



# **DAYA MATERIALS BERHAD**

Company No. 636357-W  
(Incorporated in Malaysia)

## **Quarterly Report 30 September 2012**

# 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 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	72,881	64,353	178,615	185,412
Cost of Sales	(60,116)	(52,857)	(141,080)	(154,915)
Gross Profit	<u>12,765</u>	<u>11,496</u>	<u>37,535</u>	<u>30,497</u>
Other Income	1,864	1,412	5,125	4,717
Operating Expenses	(5,766)	(5,046)	(22,845)	(14,841)
Profit from operations	<u>8,863</u>	<u>7,862</u>	<u>19,815</u>	<u>20,373</u>
Finance Costs	(850)	(975)	(2,939)	(3,011)
Share of results of jointly controlled entities	<u>70</u>	<u>1,079</u>	<u>4,832</u>	<u>1,079</u>
Profit before tax	8,083	7,966	21,708	18,441
Income tax expense	<u>(1,766)</u>	<u>(2,542)</u>	<u>(6,737)</u>	<u>(5,573)</u>
Profit for the period	<u><u>6,317</u></u>	<u><u>5,424</u></u>	<u><u>14,971</u></u>	<u><u>12,868</u></u>
Attributable to :				
Equity holders of the Company	6,329	5,384	14,986	12,804
Non-controlling interests	<u>(12)</u>	<u>40</u>	<u>(15)</u>	<u>64</u>
	<u><u>6,317</u></u>	<u><u>5,424</u></u>	<u><u>14,971</u></u>	<u><u>12,868</u></u>
Earnings per share (sen):				
Basic	<u>0.52</u>	<u>0.45</u>	<u>1.23</u>	<u>1.11</u>
Diluted*	<u>0.50</u>	<u>0.45</u>	<u>1.22</u>	<u>1.09</u>

\* The dilution of the earnings per share is due to the dilutive potential ordinary shares pursuant to the conversion of Redeemable Convertible Secured Loan Notes ("RCSLN").

These condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to these interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2011 RM'000	CURRENT YEAR TO DATE 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2011 RM'000
Profit for the period	<u>6,317</u>	<u>5,424</u>	<u>14,971</u>	<u>12,868</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	-	(36)	12	(54)
Total comprehensive income for the period, net of tax	<u>6,317</u>	<u>5,388</u>	<u>14,983</u>	<u>12,814</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	6,329	5,348	14,998	12,750
Non-controlling interests	(12)	40	(15)	64
	<u>6,317</u>	<u>5,388</u>	<u>14,983</u>	<u>12,814</u>

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to these interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)  
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

(The figures have not been audited)

	UNAUDITED 30.9.2012 RM'000	AUDITED 31.12.2011 RM'000 (restated)	AUDITED 01.01.2011 RM'000 (restated)
<b>Non Current Assets</b>			
Property, plant and equipment	101,128	100,018	90,866
Land held for property development	10,449	-	-
Investment properties	1,199	1,210	1,225
Intangible assets	80,347	80,371	79,976
Investment in jointly controlled entities	2,058	3,129	1,061
Other receivable	849	1,272	1,809
	196,030	186,000	174,937
<b>Current Assets</b>			
Inventories	14,758	14,182	13,428
Trade receivables	43,067	74,596	47,641
Other receivables	10,803	11,917	9,615
Other current assets	48,091	22,615	5,041
Tax recoverable	2,088	2,206	3,562
Marketable securities	252	244	159
Cash and cash equivalents	56,679	62,840	34,153
	175,738	188,600	113,599
<b>Current Liabilities</b>			
Trade payables	20,179	51,729	10,373
Other payables	66,201	42,745	25,207
Provisions	1,228	1,710	2,321
Tax payables	2,374	629	2,393
Loans and borrowings	22,387	17,862	14,568
	112,369	114,675	54,862
<b>Net Current Assets</b>	63,369	73,925	58,737
	259,399	259,925	233,674
<b>Financed by:</b>			
Share capital	123,399	119,915	109,673
Reserves	99,115	87,198	63,409
	222,514	207,113	173,082
Non-controlling interests	(15)	-	559
	222,499	207,113	173,641
<b>Non Current Liabilities</b>			
Other payables	-	3,000	5,000
Deferred tax liabilities	844	951	1,086
Loans and borrowings	36,056	48,861	53,947
	36,900	52,812	60,033
	259,399	259,925	233,674
<b>Net assets per share (sen)</b>	18.03	17.27	15.78

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to these interim financial statements.

# DAYA MATERIALS BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	-----Attributable to Equity Holders of the Company----->								
	----- Non-Distributable ----->			Distributable					
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
<b>At 1 January 2011, as previously stated</b>	109,673	9,998	365	192	-	56,369	176,597	559	177,156
Effect of transition to MFRSs	-	-	-	-	-	(3,515)	(3,515)	-	(3,515)
<b>At 1 January 2011, as restated</b>	109,673	9,998	365	192	-	52,854	173,082	559	173,641
Total comprehensive income for the period	-	-	-	(18)	-	2,688	2,670	2	2,672
Transactions with owners:									
Conversion of RCSLN	1,742	1,258	(78)	-	-	-	2,922	-	2,922
Private placements	500	625	-	-	-	-	1,125	-	1,125
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	80	80
<b>At 31 March 2011</b>	111,915	11,881	287	174	-	55,542	179,799	641	180,440
Total comprehensive income for the period	-	-	-	-	-	4,732	4,732	22	4,754
Transactions with owners:									
Private placements	8,000	9,300	-	-	-	-	17,300	-	17,300
<b>At 30 June 2011</b>	119,915	21,181	287	174	-	60,274	201,831	663	202,494
Total comprehensive income for the period	-	-	-	(36)	-	5,384	5,348	40	5,388
Transactions with owners:									
Issuance of bonus shares	-	(1,550)	-	-	-	-	(1,550)	-	(1,550)
Dividends paid	-	-	-	-	-	(2,878)	(2,878)	-	(2,878)
<b>At 30 September 2011</b>	119,915	19,631	287	138	-	62,780	202,751	703	203,454
Total comprehensive income for the period	-	-	-	34	-	4,577	4,611	(3)	4,608
Transactions with owners:									
Acquisition of non-controlling interest	-	-	-	-	-	68	68	(538)	(470)
Disposal of a subsidiary	-	-	-	-	-	-	-	(162)	(162)
Purchase of treasury shares	-	-	-	-	(317)	-	(317)	-	(317)
<b>At 31 December 2011</b>	119,915	19,631	287	172	(317)	67,425	207,113	-	207,113

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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 2012

(The figures have not been audited)

	-----Attributable to Equity Holders of the Company----->								
	----- Non-Distributable ----->					Distributable			
	Share capital	Share premium	Equity component of RCSLN	Foreign Currency Translation Reserve	Treasury Shares	Retained earnings	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2012, as previously stated</b>	119,915	19,631	287	172	(317)	70,940	210,628	-	210,628
Effect of transition to MFRSs	-	-	-	-	-	(3,515)	(3,515)	-	(3,515)
<b>At 1 January 2012, as restated</b>	119,915	19,631	287	172	(317)	67,425	207,113	-	207,113
Total comprehensive income for the period	-	-	-	12	-	2,939	2,951	(3)	2,948
Transactions with owners:									
Conversion of RCSLN	1,742	1,258	(78)	-	-	-	2,922	-	2,922
<b>At 31 March 2012</b>	<u>121,657</u>	<u>20,889</u>	<u>209</u>	<u>184</u>	<u>(317)</u>	<u>70,364</u>	<u>212,986</u>	<u>(3)</u>	<u>212,983</u>
Total comprehensive income for the period	-	-	-	-	-	5,718	5,718	-	5,718
Transactions with owners:									
Conversion of RCSLN	1,742	1,258	(78)	-	-	-	2,922	-	2,922
Purchase of treasury shares	-	-	-	-	(186)	-	(186)	-	(186)
<b>At 30 June 2012</b>	<u>123,399</u>	<u>22,147</u>	<u>131</u>	<u>184</u>	<u>(503)</u>	<u>76,082</u>	<u>221,440</u>	<u>(3)</u>	<u>221,437</u>
Total comprehensive income for the period	-	-	-	-	-	6,328	6,328	(12)	6,316
Transactions with owners:									
Dividends paid	-	-	-	-	-	(3,074)	(3,074)	-	(3,074)
Purchase of treasury shares	-	-	-	-	(2,180)	-	(2,180)	-	(2,180)
<b>At 30 September 2012</b>	<u>123,399</u>	<u>22,147</u>	<u>131</u>	<u>184</u>	<u>(2,683)</u>	<u>79,336</u>	<u>222,514</u>	<u>(15)</u>	<u>222,499</u>

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to these interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2012 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2011 RM'000
	Note	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	21,708	23,760
Adjustments for:		
Share of results of joint ventures	(4,832)	(1,395)
Discount on convertible loan notes	(41)	74
Amortisation on intangible assets	64	5
Depreciation on property, plant and equipment	3,197	4,443
Depreciation on investment property	11	15
Gain on disposal of property, plant & equipment	(3,329)	(3,408)
Property, plant and equipment written off	8	18
Gain on disposal of a subsidiary	(i) -	(1)
Gain on disposal of marketable securities	-	(14)
Fair value gain on marketable securities	(8)	(18)
Dividends income	-	(5)
Finance costs	2,939	3,973
Interest income	(1,122)	(1,343)
Unrealised foreign exchange gain	-	(161)
Allowance for impairment loss	-	230
Reversal of allowance for impairment loss	-	(1,140)
Operating profit before working capital changes	18,595	25,033
Changes in working capital:		
Inventories	(576)	(932)
Trade and other receivables	33,066	(28,678)
Other current assets	(25,476)	(17,574)
Trade and other payables	(11,094)	60,540
Provisions	(482)	(611)
Cash generated from operations	14,033	37,778
Finance cost paid	(2,939)	(3,973)
Income tax paid	(4,982)	(6,842)
<b>Net Cash Generated From Operating Activities</b>	<b>6,112</b>	<b>26,963</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,709)	(16,725)
Purchase of land held for property development	(10,448)	-
Proceeds from disposal of property, plant and equipment	3,724	4,600
Purchase of intangible assets	(40)	(400)
Purchase of marketable securities	-	(115)
Acquisition of non-controlling interest	-	(550)
Proceeds from disposal of marketable securities	-	62
Increase in investment in a jointly controlled entity	-	(6)
Incorporation of a joint venture company	-	(51)
Net cash outflow from disposal of subsidiaries	(i) -	(66)
Decrease / (Increase) in pledged deposits placed with licensed banks	780	(7,129)
Dividends received	-	5
Interest received	1,122	1,343
<b>Net Cash Used In Investing Activities</b>	<b>(9,571)</b>	<b>(19,032)</b>

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2012 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2011 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans and borrowings	(6,971)	(15,536)
Proceeds from loans and borrowings	7,489	13,706
Proceeds from issuance of shares	-	18,725
Purchase of treasury shares	(2,366)	(317)
Distribution of profits from a jointly controlled entity	5,902	250
Transaction costs paid for issuance of bonus shares	-	(1,850)
Dividends paid	(3,074)	(2,878)
	<hr/>	<hr/>
<b>Net Cash Generated From Financing Activities</b>	980	12,100
	<hr/>	<hr/>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,479)	20,031
Effect of exchange rate fluctuations on cash held	12	(21)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR</b>	34,368	14,358
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD / YEAR</b>	31,901	34,368
	<hr/> <hr/>	<hr/> <hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD / YEAR</b>		
Cash and bank balances	20,961	17,902
Fixed deposits with licenced banks	34,104	41,231
Short term investments	1,614	3,707
Bank overdraft	(825)	(3,739)
	<hr/>	<hr/>
	55,854	59,101
Less: Deposits pledged	(23,953)	(24,733)
	<hr/>	<hr/>
	31,901	34,368
	<hr/> <hr/>	<hr/> <hr/>

- (i) On 8 November 2011, Daya NCHO Sdn. Bhd. ("DNSB") issued an additional 320,000 ordinary shares at RM1.00 each to NCHO Sdn. Bhd. ("NSB") through capitalisation of an amount of RM320,000 out of advances owing to NSB ("Shares Issuance"). Upon the completion of Shares Issuance, the authorised share capital of DNSB is to increase to RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully subscribed by its shareholders, Daya Clarimax Sdn. Bhd. ("DCLX") (60%) and the joint venture partner, NSB (40%) in accordance with the provisions of the Joint Venture Agreement dated 27 January 2011 entered into between DCLX and NSB. Subsequent to the Shares Issuance, DNSB had ceased to be a subsidiary and become a jointly controlled entity.

On 15 September 2011, the Group via its direct wholly owned subsidiary, DMB International Limited disposed of 40,000 ordinary shares of HKD1.00 each in Daya NCHO International Limited (formerly known as Daya Clarimax International Limited) ("DNIL") representing 40% of the issued and paid-up share capital of DNIL to NCHO Sdn. Bhd. for a total consideration of HKD40,000. Subsequent to the disposal, DNIL had ceased to be a subsidiary and become a jointly controlled entity.



# DAYA MATERIALS BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

The assets and liabilities of the disposed subsidiaries are as follows:

	UNAUDITED CURRENT YEAR TO DATE 30.9.2012 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2011 RM'000
Property, plant and equipment	-	3,239
Inventories	-	179
Trade and other receivables	-	1,028
Cash and bank balances	-	82
Trade and other payables	-	(3,806)
	-	722
Less: Transfer to investment in jointly controlled entities	-	(625)
Non-controlling interests	-	(82)
	-	15
Gain on disposal of subsidiaries	-	1
Consideration received, satisfied in cash	-	16
Cash disposed of	-	(82)
Net cash outflows	-	(66)

These condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to these interim financial statements.

# DAYA MATERIALS BERHAD

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## A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

### A1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Suite 18.01, 18th Floor, MWE Plaza, 8 Lebuhraya, 10200 Penang.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out in Note A2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the consolidated income statement and statement of cash flows.

### A2 Significant Accounting Policies

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

#### Business combination

Prior to 30 June 2010, the cost of an acquisition of a subsidiary is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Under MFRS 3, the costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

At the date of transition to MFRS, the Group has elected to apply MFRS 3 retrospectively to all its business combination. Accordingly, the consolidated goodwill for 1 January 2011, 30 September 2011, 31 December 2011 / 1 January 2012 and 30 September 2012 shall be reduced by RM3,514,679 with the same reduction in retained earnings.

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## A2 Significant Accounting Policies (Cont'd)

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

### (i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Business Combination RM'000	MFRS as at 1 January 2011 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	90,866		90,866
Investment properties	1,225		1,225
Intangible assets	83,491	(3,515)	79,976
Investment in jointly controlled entities	1,061		1,061
Other receivable	1,809		1,809
	<u>178,452</u>		<u>174,937</u>
<b>Current assets</b>			
Inventories	13,428		13,428
Trade and other receivables	57,256		57,256
Other current assets	5,041		5,041
Tax recoverable	3,562		3,562
Marketable securities	159		159
Cash and cash equivalents	34,153		34,153
	<u>113,599</u>		<u>113,599</u>
Total assets	<u>292,051</u>		<u>288,536</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	109,673		109,673
Share premium	9,998		9,998
Equity component of RCSLN	365		365
Retained earnings	56,369	(3,515)	52,854
Foreign currency translation reserve	192		192
Equity attributable to owners of the parent	<u>176,597</u>		<u>173,082</u>
Non-controlling interests	559		559
	<u>177,156</u>		<u>173,641</u>
<b>Non-current liabilities</b>			
Loans and borrowings	53,947		53,947
Other payables	5,000		5,000
Deffered tax liabilities	1,086		1,086
	<u>60,033</u>		<u>60,033</u>
<b>Current liabilities</b>			
Trade and other payables	35,580		35,580
Loans and borrowings	14,568		14,568
Tax payable	2,393		2,393
Provisions	2,321		2,321
	<u>54,862</u>		<u>54,862</u>
Total liabilities	<u>114,895</u>		<u>114,895</u>
Total equity and liabilities	<u>292,051</u>		<u>288,536</u>

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

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## A2 Significant Accounting Policies (Cont'd)

### (ii) Reconciliation of equity as at 30 September 2011

	FRS as at 30 September 2011 RM'000	Business Combination RM'000	MFRS as at 30 September 2011 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	95,872		95,872
Investment properties	1,214		1,214
Intangible assets	83,491	(3,515)	79,976
Investment in jointly controlled entities	893		893
Other receivable	1,750		1,750
	<u>183,220</u>		<u>179,705</u>
<b>Current assets</b>			
Inventories	14,817		14,817
Trade and other receivables	53,935		53,935
Other current assets	13,219		13,219
Tax recoverable	4,610		4,610
Marketable securities	173		173
Cash and cash equivalents	63,373		63,373
	<u>150,127</u>		<u>150,127</u>
Total assets	<u>333,347</u>		<u>329,832</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	119,915		119,915
Share premium	19,631		19,631
Equity component of RCSLN	287		287
Retained earnings	66,295	(3,515)	62,780
Foreign currency translation reserve	138		138
Equity attributable to owners of the parent	<u>206,266</u>		<u>202,751</u>
Non-controlling interests	703		703
	<u>206,969</u>		<u>203,454</u>
<b>Non-current liabilities</b>			
Loans and borrowings	42,745		42,745
Other payables	3,000		3,000
Deferred tax liabilities	996		996
	<u>46,741</u>		<u>46,741</u>
<b>Current liabilities</b>			
Trade and other payables	53,114		53,114
Loans and borrowings	21,266		21,266
Tax payable	3,899		3,899
Provisions	1,358		1,358
	<u>79,637</u>		<u>79,637</u>
Total liabilities	<u>126,378</u>		<u>126,378</u>
Total equity and liabilities	<u>333,347</u>		<u>329,832</u>

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## A2 Significant Accounting Policies (Cont'd)

### (iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Business Combination RM'000	MFRS as at 31 December 2011 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	100,018		100,018
Investment properties	1,210		1,210
Intangible assets	83,886	(3,515)	80,371
Investment in a joint venture	3,129		3,129
Other receivable	1,272		1,272
	<u>189,515</u>		<u>186,000</u>
<b>Current assets</b>			
Inventories	14,182		14,182
Trade and other receivables	86,513		86,513
Other current assets	22,615		22,615
Tax recoverable	2,206		2,206
Marketable securities	244		244
Cash and cash equivalents	62,840		62,840
	<u>188,600</u>		<u>188,600</u>
Total assets	<u>378,115</u>		<u>374,600</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	119,915		119,915
Share premium	19,631		19,631
Equity component of RCSLN	287		287
Treasury shares	(317)		(317)
Retained earnings	70,940	(3,515)	67,425
Foreign currency translation reserve	172		172
Equity attributable to owners of the parent	<u>210,628</u>		<u>207,113</u>
Non-controlling interests	-		-
	<u>210,628</u>		<u>207,113</u>
<b>Non-current liabilities</b>			
Loans and borrowings	48,861		48,861
Other payables	3,000		3,000
Deffered tax liabilities	951		951
	<u>52,812</u>		<u>52,812</u>
<b>Current liabilities</b>			
Trade and other payables	94,474		94,474
Loans and borrowings	17,862		17,862
Tax payable	629		629
Provisions	1,710		1,710
	<u>114,675</u>		<u>114,675</u>
Total liabilities	<u>167,487</u>		<u>167,487</u>
Total equity and liabilities	<u>378,115</u>		<u>374,600</u>

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## A3 Seasonal or cyclical factors

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

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

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

## A5 Changes in estimates, significant accounting estimates and judgements

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

## A6 Debt and equity securities

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

## A7 Dividends paid

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

	30.9.2012	31.12.2011
Final dividends for the financial year	31 December 2011	31 December 2010
Approved and declared on	26 June 2012	20 June 2011
Date paid	15 August 2012	15 July 2011
Number of ordinary shares on which dividends were paid	1,229,607,650	1,199,158,544
Amount per share	0.25 sen single tier dividends	0.24 sen single tier dividends
Net dividends paid (RM)	3,074,022	2,877,982

## A8 Segment information

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

Business Segment	Technical				Total
	Polymer RM'000	Oil & Gas RM'000	Services RM'000	Others RM'000	
Revenue	15,686	75,012	87,917	199,248	377,863
Inter-segment revenue	-	-	-	(199,248)	(199,248)
External revenue	<u>15,686</u>	<u>75,012</u>	<u>87,917</u>	<u>-</u>	<u>178,615</u>
Segment Results	(674)	16,946	6,129	(302)	22,099
Unallocated Results					(2,284)
Profit from Operations					19,815
Finance Costs					(2,939)
Share of results of jointly controlled entities					4,832
Profit Before Tax					21,708
Income Tax Expense					(6,737)
Profit After Tax					<u>14,971</u>

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## A8 Segment information (Cont'd)

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

### Geographical Segment

	Revenue RM'000
Malaysia	178,254
Foreign Countries	361
Consolidated	<u>178,615</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.

## A10 Intangible assets

	Goodwill RM'000	Software RM'000	Development cost RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2011, as previously stated	83,491	-	360	83,851
Effect of adoption of MFRSs	(3,515)	-	-	(3,515)
At 1 January 2011, as restated	<u>79,976</u>	-	360	80,336
Additions	-	400	-	400
At 31 December 2011/1 January 2012	<u>79,976</u>	400	360	80,736
Additions	-	40	-	40
At 30 September 2012	<u>79,976</u>	440	360	80,776
<b>Accumulated amortisation</b>				
At 1 January 2011	-	-	360	360
Amortisation	-	5	-	5
At 31 December 2011/1 January 2012	<u>-</u>	5	360	365
Amortisation	-	64	-	64
At 30 September 2012	<u>-</u>	69	360	429
<b>Net carrying amount:</b>				
At 1 January 2011, as restated	<u>79,976</u>	-	-	79,976
At 31 December 2011/1 January 2012	<u>79,976</u>	395	-	80,371
At 30 September 2012	<u>79,976</u>	371	-	80,347

### Adoption of MFRSs

Prior to 30 June 2010, the cost of an acquisition of a subsidiary is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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## A10 Intangible assets (Cont'd)

Under MFRS 3, the costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

At the date of transition to MFRS, the Group has elected to apply MFRS 3 retrospectively to all its business combination. Accordingly, the consolidated goodwill for 1 January 2011, 30 September 2011, 31 December 2011 / 1 January 2012 and 30 September 2012 shall be reduced by RM3,514,679 with the same reduction in retained earnings.

## A11 Other Current Assets

	Note	AS AT END OF CURRENT QUARTER 30.9.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2011 RM'000
Amount due from customers on contracts	(i)	43,820	11,575
Prepayments		4,271	1,644
		<u>48,091</u>	<u>13,219</u>

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

	AS AT END OF CURRENT QUARTER 30.9.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2011 RM'000
Aggregate costs incurred to date	218,816	274,921
Add: Attributable profits	23,858	56,746
	<u>242,674</u>	<u>331,667</u>
Less: Progress billings	(198,854)	(320,092)
	<u>43,820</u>	<u>11,575</u>

## A12 Subsequent Events

Save for the below and Section B7, there were no material events subsequent to the current financial quarter ended 30 September 2012 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

(i) Shares Buy-Back

Subsequent to 30 September 2012, the Company had repurchased its issued share capital from the open market as the following below. The repurchase transactions were financed by internally generated funds. The shares repurchased were treated as treasury shares.

Date of repurchased	Number of shares	RM / Share	Total costs (RM)
12 October, 2012	77,900	0.19	14,909
14 November 2012	200,000	0.19	38,277
19 November 2012	100,000	0.19	19,139
Total	377,900		72,325 ^

^ The total costs paid is inclusive of brokerage, stamping and clearance fees.



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## A13 Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review except on 21 September 2012 completed its disposal of 250,992 ordinary shares of RM1.00 each in DSSB and 1,245,000 ordinary shares of RM1.00 each in DOCI representing 24.9% of the issued and paid-up share capital of DSSB and DOCI respectively to Rancak Nikmat Sdn. Bhd. for a total cash consideration of RM19,000,000 and RM11,500,000 respectively.

The non-controlling interests in DOCI and DSSB by way of the Sales & Purchases Agreement dated 25 May 2012 has agreed to forgo its claim on the assets and profits of DOCI and DSSB. Accordingly, the Group has not recognized any share of non-controlling interest in the income statement and statement of financial position.

## A14 Contingent Assets and Contingent Liabilities

As at 30 September 2012, the Company provides corporate guarantees up to a total amount of RM197,057,671 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 RM69,634,949.

As at 30 September 2012, the Company also provides corporate guarantees up to a total amount of RM4,850,000 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM1,504,980.

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

## A15 Capital Commitments

	As at 30.09.2012 RM'000
Contracted and not provided for:	987
Approved but not contracted for:	15,830

## 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 30.9.2012 RM'000	Balance due at 30.9.2012 RM'000	Transaction for the period ended 30.9.2011 RM'000	Balance due at 30.9.2011 RM'000
Interest income charged on housing loan to a director	68	-	90	-
Housing loan to a director	-	1,409	-	1,939

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## **B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA FOR THE MAIN MARKET**

### **B1 Review of performance**

#### **Current Year Quarter versus Preceding Year Corresponding Quarter**

##### **(i) Polymer segment**

The revenue on the Polymer Segment for the quarter ended 30 September 2012 is recorded at RM4.029 million, a decrease of 8.80% from RM4.418 million recorded in the previous year corresponding quarter.

The decrease in the revenue has in turn resulted in a segment loss on the Polymer Segment as the underlying economics of the business continued to weaken as a result of stifling foreign competition and the consequential margin erosion.

##### **(ii) Oil & Gas segment**

The Group recorded a lower revenue on the Oil & Gas Segment of RM13.919 million for the quarter ended 30 September 2012, a decrease of 48.83% from RM27.199 million recorded in the previous year corresponding quarter. Higher revenue in the previous corresponding quarter in the Oil & Gas Segment is mainly due to higher seasonal chemical sales.

##### **(iii) Technical Services segment**

The Group achieved a higher revenue on Technical Services segment of RM54.933 million for the quarter ended 30 September 2012, an increase of 67.81% from RM32.736 million recorded in the previous year corresponding quarter. The increase in the revenue in the Technical Services Segment is mainly due to the progress construction works done with Yuk Tung Construction Berhad and Malaysian Automotive Lighting Sdn. Bhd. at a total contract value of RM270 million and RM62 million which expecting to complete in two and a half years, and one year respectively.

The Group recorded revenue of RM72.881 million for the quarter ended 30 September 2012, an increase of 13.25% from RM64.353 million recorded in the previous year corresponding quarter. Consequently, the Group recorded an increase in the profit before tax of RM8.083 million for the quarter ended 30 September 2012, an increase of 15.60% from RM6.992 million recorded in the previous year corresponding quarter. The improvement in profit is mainly attributable to the improvement of profit margin in the Technical Services Segment.

#### **Current Year-to-Date versus Preceding Year-to-Date**

##### **(i) Polymer segment**

The Group achieved revenue of RM15.686 million on the Polymer Segment for the financial period ended 30 September 2012, an increase of 5.80% from RM14.826 million recorded in the previous financial period. Higher revenue for the Polymer Segment in the current financial period is mainly due to the efforts of marketing and promotions done in early year 2012.

Nonetheless, despite the increase in revenue on the Polymer Segment during the period ended 30 September 2012, the segment was in the loss in its segment results as the underlying economics of the business continued to weaken as a result of stifling foreign competition and the consequential margin erosion.

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## B1 Review of performance (Cont'd)

### Current Year-to-Date versus Preceding Year-to-Date (Cont'd)

#### (ii) Oil & Gas segment

The Group achieved revenue of RM75.012 million on the Oil & Gas Segment for the financial period ended 30 September 2012, an increase of 27.22% from RM58.963 million recorded in the previous financial period. The increase in the revenue on the Oil & Gas segment is mainly due to the sales on the Olemax catalysts and Diisopropylamine ("DIPA") chemicals amounted to RM8.8 million and RM22.5 million respectively during the period ended 30 September 2012.

#### (iii) Technical Services segment

The Group achieved revenue of RM87.917 million of revenue on the Technical Services Segment for the financial year ended 30 September 2012, a decrease of 21.24% from RM111.623 million recorded in the previous financial period. Higher revenue in the previous financial period is mainly because there are more on going projects compared to the current financial period ended 30 September 2012.

The Group achieved revenue of RM178.615 million for the period ended 30 September 2012, a marginal decrease of 3.67% from RM185.412 million recorded in the previous financial period ended 30 September 2011. The decrease was mainly attributed to the lower revenue contribution from the Technical Services segment. However, the Group recorded a profit before tax of RM21.708 million for the financial period ended 30 September 2012, represents an increase of 17.72% over RM18.441 million recorded for previous financial period ended 30 September 2011. The improvement in profit margin is mainly attributable to the increase in the sales of Oil & Gas Segment which generally provided better margin compare to other segments.

## B2 Variation of results against preceding quarter

	Quarter ended 30.9.2012 RM'000	Quarter ended 31.6.2012 RM'000
Revenue	72,881	75,379
Profit before tax	8,083	9,036

For the quarter ended 30 September 2012, the Group has recorded a lower revenue of RM72.881 million, a marginal decrease of 3.31% as compared to RM75.379 million recorded in the preceding quarter. The decrease in revenue was mainly attributed to the lower revenue contribution in Oil & Gas Segment. Accordingly, the Group also recorded a lower profit before tax of RM8.082 million, a decrease of 10.56% as compared to RM9.036 million in the preceding quarter.

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## B3 Prospects

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

### (i) Polymer Segment

The underlying economics of the polymer business remains weak due to the increased competition from foreign suppliers and the resulting margin erosion. The Group is now undergoing on various initiatives on Polymer Segment in its manufacturing production as well as its mode of business with the aim of improving the costs structure.

### (ii) Oil & Gas ("O&G") Segment

O&G Segment has been the Group most important driver of growth in the past and will remain so in the foreseeable future given the Group continued leadership positions in downstream chemicals and energy services. Significant investments and emphasis will be placed on this sector across both the upstream and downstream spectrum of the business. From being a predominantly downstream operator in the past, the Group have developed many upstream capabilities over the years, including offshore pipelaying, automated welding, offshore manpower, desludging of Floating Platform Storage Offloading ("FPSO"), among others. The Group intends to leverage on its licenses and technical competencies to venture further into Engineering, Procurement, Construction and Commissioning ("EPCC"), offshore fabrication, hook-up & commissioning, transport & installation as well as the development of fabrication yard and marginal oilfields. The Group is now working very closely with a foreign partner with a view of bidding for a cluster of oilfields under the Risk Sharing Contract. At the same time, the Group is also actively in scouting for the new Oil & Gas businesses or assets with excellent economic characteristics in complement with the existing businesses.

### (iii) Technical Services Segment

The Group's Technical Services Segment is expected to grow significantly over the next few years as the Group continue to build its order book which now exceeds RM500 million for the first time in the Group's history. From the Group's tradition focus in industrial plants, the Group have expanded into highrise construction and O&G industrial parks. The Group will continue to leverage on its engineering expertise to expand the revenue stream and build brand equity. With the Group recent participation in a number of large tenders, the Group's order book momentum is strong.

Overall, while there are notable weaknesses in certain business areas within the Group and continued uncertainties in the global financial markets, the Group remain cautiously optimistic with its business outlook.

The Board is of the view that the Group's operational results for the financial year ending 2012 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 30.9.2012 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 30.9.2011 RM'000	CURRENT YEAR TO DATE 30.9.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2011 RM'000
In respect of the current period:				
Malaysian income tax	1,868	2,474	6,844	5,643
Deferred tax (income) / expense	(102)	68	(107)	(70)
	<u>1,766</u>	<u>2,542</u>	<u>6,737</u>	<u>5,573</u>

The Group's effective tax rate for the quarter under review was lower than the statutory income tax rate mainly due to recognition of deferred tax assets arises from the inter-company sales of property, plant and equipment.

## B6 Sale of unquoted investments and properties

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

## B7 Status of corporate proposals

**The status of a corporate proposal announced by the Company and completed are summarised below:**

The Company had on 21 September 2012 completed its disposal of 250,992 ordinary shares of RM1.00 each in DSSB and 1,245,000 ordinary shares of RM1.00 each in DOCI representing 24.9% of the issued and paid-up share capital of DSSB and DOCI respectively to Rancak Nikmat Sdn. Bhd. for a total cash consideration of RM19,000,000 and RM11,500,000 respectively.

**The status of corporate proposals announced by the Company but not completed as at 16 November 2012, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report is 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:-

- Proposed establishment of an employees' share option scheme ("ESOS") for the eligible directors and employees of DMB and its subsidiary companies ("Proposed ESOS"); and
- 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").

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## **B7 Status of corporate proposals (cont'd)**

### **(i) Proposed ESOS and Shares Buy-Back (cont'd)**

The shareholders of DMB had approved the Proposed ESOS and Proposed Share Buy-Back at the extraordinary general meeting convened on 26 February 2009.

On 22 April 2010, 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 Seventh AGM held on 21 May 2010.

### **(ii) Proposed Private Placement**

On 11 May 2011, the Board announced that the Company proposes to issue up to 238,000,000 new ordinary shares of RM0.10 each in DMB ("DMB Shares") representing up to 20.89% of the existing issued and paid-up share capital of the Company through a private placement exercise ("Proposed Private Placement").

On 11 May 2011, DMB accepted offer letters from Ganjaran Lebar Sdn Bhd, Robert Lee Yee Seng and Lim Soon Foo to subscribe for an aggregate of 110,000,000 Placement Shares.

The balance of the Placement Shares of up to 128,000,000 Placement Shares shall be placed to third party investor(s) ("Placee(s)") to be identified at a later stage, in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia. Placees shall also be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007.

On 27 May 2011, the Board announced that Bursa Malaysia had, via its letter dated 26 May 2011, approved DMB's application for the listing of the placement shares in respect of the Proposed Private Placement.

On 17 June 2011, the Board announced that Ministry of International Trade and Industry ("MITI") had, via its letter dated 17 June 2011, informed that it has no objections to the Proposed Private Placement.

On 20 June 2011, the Board announced that the shareholders of DMB have, at the EGM held on the same day, approved the Proposed Private Placement.

On 27 June 2011, the Board announce that DMB had on 24 June 2011 received a letter from one of its Identified Placees, Ganjaran Lebar Sdn Bhd ("Ganjaran Lebar"), informing DMB that Ganjaran Lebar has declined to take up the placement of 50,000,000 new ordinary shares of RM0.10 each in DMB ("Placement Shares") at the subscription price of RM0.22 per Placement Share due to uncertain market conditions. The Board will endeavour to identify other potential placees to take up the said placement shares.

On 27 June 2011, a total of 60,000,000 ordinary shares of RM0.10 each in DMB ("DMB Shares") were placed out to identified investors at an issue price of RM0.22 per share.

On 8 November 2011, on behalf of the Board of Directors of DMB, Hong Leong Investment Bank Berhad ("HLIB") announced that HLIB had, on 4 November 2011, submitted an application to Bursa Malaysia to seek an extension of time of 6 months for DMB to implement the Private Placement.

On 18 November 2011, on behalf of the Board of Directors of DMB, HLIB announced that Bursa Malaysia had, vide its letter dated 17 November 2011, approved the application for an extension of time of 6 months until 25 May 2012 for DMB to implement the Private Placement.

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## **B7 Status of corporate proposals (cont'd)**

### **(ii) Proposed Private Placement (cont'd)**

On 10 May 2012, on behalf of the Board of Directors of DMB, HLIB announced that HLIB had on 10 May 2012, submitted an application to Bursa Malaysia to seek an extension of time of 6 months to 24 November 2012 for DMB to implement the private placement.

On 22 May 2012, on behalf of the Board of Directors of DMB, HLBI announced that Bursa Malaysia had, vide its letter dated 21 May 2012, approved the application for an extension of time of 6 months until 24 November 2012 for DMB to implement the Private Placement.

### **(iii) Memorandum of Understanding ("MOU") between Daya OCI Sdn Bhd ("DOCI"), a subsidiary of Daya Materials Berhad ("DMB") with Axima Concept ("Axima")**

On 18 April 2012, the Board announced that DOCI, a subsidiary of DMB, had on 18 April 2012, entered into a MOU with Axima. AXIMA is a company incorporated in France specializing in marine and offshore Heating, Ventilation and Air-Conditioning ("HVAC") and having main entity in France and service support entity in Singapore. DOCI and AXIMA are desirous to cooperate on an exclusive basis in order to participate in tenders in MALAYSIA within the Marine and Oil & Gas sector, to submit offers (commercial, technical and financial) to customers and in case of award of HVAC Engineering, Procurement, Constructing and Commissioning contract, to execute the corresponding projects.

### **(iv) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") with Hydra Energy PTY LTD ("Hydra")**

On 25 May 2012, the Board announced that DMB, had on 25 May 2012 entered into a MOU with Hydra. DMB and Hydra wish to jointly bid for a Risk Service Contract covering the development of certain identified fields in Malaysia. Hydra is a company incorporated in Australia involved in upstream exploration and production of oil & gas.

On 27 June 2012, the Board further announced that DMB and Hydra (the "Parties") had signed a Participation Agreement committing to establish a Joint Venture Company for the purpose of undertaking the development of certain identified marginal fields (the "Fields") upon the successful award of the Risk Service Contract ("RSC") on those identified marginal fields by PETRONAS to the Hydra Energy-Daya consortium.

The Parties deem it desirable to enter into this Participation Agreement for the purpose of sharing costs and minimizing the individual risks, expenses, and investments related to the evaluation, and potential development of the Fields which may be acquired. PETRONAS has a mandatory requirement that any foreign party seeking RSC should jointly bid with a public-listed Malaysian company like DMB.

### **(v) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") with Malco Engineering (Private) Limited ("MALCO")**

On 6 June 2012, the Board announced that DMB, had on 6 June 2012 entered into a MOU with Malco. The purpose of the MOU is to record the preliminary intentions and understanding of the DMB and Malco with respect to their common interest and agreement to collaborate and pursue mutual cooperation in business in Sri Lanka with the view to establishing a joint venture entity. Malco is a company incorporated in Sri Lanka involved in projects associated with power plants, renewable energy, oil & gas, telecommunications, infrastructure and water supply.

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## **B7 Status of corporate proposals (cont'd)**

### **(vi) Memorandum of Understanding ("MOU") between Daya Materials Berhad ("DMB") with Upstream Downstream Process Services Sdn. Bhd. ("UDPS")**

On 10 August 2012, the Board announced that DMB, had on 9 August 2012 entered into a MOU with UDPS. The purpose of the MOU is to jointly develop and market mobile water injection technologies and solutions to the upstream oil & gas sector. UDPS is a process engineering and equipment packaging company providing sea water injection packages, related engineering services and water injection system management services.

### **(vii) Memorandum of Understanding ("MOU") between Daya OCI Sdn. Bhd. ("DOCI"), a subsidiary of Daya Materials Berhad ("DMB") with Cesti Technologies Sdn. Bhd. ("CESTECH")**

On 3 September 2012, the Board announced that DOCI, a subsidiary of DMB had on 3 September 2012 entered into a MOU with CESTECH. The purpose of the MOU is to jointly participate in the marketing with technical presentation, preparation and submission of tenders for relevant projects in oil and gas sectors, and upon issuance of the letter of award, both DOCI and CESTECH shall jointly undertake, manage and complete the projects.

### **(viii) Memorandum of Understanding ("MOU") between Daya Land and Development Sdn. Bhd. ("DLD"), a wholly owned subsidiary of Daya Materials Berhad ("DMB") with Chang Cheng Realty Sdn. Bhd. ("CCR")**

On 23 October 2012, the Board announced that DLD, a wholly-owned subsidiary of Daya CMT Sdn. Bhd. ("DCMT"), which is the wholly-owned subsidiary of DMB, had on 23 October 2012 entered into a MOU with CCR. The purpose of the MOU is to jointly develop and construct One (1) block of 28 storey Retail/Showroom/Service Suites, Forty (40) blocks of 4 storey Shopoffice and 8 blocks of 3 storey shops on Four (4) parcels of empty land located at Jalan Pintas in the District of Penampang, Sabah, Malaysia (hereinafter referred to as "the Said Project"). The Said Project shall be undertaken by a single-purpose joint venture company to be incorporated later.

The estimated Gross Development Cost for the construction of the Said Project is estimated at RM120 million comprising the total construction cost and interest on construction period while the estimated Gross Development Value for the Said Project is RM250 million.

On 25 October 2012, a wholly-owned subsidiary of DMB, DCMT which is the holding company of DLD had been awarded the works under the proposed Said Project from CCR for RM120 million.

### **ix) Purchase of commercial property at Solaris Dutamas for total consideration of RM3,192,400**

On 27 July 2012, the Board announced that Daya Urusharta Sdn Bhd. ("DUSB"), a subsidiary of DMB, had, in its letters dated 27 July 2012 ("Offer Letters"), offered to purchase five office units bearing postal address at unit no. D5-1-1 to D5-1-5, Solaris Dutamas No.1, Jalan Dutamas 1, 50480 Kuala Lumpur (collectively "Properties" and individually "Property") from Mr. Tham Jooi Loon ("the Vendor"), for a total consideration of RM3,192,400 ("the Acquisition"). Both parties had, on 15 August 2012, signed the Sale and Purchase Agreements for the Acquisition. The Acquisition is a related party transaction pursuant to Paragraph of 10.08(1) of the Main Market Listing Requirements of Bursa Malaysia in view of the interested major shareholder and interested directors as set out below:

- (i) The Vendor is the Managing Director of DMB and the director of DUSB. He is also a major shareholder of DMB via his direct and indirect shareholdings in DMB.
- (ii) Mr. Tham Wooi Loon, the director of DUSB, is the brother of the Vendor.



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## B7 Status of corporate proposals (cont'd)

### x) Purchase of commercial property at Damai Central for total consideration of RM8,400,000

On 8 November 2012, the Board announced that its wholly owned subsidiary, Daya Urusharta Sdn Bhd had on 8 November 2012, entered into six Sale and Purchase Agreements with Delight 2000 Holdings Sdn. Bhd. for the acquisition of two (2) units of three (3) storey Shop-Office and four (4) units of two (2) storey Shop-Office all erected on leasehold land of ninety nine (99) years expiring on 23 October 2104 under P.N. 48236, Lot No. 42781 in the Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur for a total consideration of RM8,400,000.

## B8 Status of utilisation of proceeds

### Private Placement Proceeds- Year 2011

The Company raised approximately RM13.2 million from its private placement exercise proposed in year 2011.

As at 30 September 2012, the Company has utilised the funds raised as follows:-

	Proceeds from Proposed Placement Shares RM'000 <sup>(i)</sup>	Proceeds from Placement Shares RM'000	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000	Deviation %
Future synergistic acquisitions and expansion	44,000	4,840	4,422	within 12 months	418	9%
Working Capital <sup>(ii)</sup>	5,610	5,610	5,610	within 12 months	-	0%
Defraying of expenses incidental to the Proposed Private Placement <sup>(iii)</sup>	2,750	2,750	1,550	within 1 month	1,200	44%
<b>Total</b>	<b>52,360</b>	<b>13,200<sup>(iv)</sup></b>	<b>11,582</b>		<b>1,618</b>	<b>12%</b>

(i) Any difference between the indicative proceeds above and the actual proceeds raised from the Proposed Private Placement (depending on the number of Placement Shares and the issue price of the Placement Shares) shall be adjusted from the proceeds used for future synergistic acquisitions and expansion.

(ii) Working capital is for the DMB Group's operating and administrative expenses.

(iii) Any variation to the estimated expenses will be adjusted to/ from the proceeds used for working capital.

(iv) As at 30 September 2012, DMB has placed out first tranche of 60,000,000 placement shares, at an issue price of RM0.22 per share, raising RM13,200,000.

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## 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
Trade facilities (Secured)		10,575	-	10,575
Hire purchases (Secured)		703	1,924	2,627
Overdraft (Unsecured)		825	-	825
Term loans (Secured)		10,284	29,186	39,470
Redeemable Convertible Secured Loan Notes ("RCSLN")	(i)	-	4,946	4,946
		<u>22,387</u>	<u>36,056</u>	<u>58,443</u>

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

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

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

(i) The proceeds received from the issue of the RCSLN have been split between the liability component and the equity component, representing the fair value of the conversion option. The RCSLN are accounted for in statement of financial position of the Group as follows:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30.9.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2011 RM'000
Nominal value	5,000	11,000
Add: Discount on convertible notes	120	165
Less: Unamortised discount	(174)	(382)
	<u>4,946</u>	<u>10,783</u>

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## B9 Group's borrowings and debt securities (cont'd)

The amounts recognised in the statement of financial position of the Group may be analysed as follows:-

	CUMULATIVE QUARTER	
	CURRENT	PRECEDING
	YEAR TO DATE	YEAR
	30.9.2012	30.9.2011
	RM'000	RM'000
Liability component:-		
Nominal value of the convertible notes	5,000	11,000
Add: Discount on convertible notes	120	165
	<u>5,120</u>	<u>11,165</u>
Equity component, net of deferred tax	(131)	(287)
Deferred tax liability	(43)	(95)
	<u>4,946</u>	<u>10,783</u>

## B10 Material litigations

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2011 and 14 November 2012, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

- (i) On 25 March 2008, Daya Secadyme Sdn Bhd ("DSSB") filed a civil suit against (i) Mohd Akbar B Hj. Johari, (ii) AJ Premier Holdings Sdn Bhd, (iii) Aims Mission Sdn Bhd, (iv) Global Max Trading Sdn Bhd and (v) Azrul Bin Mohd Nasir trading as Rasa Indah Trading ("Defendants") vide KL High Court Civil Suit No.D3-22-380-2008. The claim against the 1st, 2nd and 3rd Defendants is based on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received, and against the 4th and 5th Defendants on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,000 with interest at 8.00% p.a. thereupon from judgment to settlement, and the legal costs of the proceedings.

On the 11 August 2011, the 1st and 2nd Defendants consented to Judgment for a sum of RM1,200,000.00 payable by way of four (4) installments, RM100,000 on or before 31 December 2011, RM370,000 on or before 31 December 2012, RM365,000 on or before 31 December 2013 and RM365,000 on or before 31 December 2014. In default of any one of these installments, the 1st and 2nd Defendants become liable for the payment of the entire sum claimed of RM1,942,250 less any installments paid. The 1st and 2nd Defendants have also agreed to provide security for the installments payments in the form of titles to properties up to the value of RM300,000 on or before 31 December 2011 and RM900,000 on or before 30 June 2012 in default of which the entire sum due on the installments shall fall due as at the date of default. On 16th August 2011, the Court granted Judgment against the 3rd, 4th and 5th defendants for the sum claimed of RM1,942,000 with costs and interest .

The first installment payment of RM100,000 from the first and second Defendants, is due on or before the 31 December 2011. On 29 December 2011, the first and second Defendants has appeal for the deferment of first installment payment of RM100,000 with a full settlement by end of April 2012. On 30 April 2012, the first and second Defendants has again appeal for the deferment of another three plus one months with payments of RM10,000 each payable not later than 10 May 2012 and 31 May 2012 respectively as a pledged of commitments. On 16 May 2012 and 10 July 2012, DSSB received the cheque of RM10,000 from the first and second Defendants on each date.

Thereafter, DSSB has not received the full settlement as appealed by the first and second Defendants which was due on 31 August 2012. DSSB has reserve its right for further legal considerations on the matter.

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## B10 Material litigations (cont'd)

(ii) On 15 September 2009, Daya CMT Sdn Bhd ("DCMT") filed a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively referred to as the "Defendants") vide Civil Suit No. S22-663-2009 at the High Court of Kuala Lumpur seeking for the following remedies purportedly for breach of contract following the 1st Defendant's refusal to proceed with the sale of the land identified as Lot 20, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Selangor Darul Ehsan (the "Land") for the purchase consideration of RM9,067,500:

- (a) specific performance against the Defendants; or
- (b) special and general damages for the purported breach of contract.

The 1st Defendant in turn filed a counter claim against DCMT alleging, amongst others, the following:

- (a) that the 2nd Defendant is not their agent to sell the Land;
- (b) that there is no valid agreement to sell the Land;
- (c) that the 2nd Defendant has committed fraud against them; and
- (d) that DCMT and the 2nd Defendant had conspired to cause losses to them.

The 1st Defendant further claimed general damages against the 2nd Defendant and prayed that the 2nd Defendant to incur the losses claimed by DCMT.

On 3 September 2010, DCMT filed an injunction against the 1st Defendant to restraint them from selling or transferring the Land until the disposal of the aforesaid civil suit. The Court dismissed the application on 28 September 2010 with costs of RM5,000 to the 1st Defendant. There is no further appeal.

On 15 October 2010, the 1st Defendant filed a striking out application of DCMT's civil suit against the 1st Defendant. The Court allowed the 1st Defendant's application with costs of RM5,000 to the 1st Defendant. There is no further appeal.

On 30 July 2012, the solicitors for DCMT and the Defendants have informed the Court that DCMT and the Defendants have reached an amicable settlement and the terms of the agreed settlement are as follows:

- (a) 2nd Defendant to pay RM12,500 as costs and RM181,350 being the earnest deposit retained by them, to DCMT;
- (b) DCMT to pay RM2,500 as costs to the 1st Defendant; and
- (c) Upon receipt of the abovementioned sums by DCMT and the 1st Defendant, DCMT shall withdraw its claim against the 2nd Defendant and the 1st Defendant shall withdraw its counter claims against DCMT and the 2nd Defendant.

(collectively referred to as the "Terms of Settlement")

On 15 August 2012, solicitors for DCMT and the Defendants have informed the Court that parties are still awaiting clearance of the cheques for the payments as per the Terms of Settlement.

On 29 August 2012, the parties have recorded the Terms of Settlement before the Honourable Judge and accordingly, the following claims have been withdrawn:

- a) DCMT's claim against the 2nd Defendant; and
- b) The 1st Defendant's counter claims against DCMT and the 2nd Defendant.

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## B11 Proposed Dividends

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

The Company had propose a final single tier dividends of 2.5% in respect of the financial year ended 31 December 2011. These final dividends payable has been approved by shareholders at the Ninth Annual General Meeting and has been paid on 15 August 2012.

## B12 Earnings per share

### a) Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	6,329	5,384	14,986	12,804
Weighted average number of shares in issue ('000)	1,226,972	1,199,159	1,220,563	1,149,850
Basic earnings per share (sen)	<u>0.52</u>	<u>0.45</u>	<u>1.23</u>	<u>1.11</u>

### b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	6,329	5,384	14,986	12,804
Effect of dilution (RM'000)	3	7	9	95
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	6,332	5,391	14,995	12,899
Weighted average number of shares in issue ('000)	1,226,972	1,199,159	1,220,563	1,149,850
Effect of dilution ('000)	27,395	11,236	10,279	32,631
Adjusted weighted average number of shares in issue ('000)	1,254,367	1,210,395	1,230,842	1,182,481
Diluted earnings per share (sen)	<u>0.50</u>	<u>0.45</u>	<u>1.22</u>	<u>1.09</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2011 RM'000	CURRENT YEAR TO DATE 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2011 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	850	975	2,939	3,011
Depreciation on property, plant and equipment	1,405	3,908	3,197	6,307
Depreciation on investment property	4	11	11	18
Amortisation on intangible assets	46	-	64	-
Discount on convertible loan notes	11	50	(41)	77
Property, plant and equipment written off	-	24	8	48
Net foreign exchange loss	44	-	712	-
and after crediting:				
Interest income	366	284	1,122	794
Rental income	152	55	426	230
Net foreign exchange gains	-	-	-	141
Gain on disposal of property, plant & equipment	1,175	2,231	3,329	3,661
Fair value gain on marketable securities	-	10	8	45

There is no any provision for and write off of inventories, 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
	30.9.2012	31.12.2011
	RM'000	RM'000
		(restated)
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	110,037	98,724
- Unrealised losses	(2,742)	(2,575)
	<u>107,295</u>	<u>96,149</u>
Less: Consolidated adjustments	(27,959)	(28,724)
	<u>79,336</u>	<u>67,425</u>
Total group retained earnings as per consolidated accounts	<u>79,336</u>	<u>67,425</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

## B15 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.

By Order of the Board

Tham Jooi Loon  
Managing Director

Date: 20 November 2012