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Daya sells 16.9% stake in unit



KUALA LUMPUR: Daya Materials Bhd (DMB) has entered into a sale and purchase agreement with Rancak Nikmat Sdn Bhd to dispose a 16.9% stake in its unit Daya Oci Sdn Bhd for a total of RM9.2mil.

In its filing with Bursa Malaysia on Tuesday, DMB said the proceeds from the disposal will be used as working capital.

“The proposed disposal is to meet the objectives of enhancing the Bumiputera equity ownership in Daya Oci. In its ordinary course of business, the DMB group requires certain licenses and permits to operate its business,” it said.

DMB added that it is therefore crucial and important to ensure that there is sufficient Bumiputera equity ownership in Daya Oci.

“The amount allocated for working capital will be utilised to meet DMB and its group of companies’ general working capital requirements such as the operating expenses of the DMB group which include purchase of raw materials as well as repayment of trade and other payables,” it said.

The consideration took into account Daya Oci's net assets of RM28.17mil as at Dec 31, 2014.

"The disposal consideration is arrived after considering the strategic nature of the purchaser and its future contribution to the oil and gas business of the company," DMB said.

Rancak will not assume any liabilities once the disposal is complete.

Also, the gains or losses to the group is expected to be minimal as the transaction is done on a guaranteed yield basis whereby the company guarantees a fixed return to the purchaser annually.

In exchange for this guaranteed return, the purchaser agrees to waive all excess profits of Daya Oci back to the company.

Based on DMB's carrying value relating to the disposal percentage of equity interest and assuming the proposed disposal was completed on Dec 31, 2014, it would result in a loss of approximately RM57,985 to the DMB group.

Its existing shareholders are DMB with a 67%, Rancak with a 24.9% stake and Wiramas Baiduri Sdn Bhd with a 8.1% stake.

Rancak's major shareholder is Norzain Abdul Wahab. He is also a director Daya Oci and a 3.03% shareholder in DMB.

He will therefore abstain from deliberating and voting at any board meetings of Daya Oci relating to the disposal.

The proposed disposal is not expected to have any material effect on the earnings and EPS of the group for the Dec 31, 2015 financial year.

Barring any unforeseen circumstances, the disposal is expected to be completed by the first quarter of 2016.

Daya Oci is primarily involved in the supply of equipment and specialty chemicals for oil and gas process plants, as well as the provision of installation and maintenance services for air conditioning and ventilation systems, among others.

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