sale financial asset	15,333	2,400
Other receivable	-	103
	306,883	257,744
Current Assets		
Inventories	23,194	17,465
Trade receivables	97,177	107,244
Other receivables	13,573	19,709
Other current assets	79,079	51,024
Tax recoverable	803	1,931
Financial assets at fair value through profit or loss	98	130
Cash and cash equivalents	83,627	69,977
	297,551	267,480
Current Liabilities		
Trade payables	71,365	78,590
Other payables	63,985	59,711
Provisions	6,825	611
Tax payables	2,849	3,240
Loans and borrowings	57,466	77,766
	202,490	219,918
Net Current Assets	95,061	47,562
	401,944	305,306
Financed by:		
Share capital	165,182	126,304
Reserves	136,177	114,379
	301,359	240,683
Non-controlling interests	19,963	1,278
	321,322	241,961
Non Current Liabilities		
Loans and borrowings	80,622	63,345
	80,622	63,345
	401,944	305,306
Net assets per share (sen)	18.24	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 FOURTH QUARTER ENDED 31 DECEMBER 2014

(The figures have not been audited)

	Attributable to Equity Holders of the Company								Total Equity RM'000
	Non-Distributable equity				Distributable				
	Share capital RM'000	Share premium RM'000	component of Redeemable Convertible Secured Loan Notes ("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	1,452	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 (loss)/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 FOURTH QUARTER ENDED 31 DECEMBER 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>
Total comprehensive (loss)/income for the period	-	-	834	-	-	(46,855)	(46,021)	205	(45,816)
Transactions with owners:									
Issuance of shares	26,300	14,707	-	-	-	-	41,007	-	41,007
Fair value gain on investment in AFS asset	-	-	-	-	(3,333)	-	(3,333)	-	(3,333)
Balance as at 31 December 2014	<u>165,182</u>	<u>71,440</u>	<u>4,610</u>	<u>(0)</u>	<u>5,333</u>	<u>54,794</u>	<u>301,359</u>	<u>19,963</u>	<u>321,322</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 FOURTH QUARTER ENDED 31 DECEMBER 2014

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2014 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(36,950)	11,467
Adjustments for:		
Share of results of joint ventures	(718)	(528)
Reversal of discount on Redeemable Convertible Secured Loan Notes	-	(95)
Amortisation on intangible assets	375	372
Depreciation on property, plant and equipment	13,408	5,516
Depreciation on investment property	7	15
Gain on disposal of property, plant & equipment	(34)	(249)
Gain on disposal of investment property	(684)	-
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	32	-
Dividends income	-	(3)
Finance costs	10,844	6,277
Interest income	(1,193)	(1,152)
Unrealised foreign exchange gain	(246)	(358)
Allowance for impairment loss	15,418	5,039
Development expenditures incurred	(72)	(424)
Reversal of allowance for impairment loss	(202)	(46)
Operating profit before working capital changes	(15)	25,828
Changes in working capital:		
Inventories	2,905	(3,367)
Trade and other receivables	950	(52,475)
Other current assets	(28,055)	(10,899)
Trade and other payables	(2,705)	49,094
Provisions	6,214	286
Cash (used in) / generated from operations	(20,706)	8,467
Finance cost paid	(10,844)	(6,277)
Income tax paid	(8,953)	(8,252)
Net Cash Used In Operating Activities	(40,503)	(6,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(44,424)	(45,085)
Purchase of land held for property development	-	(395)
Purchase of investment property	-	(8,632)
Proceeds from disposal of property, plant and equipment	1,157	1,942
Proceeds from disposal of investment property	1,079	-
Proceeds from partial disposal of shares in subsidiaries	18,000	-
Purchase of intangible assets	(181)	(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	165	-
Incorporation of a joint venture company	-	(50)
(Increase)/Decrease in pledged deposits placed with licensed banks	(2,988)	8,379
Dividends received	-	3
Interest received	1,193	1,152
Net Cash Used In Investing Activities	(33,599)	(47,452)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2014 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(204,524)	(15,409)
Proceeds from loans and borrowings	202,852	66,220
Proceeds from disposal of treasury shares	2,161	3,533
Proceeds from issuance of shares	83,414	-
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	83,903	51,286
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,801	(2,228)
Effect of exchange rate fluctuations on cash held	2,211	848
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	38,977	40,357
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	50,989	38,977
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and bank balances	33,304	25,330
Fixed deposits with licenced banks	36,142	40,096
Short term investments	14,181	4,551
Bank overdraft	(14,780)	(16,130)
	68,847	53,847
Less: Deposits pledged	(17,858)	(14,870)
	50,989	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.

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

There were no significant issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the issuance of 233,000,000 and 30,000,000 ordinary shares of RM0.10 each in the Company through private placements at an issue price of RM0.165 on 19 December 2014 and 31 December 2014 respectively for a total cash consideration of RM43,395,000.

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

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

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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	19,944	323,977	289,541	-	633,462
Segment Results	(431)	(46,010)	19,177	310	(26,954)
Unallocated Results					130
Profit from Operations					(26,824)
Finance Costs					(10,844)
Share of results of jointly controlled entities					718
Profit Before Tax					(36,950)
Income Tax Expense					3,750
Profit After Tax					(33,200)

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

Geographical Segment

Geographical Segment	Revenue RM'000
Malaysia	401,377
Foreign Countries	232,085
Consolidated	633,462

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	<u>84,321</u>	<u>1,695</u>	<u>152</u>	<u>360</u>	<u>86,528</u>
Additions	-	181	-	-	181
Reversal	-	(279)	-	-	(279)
At 31 December 2014	<u>84,321</u>	<u>1,597</u>	<u>152</u>	<u>360</u>	<u>86,430</u>
Accumulated amortisation					
At 1 January 2013	-	92	-	360	452
Amortisation	-	330	42	-	372
Transfers	-	5	-	-	5
At 31 December 2013/1 January 2014	<u>-</u>	<u>427</u>	<u>42</u>	<u>360</u>	<u>829</u>
Amortisation	-	371	4	-	375
At 31 December 2014	<u>-</u>	<u>798</u>	<u>46</u>	<u>360</u>	<u>1,204</u>
Net carrying amount:					
At 1 January 2013	<u>83,491</u>	<u>406</u>	<u>-</u>	<u>-</u>	<u>83,897</u>
At 31 December 2013/1 January 2014	<u>84,321</u>	<u>1,268</u>	<u>110</u>	<u>-</u>	<u>85,699</u>
At 31 December 2014	<u>84,321</u>	<u>799</u>	<u>106</u>	<u>-</u>	<u>85,226</u>

A11 Other Current Assets

	Note	AS AT END OF CURRENT QUARTER 31.12.2014 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2013 RM'000
Amount due from customers on contracts	(i)	72,423	41,961
Prepayments		6,656	9,063
		<u>79,079</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 31.12.2014 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2013 RM'000
Aggregate costs incurred to date	609,324	608,991
Add: Attributable profits	79,582	72,615
	<u>688,906</u>	<u>681,606</u>
Less: Progress billings	(616,483)	(661,477)
	<u>72,423</u>	<u>20,129</u>
Customer advances for construction work in progress	-	21,832
	<u><u>72,423</u></u>	<u><u>41,961</u></u>

A12 Subsequent Events

Save for Section B7, there were no material events subsequent to the current financial quarter ended 31 December 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:

(i) 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 ("Disposal")

On 1 October 2014, the Company completed its disposal of 140,250 ordinary shares of RM1.00 each in DPRO representing 8.5% of the issued and paid-up share capital of DPRO to Wiramas Baiduri Sdn. Bhd. for a total cash consideration of RM2,000,000.

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

The non-controlling interests in DPRO by way of the Sales & Purchases Agreement dated 16 June 2014 has agreed to forgo its claim on the assets and profits of DPRO. Accordingly, the Group has not recognized any share of non-controlling interest in the income statement and statement of financial position.

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A13 Changes in the composition of the Group (cont'd)

(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.

A14 Contingent Assets and Contingent Liabilities

As at 31 December 2014, the Company provides corporate guarantees up to a total amount of RM348,888,896 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 RM138,925,621.

As at 31 December 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 RM3,782,131.

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

A15 Capital Commitments

	Note	As at 31.12.2014 RM'000
Contracted and not provided for:		<u>995,288</u>
Approved but not contracted for:		<u>5,701</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 RM976.1 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 RM8.0 million); and
- (iii) stores and spares at an estimated cash consideration of USD3.2 million (equivalent to approximately RM11.2 million).

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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 31.12.2014 RM'000	Balance due at 31.12.2014 RM'000	Transaction for the period ended 31.12.2013 RM'000	Balance due at 31.12.2013 RM'000
Interest income charged on housing loan to a former director	-	-	56	-
Housing loan to a former director	-	-	-	704

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

The revenue of RM3.569 million in Polymer segment in the quarter ended 31 December 2014 ("Q4 2014") was lower than the revenue of RM5.088 million recorded in the preceding corresponding quarter ended 31 December 2013 ("Q4 2013") as the underlying economics of the business continued to weaken. Consequently, the Polymer segment recorded a marginal segment loss of RM0.132 million in Q4 2014.

(ii) Oil & Gas segment

The revenue recognised in the Oil & Gas segment for Q4 2014 was consistent with Q4 2013, with a slight decrease of 5% from RM92.834 million in Q4 2013 to RM88.059 million in Q4 2014. Nonetheless, despite the sales revenue in Q4 2014, it recorded a segment loss of RM52.280 million in Q4 2014 as a result of significant receivables write-off, lower vessel utilisation and lower spot rates.

(iii) Technical Services segment

The revenue in the Technical Services segment has improved by 14% from RM52.283 million in Q4 2013 to RM59.732 million in Q4 2014 due to the improved progress of its various projects. Despite the improvement in the revenue, Technical Services segment recorded a segment loss of RM1.677 million as a result of a provision for one of its projects.

Overall, the Group achieved revenue of RM151.359 million for Q4 2014, a slight increase of 1% from RM150.204 million recorded in Q4 2013. However, the Group recorded loss before tax of RM58.400 million in Q4 2014, representing a decrease of 250% over RM16.186 million loss before tax in Q4 2013, mainly due to low vessel utilisation and significant receivables write-off in Q4 2014.

B1 Review of performance (cont'd)

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

(i) Polymer segment

The Group achieved revenue of RM19.944 million on the Polymer Segment for the financial year ended 31 December 2014, a slight decrease of 6% from RM21.291 million recorded in the previous financial year. Lower revenue achieved in the Polymer Segment is mainly due to the continued weakness in the underlying economics of the business. Consequently, the Polymer segment recorded a segment loss of RM0.431 million for the financial year ended 31 December 2014.

(ii) Oil & Gas segment

The Group achieved revenue of RM323.977 million in the Oil & Gas Segment for the financial year ended 31 December 2014, an increase of 19% as compared to RM272.688 million recorded in the previous financial year. 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.

Despite the increase in the revenue during the financial year ended 31 December 2014, the Oil & Gas segment recorded a segment loss of RM46.010 million as a result of significant receivables write-off and lower vessel utilisation during the quarter ended 31 December 2014.

(iii) Technical Services segment

The Group achieved revenue of RM289.541 million in the Technical Services Segment for the financial year ended 31 December 2014, an increase of 26% from RM229.807 million recorded in the previous financial year. The increase in revenue in the Technical Services Segment was mainly due to improved progress of existing projects and the completion of several projects during the financial year.

As a result, Technical Services segment recorded a segment profit of RM19.177 million for the financial year ended 31 December 2014 as compared to RM14.349 million segment profit recorded in the previous preceding financial year.

The Group achieved revenue of RM633.462 million for the year ended 31 December 2014, an increase of 21% from RM523.785 million recorded in the previous financial year ended 31 December 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 loss before tax of RM36.950 million for the financial year ended 31 December 2014, representing a decrease of 422% over RM11.467 million of profit before tax recorded for previous financial year ended 31 December 2013. The loss in the financial year ended 31 December 2014 was mainly attributed to the losses from the subsea business due to low vessel utilisation and significant receivables write-off in Q4 2014.

B2 Variation of results against preceding quarter

	Quarter ended	Quarter ended
	31.12.2014	30.9.2014
	RM'000	RM'000
Revenue	151,359	178,707
(Loss)/Profit before tax	(58,400)	9,657

For the quarter ended 31 December 2014, the Group has recorded revenue of RM151.359 million, a decrease of 15% as compared to RM178.707 million recorded in Q3 2014. The decrease in revenue was mainly due to the revision of margin in several technical services projects and lower utilisation rates on the vessels. The loss before tax recorded during the current quarter was mainly due to high costs incurred in its subsea business.

B3 Prospects

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

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

The prospects of our upstream business will depend largely on vessel utilization and timing of our proposed vessel purchase. Future vessel utilisation depends on several factors, including actual deployment of our main European client during the summer months, the availability of spot business during winter months and overall offshore environment. The proposed purchase of vessels is dependent on the conditions of the equity market, the availability of long-term debt financing as well as relative strength of the United States Dollars against the Ringgit Malaysia. We are presently re-examining our vessel purchase/chartering strategies and working with our partners in Europe with a view of reducing our business volatility and improving our earnings visibility.

On the downstream sector, we are replenishing our order book both in terms of downstream and production chemicals as well as lifting services and expect them to contribute positively to the Group in the coming periods.

(ii) Technical Services Segment

The Technical Services Segment is expected to perform well in the coming year as the Group is actively involved in several large-scale tenders and continues to execute and build on its order book. The Group intends to leverage on its engineering expertise and brand equity to continue to expand its revenue stream and secure new contracts.

(iii) Polymer Segment

The underlying economics of the polymer business is expected to 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 2015 will be satisfactory, barring any unforeseen circumstances.

B4 Profit forecast

Not applicable.

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B5 Income tax expenses

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31.12.2014 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 31.12.2013 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31.12.2014 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2013 RM'000
In respect of the current period:				
Malaysian income tax	963	1,854	10,968	10,227
Deferred tax (income)/expense	<u>(12,713)</u>	<u>(2,987)</u>	<u>(14,718)</u>	<u>(2,989)</u>
	<u>(11,750)</u>	<u>(1,133)</u>	<u>(3,750)</u>	<u>7,238</u>

The Group's effective tax rate for the quarter under review at 20% was lower than the statutory income tax rate. The comparatively lower effective tax rate was mainly due to some of the 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 but not completed as at 23 February 2015, 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.

B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 23 February 2015, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

(ii) Memorandum of Understanding ("MOU") between Daya 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, 27 October 2014 and 21 January 2015 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.

(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 and 5 December 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.

(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 RM488.0 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 RM488.0 million) and an additional USD2.3 million (equivalent to approximately RM8.0 million) for a 50 metric tonnes active heave compensation 3,000 metres crane ("Proposed SD2 Acquisition").

B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 23 February 2015, 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)

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").

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.

B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 23 February 2015, 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)

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

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 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.

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 via 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.

B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 23 February 2015, 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 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.

On 9 December 2014, the Board has fixed the issue price at RM0.165 per Placement Share. The issue price of RM0.165 per Placement Share represents a discount of approximately RM0.0170 or 9.34% to the 5-day VWAP of DMB Shares, up to and including 8 December 2014 of RM0.1820 per DMB Share.

On 20 January 2015, the Board announced that the Company and SORA have on 19 January 2015 mutually agreed to amend certain terms and conditions set out in the MOAs as follow:

- (a) the Company shall pay a partial deposit of USD600,000 each (equivalent to approximately RM2,142,900) for SD1 and SD2 ("Partial Deposit") within one hundred and fifty (150) days upon execution of the MOAs and the Partial Deposit shall be held in an interest bearing account;
- (b) As further security for the correct fulfillment of the MOAs, the Company shall lodge the balance of the deposit of USD13,400,000 each (equivalent to approximately RM47,858,100) for SD1 and SD2 ("Balance of the Deposit") in the same interest bearing account for the Parties with the deposit holder (i.e. SORA's bank) on or before 19 April 2015;

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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 23 February 2015, 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)

- (c) If the Company does not pay the Partial Deposit within one hundred and fifty (150) days or the Balance of the Deposit on or before 19 April 2015, the MOAs shall be null and void and there shall be no obligations or liabilities on either party;
- (d) SORA shall retain the Partial Deposit should the Company fail to pay the Balance of the Deposit on 19 April 2015;
- (e) On delivery of SD1 and/or SD2, but no later than 19 July 2015:
 - (i) the Deposit shall be released to SORA; and
 - (ii) the balance of the Purchase Price and all other sums payable on delivery by the Company to SORA under the MOAs shall be paid in full free of bank charges to SORA
- (f) If the Company does not inspect SD1 and/or SD2 or serve notices of acceptance of SD1's and/or SD2's records or of acceptance of SD1 and/or SD2 itself, the Balance of the Deposit and any interest earned shall be released and returned to the Company and the MOAs shall be null and void. The Partial Deposit shall in any event be retained by SORA; and
- (g) The Company shall, within twenty-one (21) days of the Company's notice of acceptance of SD1 and/or SD2, give notice of the intended delivery date. Such delivery date shall not be later than 19 July 2015 and SD1 and/or SD2 shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage in a place to be nominated by the Company.

The Partial Deposit has been paid on 20 January 2015.

B8 Status of utilisation of proceeds

Private Placement Proceeds- Year 2014

As at 31 December 2014, the Company has raised gross proceeds of approximately RM43.395 million ("Gross Placement Proceeds") via the placement of 263,000,000 Placement Shares under the Proposed Placement exercise at an issue price of RM0.165 per share and the status of the utilisation proceeds is as follows:

Description	Original utilisation amount	Revised utilisation amount (Note 1)	Actual utilisation	Balance	Estimated timeframe for the utilisation of proceeds from the date of listing of the Placement Shares
	RM'000	RM'000	RM'000	RM'000	
	A	B	C	D = B-C	
Purchase of vessels	43,395	15,000	-	15,000	Within six (6) months
Working capital (including the estimated expenses for the Prproposals)	-	28,395	3,112	25,283	Within three (3) months
Total proceeds	43,395	43,395	3,112	40,283	

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B8 Status of utilisation of proceeds (cont'd)

Note 1:

In the announcement to Bursa Malaysia Securities Sdn. Bhd. ("Bursa Malaysia") on 10 February 2015, the Board of Directors of the Company ("the Board") had resolved to revise the utilisation of proceeds from the Proposed Placement amounting to RM23,395 million or 65.43% of the Gross Placement Proceeds.

The Company intends to use part of the proceeds raised from the Proposed Placement for general working capital purposes of DMB Group, including but not limited to payment of trade and other payables, management, employees and marketing expenses and other day-to-day expenses. The breakdown of proceeds to be utilised for each component of working capital has not been determined at this juncture. Moreover, the actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation.

The Company intends to finance the shortfall in the Proposed Acquisitions either via bank borrowings and/or internally-generated funds of the the Group and/or other forms of financing.

B9 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	31,437	40,000	71,437
Hire purchases	1,796	7,237	9,033
Overdraft	9,832	-	9,832
Term loans	9,453	33,385	42,838
	52,518	80,622	133,140
<u>Unsecured borrowing</u>			
Overdraft	4,948	-	4,948
	57,466	80,622	138,088

The secured 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, except for RM11,971,429 which is denoted in United States Dollars.

B10 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 RM1,942,250 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) instalments, 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 instalments, the 1st and 2nd Defendants become liable for the payment of the entire sum claimed of RM1,942,250 less any instalments paid. The 1st and 2nd Defendants have also agreed to provide security for the instalments 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 instalments 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 RM1,942,250 with costs and interest. As of the date of this quarterly update, DSSB has not received the same.

The first instalment payment of RM100,000 from the 1st and 2nd 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 instalment 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.

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

On 16 February 2015, DSSB through its solicitors filed cause papers for bankruptcy proceedings against the 5th Defendant.

On 17 February 2015, DSSB through its solicitors, served on the 3rd and 4th Defendants a Notice pursuant to section 218 (2) (a) of the Companies Act 1965 ("said Notice"). The 3rd and 4th Defendants have 21 days from the date of the said Notice to respond.

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B11 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 agreement 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 restrain 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.

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.

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B11 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)

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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B11 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 with additional trial dates of 30th to 31st 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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B11 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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B11 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.

On 28 November 2014, the Board announced that DVL had through its solicitors, received a letter from SBM's lawyers dated 27 November 2014 setting out SBM's claims submissions ("Claims Submissions").

In the Claims Submissions, SBM is claiming for:

(i) Damages in the amount of United States Dollars Forty Million (USD40,000,000), equivalent to approximately Ringgit Malaysia One Hundred and Thirty Four Million (RM134,000,000), being the difference between the purchase price of the Vessel under the MOA of United States Dollars One Hundred and Eighty Million (USD180,000,000) and the market value of the Vessel as at the date of cancellation of the MOA being 21 February 2014, being United States Dollars One hundred and Forty Million (USD140,000,000);

(ii) British Pound Sterling Twenty Nine Thousand and Eighteen (£29,018), equivalent to approximately Ringgit Malaysia One Hundred and Fifty Three Thousand (RM153,000), in legal costs and disbursements;

(iii) Singapore Dollars Thirty Two Thousand Six Hundred and Fifteen (S\$32,615), equivalent to approximately Ringgit Malaysia Eighty Four Thousand (RM84,000), in wasted third party costs representing SBM's direct losses incurred in connection with DVL's breach of the MOA;

(iv) Compound interest in accordance with Section 49 of the English Arbitration Act 1996, at such rate and compounded for such periods that the tribunal considers just; and

(v) Costs.

On 6 January 2015, DVL through its solicitors, served its defence submissions on SBM's solicitors.

SBM had until Friday 20 February 2015 to serve its reply to DVL's defence submissions but as at the date of this quarterly update, DVL had not received the same.

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B11 Other Litigations (cont'd)

(c) 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.

(d) 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 8 December 2014, our Company filed and served its Defence.

Further to the pre-trial case management of this litigation suit on 12 January 2015, the matter is now fixed for full trial on 15th to 17th June 2015.

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.

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B12 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 2014.

B13 Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2014	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2013	CURRENT YEAR TO DATE 31.12.2014	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013
Net (loss)/profit for the period attributable to ordinary equity holders of the company (RM'000)	(46,855)	(15,396)	(32,293)	3,597
Weighted average number of shares in issue ('000)	1,424,589	1,256,393	1,396,277	1,241,984
Basic earnings per share (sen)	<u>(3.29)</u>	<u>(1.23)</u>	<u>(2.31)</u>	<u>0.29</u>

B14 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 31.12.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2013# RM'000	CURRENT YEAR TO DATE 31.12.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013# RM'000
The following amounts have been included in arriving at (loss)/profit before tax:				
Finance costs	3,711	1,619	10,844	6,277
Depreciation on property, plant and equipment	4,045	1,297	13,408	5,516
Depreciation on investment property	1	4	7	15
Amortisation on intangible assets	184	289	375	372
Allowance for impairment loss	<u>15,418</u>	<u>4,539</u>	<u>15,418</u>	<u>5,039</u>

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B14 Additional disclosure as per Appendix 9B , Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad (cont'd)

and after crediting:

Interest income	424	154	1,193	1,152
Rental income	133	(90)	664	334
Dividends income	-	3	-	3
Reversal of discount on convertible loan notes	-	-	-	95
Reversal of allowance for impairment loss	202	-	202	46
Unrealised foreign exchange gains	38	359	246	359
Realised foreign exchange gains	689	1,971	874	1,944
(Loss)/Gain on disposal of property, plant & equipment	(15)	95	34	249
(Loss)/Gain on disposal of investment property	(1)	-	684	-
Fair value (loss)/gain on financial assets at fair value through profit or	-	(7)	-	22

Except as disclosed above, 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.

B15 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 31.12.2014 RM'000	AS AT 31.12.2013 # RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	80,991	117,630
- Unrealised profits	17,020	3,181
	<u>98,011</u>	<u>120,811</u>
Less: Consolidated adjustments	(43,217)	(32,296)
Total group retained earnings as per consolidated accounts	<u>54,794</u>	<u>88,515</u>

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

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B15 Realised and Unrealised Profits/Losses (cont'd)

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.

B16 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 February 2015