



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 30 September 2009

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30.9.2009

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM'000	CURRENT YEAR TO DATE 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM'000
Revenue	42,621	69,593	125,643	153,303
Cost of Sales	(31,527)	(62,668)	(97,366)	(127,590)
Gross Profit	<u>11,094</u>	<u>6,925</u>	<u>28,277</u>	<u>25,713</u>
Other Net Operating Income	769	265	1,240	491
Operating Expenses	(5,148)	(3,443)	(12,231)	(9,658)
Profit from operations	<u>6,715</u>	<u>3,747</u>	<u>17,286</u>	<u>16,546</u>
Finance Costs	(360)	(229)	(1,032)	(562)
Share of results of an associate	<u>-</u>	<u>229</u>	<u>164</u>	<u>628</u>
Profit before tax	6,355	3,747	16,418	16,612
Income tax expenses-Company	(2,200)	(790)	(4,985)	(4,207)
Income tax expenses-Associate	<u>-</u>	<u>(14)</u>	<u>(48)</u>	<u>(127)</u>
Net profit for the period	<u><u>4,155</u></u>	<u><u>2,943</u></u>	<u><u>11,385</u></u>	<u><u>12,278</u></u>
Attributable to :				
Equity holders of the Company	4,148	2,907	11,386	12,262
Minority Interests	<u>7</u>	<u>36</u>	<u>(1)</u>	<u>16</u>
	<u><u>4,155</u></u>	<u><u>2,943</u></u>	<u><u>11,385</u></u>	<u><u>12,278</u></u>
Basic earnings per share (sen)	<u>0.51</u>	<u>0.38</u>	<u>1.46</u>	<u>1.63</u>

The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009 QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30.9.2009

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2009 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31/12/2008 RM'000
Non Current Assets		
Property, plant and equipment	56,853	27,478
Prepaid lease payment	4,760	3,974
Investment Property	305	308
Development expenditure	78	132
Investment in Associate Companies	-	5,609
Goodwill arising from consolidation	61,460	58,839
	<u>123,456</u>	<u>96,340</u>
Current Assets		
Inventories	27,942	27,613
Trade receivables	26,602	23,505
Other receivables, deposits and prepaid expenses	8,109	9,037
Tax recoverable	2,523	1,341
Short term investments	39	2,159
Marketable securities	152	306
Fixed Deposits	13,243	34,849
Cash and bank balances	17,243	9,122
	<u>95,853</u>	<u>107,932</u>
Current Liabilities		
Trade payables	16,021	12,354
Other payables and accrued expenses	36,490	43,629
Hire purchase payables	544	535
Tax payables	1,637	1,529
Bank borrowings (secured)	5,634	11,550
	<u>60,326</u>	<u>69,597</u>
Net Current Assets	35,527	38,335
	<u>158,983</u>	<u>134,675</u>
Financed by:		
Issued share capital	81,179	49,199
Reserves	55,888	63,525
	137,067	112,724
Minority Interest	678	669
Non Current Liabilities		
Deferred tax liabilities	1,829	899
Hire purchase payables	2,430	746
Other payables	-	4,800
Bank borrowings (secured)	16,979	14,837
	<u>21,238</u>	<u>21,282</u>
	<u>158,983</u>	<u>134,675</u>
Net assets per share (sen)	16.88	22.91

* Based on issued and paid up share capital of RM81,178,654 comprising of 811,786,542 ordinary shares of RM0.10 each
The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

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(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30.9.2009

(The figures have not been audited)

<-----Attributable to Equity Holders of the Company----->

	Share capital RM'000	Non- Distributable - Share premium RM'000	Non- Distributable - Foreign Currency Transalation Reserve RM'000	Distributable reserve / Unappropriated profit RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 Jan 2008	29,519	57,253	-	14,499	101,271	17	101,288
Acquisition of a subsidiary	-	-	-	-	-	63	63
Net profit for the period	-	-	-	2,821	2,821	(63)	2,758
Balance as at 31 Mar 2008	29,519	57,253	-	17,320	104,092	17	104,109
Net profit for the period	-	-	-	6,534	6,534	43	6,577
Balance as at 30 June 2008	29,519	57,253	-	23,854	110,626	60	110,686
Acquisition of a subsidiary	-	-	-	(25)	(25)	543	518
Bonus issue	19,680	(19,680)	-	-	-	-	-
Dividend paid	-	-	-	(683)	(683)	-	(683)
Net profit for the period	-	-	-	2,907	2,907	36	2,943
Balance as at 30 September 2008	<u>49,199</u>	<u>37,573</u>	<u>-</u>	<u>26,053</u>	<u>112,825</u>	<u>639</u>	<u>113,464</u>
Acquisition of a subsidiary	-	-	-	16	16	44	60
Net profit for the period	-	-	-	(117)	(117)	(14)	(131)
Balance as at 31 December 2008	<u>49,199</u>	<u>37,573</u>	<u>-</u>	<u>25,952</u>	<u>112,724</u>	<u>669</u>	<u>113,393</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30.9.2009

(The figures have not been audited)

<-----Attributable to Equity Holders of the Company----->

	Share capital RM'000	Non- Distributable - Share premium RM'000	Non- Distributable - Foreign Currency Transalation Reserve RM'000	Distributable reserve / Unappropriated profit RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 Jan 2009	49,199	37,573	-	25,952	112,724	669	113,393
Private placement	1,900	2,702	-	-	4,602	-	4,602
Net profit for the period	-	-	(14)	3,148	3,134	20	3,154
Balance as at 31 Mar 2009	51,099	40,275	(14)	29,100	120,460	689	121,149
Private placement	3,020	3,538	-	-	6,558	-	6,558
Bonus issue	27,060	(27,178)	-	-	(118)	-	(118)
Acquisition of a subsidiary	-	-	-	3,424	3,424	225	3,649
Dividend paid	-	-	-	(30)	(30)	-	(30)
Net profit for the period	-	-	-	4,090	4,090	(28)	4,062
Balance as at 30 June 2009	81,179	16,635	(14)	36,584	134,384	886	135,270
Acquisition of a subsidiary	-	-	-	(247)	(247)	(215)	(462)
Dividend paid	-	-	-	(1,218)	(1,218)	-	(1,218)
Net profit for the period	-	-	-	4,148	4,148	7	4,155
Balance as at 30 September 2009	81,179	16,635	(14)	39,267	137,067	678	137,745

The accompanying notes form an integral part of, and should be read in conjunction with this interim report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30.9.2009 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/9/2009 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,418	18,284
Adjustments for:		
Share of results of an associate	(164)	(639)
Amortisation on development expenditure	54	72
Amortisation on prepaid land lease payments	52	51
Depreciation	1,945	1,467
Loss/(Gain) on disposal of properties, plant & equipment ("PPE")	(108)	(74)
Loss/(Gain) on investment in marketable securities	(209)	566
PPE written off	8	44
Dividend income	-	(26)
Interest expenses	1,032	743
Interest income	(542)	(734)
Unrealised foreign exchange (gain)/loss	(141)	68
	<hr/>	<hr/>
Operating profit before working capital changes	18,345	19,822
Changes in working capital:		
Net change in inventories	(85)	(7,270)
Net change in trade & other receivables	2,115	46,809
Net change in trade & other payables	(9,301)	(22,459)
Net change in amount owing from associate company	-	156
	<hr/>	<hr/>
Cash from operations	11,074	37,058
Interest paid	(1,032)	(743)
Income tax paid	(5,794)	(6,045)
	<hr/>	<hr/>
Net Cash From Operating Activities	4,248	30,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE	(5,288)	(10,458)
Proceeds from disposal of PPE	98	268
Acquisition of marketable securities	(38)	(863)
Acquisition of subsidiaries (Note 1)	(16,939)	(9,733)
Acquisition of associate company	-	(5,379)
Proceeds from disposal of marketable securities	401	455
Proceeds from issuance of shares	11,267	20
Dividend received	-	26
Dividend paid	(1,248)	(683)
Interest received	542	734
	<hr/>	<hr/>
Net Cash (Used in)/ From Investing Activities	(11,205)	(25,613)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30.9.2009

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/9/2009 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2008 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(438)	(635)
Change in trade facilities	(9,562)	9,564
Change in term loan	1,651	15,352
Net Cash From/(Used in) Financing Activities	(8,349)	24,281
NET INCREASE IN CASH AND CASH EQUIVALENTS	(15,306)	28,938
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	45,800	16,862
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	31	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	30,525	45,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash & bank balances	17,243	8,792
Fixed deposits with licenced banks	13,243	34,849
Short term investments	39	2,159
	30,525	45,800

The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

Note 1: The Group completed its acquisition of remaining 80% of Daya Proffscorp Sdn Bhd ("Proffscorp") on 30 April 2009 and remaining 45% of Daya Clarimax Sdn Bhd ("DCSB") on 10 September 2009. The fair value of assets acquired and liabilities assumed were as follows:

	Proffscorp RM'000	DCSB RM'000
Assets		
Property, plant and equipment	26,864	7,079
Inventories	244	-
Trade receivables	3,485	-
Other receivables	651	1,424
Cash & bank balances	6,632	18
Trade payables	(485)	-
Other payables	(490)	(6,277)
Tax payable	263	-
Borrowings	(6,598)	(1,767)
Deferred taxation	(930)	-
Net assets acquired	29,636	477
Net Book Value @ 100%	29,636	477
Post acquisition reserves	(3,770)	415
Goodwill arising from consolidation	2,622	227
Total purchase consideration	28,488	1,119
Less: Portion paid during 20%/55% acquisition	(5,379)	(657)
Portion discharge by cash	23,109	462
Less : Cash & bank balances	(6,632)	-
Cash flow on acquisition, net of cash acquired	16,477	462

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A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 "Interim Financial Reporting" and paragraph 9.22 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 financial year ended 31 December 2008. These explanatory notes attached to the 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 financial year ended 31 December 2008.

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 2008. At the date of this report, the following new FRSs and interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2 : Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127 : Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Shares Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

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.

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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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividends paid

The following dividend was paid during the current and previous corresponding quarter:

	30/9/2009	30/9/2008
Final dividend for the financial year	31 December 2008	31 December 2007
Approved and declared on	8 June 2009	23 June 2008
Date paid	20 July 2009	24 July 2008
Number of ordinary shares on which dividends were paid	541,191,028	295,195,217
Amount per share	0.30 sen less 25% taxation	0.2465 sen less 26% taxation and 0.049 sen tax exempted
Net dividend paid (RM)	1,217,680	683,112

A8 Segment information

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

Business Segment	Oil & Gas RM'000	Polymer RM'000	Technical Services RM'000	Total RM'000
Revenue	43,906	19,017	62,720	125,643
Segment Results	9,416	544	6,471	16,431
Unallocated Results				855
Profit from Operations				17,286
Finance Costs				(1,032)
Share of results of associates				164
Profit Before Tax				16,418
Taxation				(5,033)
Profit After Tax				11,385
Geographical Segment				Revenue RM'000
Malaysia				125,643
Foreign Countries				-
Consolidated				125,643

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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 Subsequent Events

Save for Section B8, there were no material events subsequent to the current financial quarter ended 30 September 2009 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A11 Changes in the composition of the Group

Save for the below, there were no changes in the composition of the Group for the quarter under review:-

(i) Acquisition of Celtex Plus Sdn Bhd ("CPSB")

The Company had on 30 July 2009 acquired two (2) ordinary shares of RM1.00 each in CPSB, representing 100% of the issued and paid-up share capital for a total cash consideration of RM2.00 from Ng Ah Phong and Teng Mee Leng.

(ii) Acquisition of Daya Clarimax Sdn Bhd ("DCSB")

On 10 September 2009, Meridian Orbit Sdn Bhd ("MOSB"), a wholly-owned subsidiary of DMB completed the acquisition of 450,000 ordinary shares of RM1.00 each representing 45% of the issued and paid-up share capital of DCSB from Ishar Singh Gill S/O Jiwan Singh and Syed Nasir Bin Syed Ahmad for a cash consideration of RM450,000.

A12 Contingent Assets and Contingent Liabilities

	RM'000
Corporate guarantee given to licensed banks for banking facilities granted to its subsidiary as at 13 November 2009	25,346

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

A13 Capital commitments

	RM'000
Contracted and not provided for:	790
Approved but not contracted for:	5,010

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF Bursa Securities FOR THE ACE MARKET

B1 Review of performance

Current Year Quarter versus Preceding Year Corresponding Quarter

The Group achieved lower revenue of RM42.621 million for the quarter ended 30 September 2009, a decrease of 39% from RM69.592 million recorded in the previous year corresponding quarter. The lower revenue mainly attributed to the decrease in revenue from polymer and technical services divisions. Nevertheless, the Group recorded higher profit before taxation of approximately RM6.355 million for the quarter ended 30 September 2009, which represents a 70% increase compared to RM3.747 million profits before tax recorded for the corresponding quarter in the previous financial year due to higher profits contributed by oil & gas division. Technical services division also contributed meaningfully during the quarter as it completed some of the higher margin contracts.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved revenue of RM125.643 million for the nine months ended 30 September 2009, a decrease of 18% from RM153.302 million recorded in the first nine months of the previous year. The decrease in revenue was mainly attributed to the lower sales registered in polymer and oil & gas divisions due principally to the poor market condition in the polymer industry and higher start-up catalyst order which the group enjoyed in 2008. The Group recorded a profit before taxation of RM16.418 million for the period ended 30 September 2009, which represents a marginal 1% decrease over RM16.612 million profits recorded for the corresponding quarter in the previous year due to lower profits from polymer and oil & gas divisions which were largely offset by stronger contributions from technical services division.

B2 Variation of results against preceding quarter

	Quarter ended 30/9/2009 RM'000	Quarter ended 30/6/2009 RM'000
Revenue	42,621	45,500
Profit before tax	6,355	5,637

For the third quarter ended 30 September 2009, the Group achieved lower revenue of RM42.621 million as compared to RM45.5 million recorded in the preceding quarter. The decrease of approximately 6% was mainly attributed to the lower sales registered in polymer and oil & gas divisions. Nevertheless, the Group recorded higher profit before taxation of approximately RM6.355 million for the current quarter as compared to approximately RM5.637 million in the preceding quarter, due to the higher profits contributed by technical services and oil & gas divisions. The higher contributions from these divisions were due primarily to better product mix which yielded better overall margins.

B3 Prospects

Notwithstanding the current challenging economic condition, most of the Group's core businesses are expected to perform well in the coming period. Contribution from oil & gas division, especially in catalyst sales and provision of specialized lifting services are anticipated to be positive. Technical services division is also expected to perform well in view of its existing contracts and some of the tenders participated. Polymer division, which has so far been the most affected by the economic situation, is also expected to recover gradually. In addition, the Group shall continue to seek opportunities to grow its business by venturing into new markets such as Brunei, Singapore and Indonesia. The scheduled commissioning of its tank cleaning & repair business via Daya Clarimax Sdn Bhd within the next three months is also expected to contribute positively to the group.

The Board is of the view that the Group's operational results for the financial year ending 2009 will be satisfactory, barring any unforeseen circumstances.

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B4 Profit forecast

Not applicable.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM'000	CURRENT YEAR TO DATE 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM'000
In respect of the current period:				
Estimated current tax payable	<u>(2,200)</u>	<u>(804)</u>	<u>(5,033)</u>	<u>(4,334)</u>

The effective tax rate for the quarter under review was slightly higher than the statutory income tax rate mainly due to certain expenses which are not deductible for tax purposes.

B6 Sale of unquoted investments and properties

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

B7 Quoted securities

Details of purchases and disposals of quoted securities during the quarter under review were as follows.

	INDIVIDUAL QUARTER		CURRENT YEAR TO DATE 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM'000
	CURRENT YEAR QUARTER 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM'000		
Purchases (at cost)	-	-	38	831
Disposal proceeds	238	455	401	455
(Loss)/Gain	(18)	(220)	209	(453)

The investment in quoted securities as at 30 September 2009 are summarised below:

	CURRENT YEAR TO DATE DATE RM'000
Total investment at cost	133
Total investment at carrying value	152
Total investment at market value	152

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B8 Status of corporate proposals

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

(i) Acquisition of CPSB

The Company had on 30 July 2009 acquired two (2) ordinary shares of RM1.00 each in CPSB, representing 100% of the issued and paid-up share capital for a total cash consideration of RM2.00 from Ng Ah Phong and Teng Mee Leng.

(ii) Acquisition of DCSB

On 24 August 2009, the Board announced that MOSB, a wholly-owned subsidiary of DMB, had on 24 August 2009 entered into the 2 share sale agreements with Ishar Singh Gill S/O Jivan Singh and Syed Nasir Bin Syed Ahmad respectively, to acquire a total of 450,000 ordinary shares of RM1.00 each of DCSB representing 45% of the total issued and paid-up share capital of DCSB, for a total cash consideration of RM450,000.00.

On 10 September 2009, the Board announced that the Proposed Acquisition of DCSB has been completed.

(iii) Transfer of Listing from the ACE Marker to Main Market of Bursa Securities

On 20 August 2009, the Board announced that the Company proposes to transfer the listing of and quotation for its entire issued and paid-up share capital from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Transfer").

On 30 October 2009, the Board announced that :

(i) SC had vide its letter dated 29 October 2009 (which was received on 30 October 2009) approved the Proposed Transfer, subject to DMB and HwangDBS fully complying with the relevant requirements pertaining to the implementation of the Transfer as stipulated in the SC's Equity Guidelines; and

(ii) Bursa Securities had vide its letter dated 30 October 2009, approved the Transfer.

The entire enlarged issued and paid-up share capital of DMB of RM81,178,654.20 comprising 811,786,542 ordinary shares of RM0.10 each in DMB were transferred from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad under the "Trading/Services" sector with effect from 9.00 a.m., Friday, 6 Novemehr 2009, on a "Ready" basis pursuant to the Rules of Bursa Securities.

The status of corporate proposals announced by the Company but not completed as at 13 November 2009, 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:-

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

(ii) 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.

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(ii) Proposed RCSLN Issue

On 30 April 2009, the Board announced that the Company proposes to issue up to RM20,000,000 nominal value of four (4)-year Redeemable Convertible Secured Loan Notes ("RCSLN") ("Proposed RCSLN Issue"), to be placed out to COPE-KPF Opportunities 1 Sdn Bhd ("Investor"). COPE-KPF Opportunities 1 Sdn Bhd is an investment holding company incorporated in Malaysia for the purpose of private equity investments.

The RCSLN are convertible into new DMB Shares at a conversion price of RM0.31 per new DMB Share, subject to adjustments pursuant to certain events as set out in a Trust Deed to be entered into. The conversion price of the RCSLN of RM0.31 was arrived at based on a premium of approximately 22% to the 30-day volume weighted average closing price of DMB Shares of RM0.2537 up to and including 16 April 2009 (being the date COPE-KPF Opportunities 1 Sdn Bhd agreed to subscribe for the RCSLN).

On 10 July 2009, the Board announced that the MITI had, vide its letter dated 10 July 2009 informed that it has no objections to the Proposed RCSLN Issue, subject to the approval of the SC being obtained.

On 14 July 2009, the Board announced that SC had vide its letter dated 13 July 2009 (which was received on 14 July 2009) approved the Proposed RCSLN Issue, subject to DMB and HwangDBS fully complying with the various conditions as stipulated in the said SC's letter.

On 4 August 2009, the Board announced that Bursa Securities had vide its letter dated 4 August 2009 approved DMB's application for the listing and quotation of up to 96,774,194 new ordinary shares of RM0.10 each in DMB to be issued pursuant to the Proposed RCSLN Issue.

On 19 October 2009, the Board announced that the Securities Commission ("SC"), had vide its letter dated 15 October 2009 (which was received on 19 October 2009), approved certain revisions to the principal terms and conditions ("PTC") of the RCSLN Issue ("PTC Revision"). The PTC Revision is also subject to the certain conditions.

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	1,631	-	1,631
Overdraft	239	-	239
Term loans	3,764	16,979	20,743
	<u>5,634</u>	<u>16,979</u>	<u>22,613</u>

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

- legal charges over subsidiaries' freehold land, leasehold land and buildings;
- corporate guarantee by DMB;
- a debenture over all assets of two subsidiaries;
- joint and several guarantee by subsidiaries' directors;
- a pledge on the Company's and subsidiaries' fixed deposits;
- a facility agreement;
- a pledge of 100% unquoted shares over the entire issued and paid-up capital of a subsidiary; and
- a debenture over 3 cranes of a subsidiary.

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B10 Off balance sheet financial instruments

There were no off-balance sheet financial instruments as at 13 November 2009, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

B11 Material litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2008 to 13 November 2009, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

- (i) Daya Secadyme Sdn Bhd ("DSSB") has brought 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. DSSB is suing against the Defendants (i), (ii) and (iii) on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received. DSSB is suing against Defendants (iv) and (v) on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,000.00 with interest at 8% p.a. thereupon from judgment to settlement, and the legal costs of the proceedings. The writ of summons was filed on 25 March 2008. The writ of summons and statement of claim have been served on all the Defendants. Defendant (v) has filed an application to strike out the writ of summons and statement of claim, which was fixed for hearing on 2 April 2009 and subsequently extended to 30 April 2009.

A Mareva Injunction was obtained on an ex parte basis on 7 April 2008 to freeze the bank accounts of all the Defendants. The Injunction has been extended on an ad interim basis pending the hearing of the inter partes application, which was fixed on 2 April 2009. During the hearing that took place on 23 April 2008, the Court had ordered that the Mareva Injunction continued subject to certain variations, where the Defendants (i), (ii) and (v) were entitled to withdraw fixed amount of money every month from the relevant accounts for the expenses respectively.

The hearings of Defendant (v)'s application to strike out the writ of summons and statement of claim that was held on 30 April 2009 was dismissed with costs.

The Mareva Injunction has been extended on an ad interim basis until the hearing of the inter partes application, for which a date has not yet been fixed.

The solicitors of DSSB are of the opinion that DSSB has a good case.

- (ii) DSSB was served with a Notification of Civil Proceedings (pursuant to Section 106 of the Income Tax Act, 1967) dated 21 October 2008 by the Inland Revenue Board for the recovery of income tax amounting to RM357,728.85, as a debt due to the Government ("Notification").

Vide the Notification, DSSB was duly informed that a summons and a statement of claim would be served on DSSB in due course.

DSSB is currently seeking clarification and discussing with the IRB in respect of the disputed tax amount of RM357,728.85 pursuant to the Notification, of which the Board believes has been previously settled with the IRB. The Board is of the considered opinion that it is likely for the IRB to withdraw the Notification or to discontinue any action once a mutual agreement of a settlement is reached between DSSB and the IRB.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

- (iii) Daya CMT Sdn Bhd ("DCMT") brought a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively "Defendants") vide KL High Court Writ Saman No. S22-663-2009. By a written agreement dated 8 July 2009 between DCMT and the 2nd Defendant as agent for the 1st Defendant, the Defendants agreed to a sale to DCMT of the land identified as Lot 20, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Selangor Darul Ehsan for the purchase consideration of RM9,067,500.00. Pursuant to the said written agreement, an earnest deposit was paid by or for DCMT amounting to RM181,350.00. The 1st Defendant had thereafter declined to proceed with the transaction. DCMT is seeking the remedy of specific performance against the Defendants or in the alternative, special and general damages for breach of contract. The solicitors for DCMT are of the opinion that DCMT has a reasonably good case against the Defendants.

B12 Proposed Dividends

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

B13 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM'000	CURRENT YEAR TO DATE 30/9/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM'000
Net profit for the period/year attributable to ordinary equity holders of the company (RM'000)	4,148	2,907	11,386	12,262
Weighted average number of shares in issue ('000)	811,787	762,588	781,201	752,392
Basic earnings per share (sen)	<u>0.51</u>	<u>0.38</u>	<u>1.46</u>	<u>1.63</u>

B14 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2008 was unqualified.

By Order of the Board

THAM WOUI LOON
Managing Director

Date: 19 November 2009