



# **DAYA MATERIALS BERHAD**

Company No. 636357-W  
(Incorporated in Malaysia)

## **Quarterly Report 30 September 2011**

# DAYA MATERIALS BERHAD

(Company No: 536357-W)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT

### QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	QUARTER	CORRESPONDING	YEAR TO	CORRESPONDING
	30.9.2011	30.9.2010	DATE	PERIOD
	RM'000	RM'000	RM'000	RM'000
Revenue	64,353	45,040	185,412	132,864
Cost of Sales	(52,857)	(31,366)	(154,915)	(101,038)
Gross Profit	11,496	13,674	30,497	31,826
Other Income	1,412	575	4,717	2,084
Operating Expenses	(5,046)	(5,981)	(14,841)	(15,119)
Profit from operations	7,862	8,268	20,373	18,791
Finance Costs	(975)	(993)	(3,011)	(1,992)
Share of results of jointly controlled entities	1,079	142	1,079	142
Profit before tax	7,966	7,417	18,441	16,941
Income tax expense	(2,542)	(3,019)	(5,573)	(5,752)
Profit for the period	5,424	4,398	12,868	11,189
Attributable to :				
Equity holders of the Company	5,384	4,382	12,804	11,133
Non-controlling interests	40	16	64	56
	5,424	4,398	12,868	11,189
Earnings per share (sen):				
Basic	0.45	0.41	1.11	1.09
Diluted*	0.45 *	0.41 *	1.09 *	1.06 *

\* 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.

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2010 RM'000	CURRENT YEAR TO DATE 30.9.2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2010 RM'000
Profit for the period	5,424	4,398	12,868	11,189
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	(36)	-	(54)	-
Total comprehensive income for the period, net of tax	5,388	4,398	12,814	11,189
Total comprehensive income for the period attributable to:				
Equity holders of the Company	5,348	4,382	12,750	11,133
Non-controlling interests	40	16	64	56
	5,388	4,398	12,814	11,189

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)  
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 30.9.2011 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31.12.2010 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	95,872	90,866
Investment property	1,214	1,225
Intangible assets	83,491	83,491
Investment in jointly controlled entities	893	1,061
Other receivable	1,750	1,809
	<u>183,220</u>	<u>178,452</u>
<b>Current Assets</b>		
Inventories	14,817	13,428
Trade receivables	36,370	47,641
Other receivables	17,565	9,615
Other current assets	13,219	5,041
Tax recoverable	4,610	3,562
Financial assets at fair value through profit or loss	173	159
Cash and cash equivalents	63,373	34,153
	<u>150,127</u>	<u>113,599</u>
<b>Current Liabilities</b>		
Trade payables	9,528	10,373
Other payables	43,587	25,207
Provisions	1,358	2,321
Tax payables	3,899	2,393
Loans and borrowings	21,266	14,568
	<u>79,638</u>	<u>54,862</u>
<b>Net Current Assets</b>	70,489	58,737
	<u>253,709</u>	<u>237,189</u>
<b>Financed by:</b>		
Share capital	119,915	109,674
Reserves	86,350	66,923
	<u>206,265</u>	<u>176,597</u>
Non-controlling interests	703	559
	<u>206,968</u>	<u>177,156</u>
<b>Non Current Liabilities</b>		
Other payables	3,000	5,000
Deferred tax liabilities	996	1,086
Loans and borrowings	42,745	53,947
	<u>46,741</u>	<u>60,033</u>
	<u>253,709</u>	<u>237,189</u>
<b>Net assets per share (sen)</b>	<u>17.20</u>	<u>16.10</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# DAYA MATERIALS BERHAD

(Company No: 638357-W)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Translation Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
Balance as at 1 January 2010	82,630	18,184	443	-	41,543	142,800	681	143,481
Total comprehensive income for the period	-	-	-	-	2,353	2,353	8	2,361
Transactions with owners:								
Effect on equity component of RCSLN	-	-	75	-	-	75	-	75
<b>Balance as at 31 March 2010</b>	<b>82,630</b>	<b>18,184</b>	<b>518</b>	<b>-</b>	<b>43,896</b>	<b>145,228</b>	<b>689</b>	<b>145,917</b>
Total comprehensive income for the period	-	-	-	-	4,398	4,398	32	4,430
Transactions with owners:								
Effect on equity component of RCSLN	-	-	93	-	-	93	-	93
Conversion of RCSLN	1,451	1,549	(91)	-	-	2,909	-	2,909
Private placements	3,980	3,912	-	-	-	7,892	-	7,892
Acquisition of subsidiaries	-	-	-	-	-	-	96	96
Dividends paid	-	-	-	-	(45)	(45)	-	(45)
<b>Balance as at 30 June 2010</b>	<b>88,061</b>	<b>23,645</b>	<b>520</b>	<b>-</b>	<b>48,249</b>	<b>160,475</b>	<b>817</b>	<b>161,292</b>
Total comprehensive income for the period	-	-	-	-	4,382	4,382	16	4,398
Transactions with owners:								
Effect on equity component of RCSLN	-	-	110	-	-	110	-	110
Issuance of bonus shares	17,612	(17,612)	-	-	-	-	-	-
Transaction costs	-	(83)	-	-	-	(83)	-	(83)
Disposal of a subsidiary	-	-	-	-	-	-	(90)	(90)
Dividends paid	-	-	-	-	(2,082)	(2,082)	-	(2,082)
<b>Balance as at 30 September 2010</b>	<b>105,673</b>	<b>5,950</b>	<b>630</b>	<b>-</b>	<b>50,549</b>	<b>162,802</b>	<b>743</b>	<b>163,545</b>
Total comprehensive income for the period	-	-	-	192	5,820	6,012	2	6,014
Transactions with owners:								
Private placements	4,000	4,060	-	-	-	8,060	-	8,060
Issuance of bonus shares	-	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(186)	(186)
Effect on equity component of RCSLN	-	(12)	(265)	-	-	(277)	-	(277)
<b>Balance as at 31 December 2010</b>	<b>109,673</b>	<b>9,998</b>	<b>365</b>	<b>192</b>	<b>56,369</b>	<b>176,597</b>	<b>559</b>	<b>177,156</b>

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Translation Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
Balance as at 1 January 2011	109,673	9,998	365	192	56,369	176,597	559	177,156
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
Balance as at 31 March 2011	<u>111,915</u>	<u>11,881</u>	<u>287</u>	<u>174</u>	<u>59,057</u>	<u>183,314</u>	<u>641</u>	<u>183,955</u>
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
Balance as at 30 June 2011	<u>119,915</u>	<u>21,181</u>	<u>287</u>	<u>174</u>	<u>63,789</u>	<u>205,346</u>	<u>663</u>	<u>206,009</u>
Total comprehensive income for the period	-	-	-	(36)	5,384	5,348	40	5,388
Transactions with owners:								
Shares issuance expenses	-	(1,550)	-	-	-	(1,550)	-	(1,550)
Dividends paid	-	-	-	-	(2,878)	(2,878)	-	(2,878)
Balance as at 30 September 2011	<u>119,915</u>	<u>19,631</u>	<u>287</u>	<u>138</u>	<u>66,295</u>	<u>206,266</u>	<u>703</u>	<u>206,969</u>

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# DAYA MATERIALS BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,441	22,733
Adjustments for:		
Share of results of joint ventures	(1,079)	(311)
Discount on convertible loan notes	50	114
Amortisation on intangible assets	-	60
Depreciation on property, plant and equipment	3,334	4,037
Depreciation on investment property	11	15
Gain on disposal of property, plant & equipment	(2,095)	(1,206)
Property, plant and equipment written off	25	33
Gain on disposal of subsidiaries	(4)	(89)
Fair value gain on marketable securities	(48)	(19)
Impairment loss on marketable securities	34	-
Bad debts written off	-	160
Dividends income	-	(1)
Finance costs	3,011	3,149
Interest income	(794)	(787)
Unrealised foreign exchange (gain) / loss	(53)	272
(Reversal of) / Allowance for impairment	(1,038)	1,598
	<hr/>	<hr/>
Operating profit before working capital changes	19,795	29,758
Changes in working capital:		
Net change in inventories	(1,389)	(4,801)
Net change in trade and other receivables	4,419	(27,406)
Other current assets	(8,178)	4,036
Net change in trade and other payables	16,624	1,263
Provisions	(963)	1,653
	<hr/>	<hr/>
Cash generated from operations	30,308	4,503
Finance cost paid	(3,011)	(3,149)
Income tax paid	(5,186)	(8,017)
	<hr/>	<hr/>
<b>Net Cash Generated From / (Used In) Operating Activities</b>	22,111	(6,663)

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.9.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
	Note	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,764)	(30,867)
Proceeds from disposal of property, plant and equipment	2,494	1,436
Purchase of marketable securities	-	(110)
Acquisition of subsidiaries	(ii) -	(26,284)
Subscription of shares in joint venture company	(51)	-
Proceeds from disposal of subsidiaries	(i) 15	202
Increase in pledged deposits placed with licensed banks	(17,029)	(8,765)
Distribution of profits from a jointly controlled entity	250	-
Dividends received	-	1
Interest received	794	787
<b>Net Cash Used In Investing Activities</b>	<b>(22,291)</b>	<b>(63,600)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans and borrowings	(8,419)	(9,782)
Proceeds from loans and borrowings	7,644	37,338
Proceeds from issuance of shares	16,875	16,936
Transaction costs paid for issuance of bonus shares	-	(1,079)
Issuance of shares to non-controlling interests	80	-
Dividends paid	(2,878)	(2,268)
<b>Net Cash Generated From Financing Activities</b>	<b>13,302</b>	<b>41,145</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>13,122</b>	<b>(29,118)</b>
Effect of exchange rate fluctuations on cash held	(53)	192
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR</b>	<b>14,358</b>	<b>43,284</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<b>27,427</b>	<b>14,358</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>		
Cash and bank balances	20,941	10,616
Fixed deposits with licenced banks	37,190	21,115
Short term investments	5,242	2,422
Bank overdraft	(1,314)	(2,192)
	62,059	31,961
Less: Deposits pledged	(34,632)	(17,603)
	<b>27,427</b>	<b>14,358</b>



# 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 2011

(The figures have not been audited)

- (i) The Group had, on 15 September 2011 announced the disposal of 40,000 ordinary shares of HKD1.00 each in Daya NCHO International Limited (DNIL) representing 40% of the issued and paid-up share capital of DNIL by DMB International Limited, a direct wholly owned subsidiary of Daya Materials Berhad to NCHO Sdn. Bhd. for a total consideration of HKD40,000.00. Subsequent to the disposal, DNIL had ceased to be a subsidiary and become a jointly controlled entity.

In previous year, the Group had, on 18 August 2010 announced the completion of the disposal of 1,800 ordinary shares of RM1.00 each in OCI Energy Services Sdn. Bhd. ("OCIES") representing 100% of the issued and paid-up share capital of OCIES by Daya OCI Sdn. Bhd. (formerly known as OCI Energy Sdn. Bhd.) ("DOCI"), a direct wholly owned subsidiary of Daya Materials Berhad, Kamalukhair Bin Abdullah and Zaidi Bin Ayub to Ombak Marine Group Sdn. Bhd. for a total cash consideration of RM201,529.

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

	UNAUDITED CURRENT YEAR TO DATE 30.9.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
Property, plant and equipment	-	4
Trade and other receivables	37	1,000
Tax recoverable	-	200
Cash and bank balance	1	-
Trade and other payables	(9)	(1,000)
Deferred tax liabilities	-	(1)
	29	203
Less: Transfer to investment in jointly controlled entities	(17)	-
Non-controlling interests	-	(90)
	12	113
Gain on disposal of subsidiaries	4	89
Consideration received, satisfied in cash	16	202
Cash disposed of	(1)	-
Net cash inflows	15	202

- (ii) In previous year, the Group had, on 14 June 2010 acquired 5,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of DOCI for a cash consideration of RM28,000,000.

The assets and liabilities arising from the acquisition of the subsidiaries are as follows:

	UNAUDITED CURRENT YEAR TO DATE 30.9.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
Property, plant and equipment	-	3,715
Investment property	-	937
Investment in joint venture	-	750
Trade and other receivables	-	6,645
Cash and cash equivalents	-	4,054
Trade and other payables	-	(5,470)
Tax payables	-	(448)
Loans and borrowings	-	(1,778)
Deferred tax liabilities	-	(1)
Fair value of net assets	-	8,404
Less: Non-controlling interests	-	(96)
	-	8,308
Goodwill on acquisitions	-	22,030
Consideration paid, satisfied in cash	-	30,338
Cash and cash equivalents acquired	-	(4,054)
Net cash outflows	-	26,284

The above consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# DAYA MATERIALS BERHAD

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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 Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. 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 2010.

### 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 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

#### (i) Adoption of FRSs, Amendments to FRSs and IC Interpretations

<b>FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvement to FRSs (2010)"	1 January 2011

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## A2 Significant Accounting Policies (Continued)

### (i) Adoption of FRSs, Amendments to FRSs and IC Interpretations (Continued)

#### FRSs and Interpretations (Continued)

IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
FRS 124 Related Party Transactions	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

### (ii) Application of FRSs

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except for the below:

#### a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

#### b) FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

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(Company No: 636357-W)

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## A2 Significant Accounting Policies (Continued)

### (ii) Application of FRSs (Continued)

#### c) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in income statements, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

#### d) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

As at 1 January 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139. There is no adjustment to the opening balance of retained profits as at that date required for the impairment of trade receivables.

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(Company No: 636357-W)

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## A2 Significant Accounting Policies (Continued)

### (ii) Application of FRSs (Continued)

#### d) FRS 139 Financial Instruments: Recognition and Measurement (continued)

- Financial guarantee contracts

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. The Company did not provide for such guarantees in the income statements unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

At the reporting date, the Company has reassessed the financial guarantee contracts in accordance with FRS 139. There is no fair value adjustment required for the financial guarantee granted to its subsidiaries.

#### e) Amendments to FRS 117 Leases

Prior to 1 January 2010, all leases of land and buildings where the title is not expected to pass to the lessee by the end of the lease term and the lessee normally does not receive substantially all of the risks and rewards incidental to ownership, were classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy in accordance with the transitional provisions of the Amendments to FRS 117. At 1 January 2010, the Group reassessed the lease classification on the basis of the facts and circumstances existing on that date and recognised certain leasehold land held for own use as property, plant and equipment at their fair values on that date. The difference between such fair values and the unamortised carrying amount as at that date is recognised in retained profits.

The following are effects to the statement of financial position as at 31 December 2010 arising from the above change in accounting policy:

	2010 RM'000
Increase/(decrease) in :	
Property, plant and equipment	4,741
Prepaid land lease payments	<u>(4,741)</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 quarter and financial period ended:

	30.9.2011	31.12.2010
Final dividends for the financial year	31 December 2010	31 December 2009
Approved and declared on	20 June 2011	21 May 2010
Date paid	15 July 2011	16 July 2010
Number of ordinary shares on which dividends were paid	1,199,158,544	867,614,118
Amount per share	0.24 sen single tier dividend	0.32 sen less 25% taxation
Net dividends paid (RM)	2,877,981	2,082,275

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## A8 Segment information

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

Business Segment	Polymer RM'000	Oil & Gas RM'000	Technical		Total RM'000
			Services RM'000	Others RM'000	
Revenue	14,826	58,963	111,658	199	185,646
Inter-segment revenue	-	-	(35)	(199)	(234)
External revenue	<u>14,826</u>	<u>58,963</u>	<u>111,623</u>	<u>-</u>	<u>185,412</u>
Segment Results	1,357	14,344	2,203	(372)	17,532
Unallocated Results					<u>2,841</u>
Profit from Operations					20,373
Finance Costs					(3,011)
Share of results of jointly controlled entities					<u>1,079</u>
Profit Before Tax					18,441
Taxation					<u>(5,573)</u>
Profit After Tax					<u>12,868</u>
<b>Geographical Segment</b>					<b>Revenue RM'000</b>
Malaysia					185,076
Foreign Countries					<u>336</u>
Consolidated					<u>185,412</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 Subsequent Events

Save for Section B9, there were no material events subsequent to the current financial quarter ended 30 September 2011 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

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## 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) Disposal of 40% interest in a Sub-subsidiary Company, Daya Ncho International Limited (Hong Kong)

On 15 September 2011, the Board announced that DMB International Limited ("DINL"), a direct wholly owned subsidiary of DMB, had on 15 September 2011 dispose 40,000 ordinary share 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. at a total cash consideration of HKD40,000. Subsequent to the disposal, DNIL had ceased to be a subsidiary and become a jointly controlled entity.

### (ii) Acquisition of a Sub-subsidiary Company, Daya Campo (Sabah) Sdn. Bhd.

On 28 September 2011, the Board announced that Daya OCI Sdn. Bhd. (formerly known as OCI Energy Sdn. Bhd.) ("DOCI"), a wholly-owned subsidiary of DMB has on 28 September 2011 acquired two (2) ordinary shares of RM1.00 in Daya Campo (Sabah) Sdn. Bhd ("DCSB"), representing 100% equity interest from Kamalukhair Abdullah and Dato' Mazlin Bin Md Junid, for a total consideration of RM2 only.

## A12 Contingent Assets and Contingent Liabilities

As at 30 September 2011, the Company provides corporate guarantees up to a total amount of RM196,089,515 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 RM92,641,381.

As at 30 September 2011, the Company also provides corporate guarantees up to a total amount of RM6,350,000 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM323,011.

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

## A13 Capital Commitments

	RM'000
Contracted and not provided for:	<u>5,460</u>
Approved but not contracted for:	<u>6,878</u>



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## A14 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 30.9.2011 RM'000	Balance as at 30.9.2011 RM'000	Transaction for the period ended 30.9.2010 RM'000	Balance as at 30.9.2010 RM'000
Interest income charged on housing loan to a director	90	-	84	-
Housing loan to a director	-	1,939	2,720	2,356

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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

The Group achieved higher revenue of RM64.353 million for the quarter ended 30 September 2011, an increase of 42.88% from RM45.04 million recorded in the previous year corresponding quarter. The higher revenue was mainly due to the increase in revenue from oil & gas and technical services segments. However, the Group had only recorded a profit before tax of RM7.966 million for the quarter ended 30 September 2011, which represents 7.40% increase from RM7.417 million recorded in the previous year corresponding quarter primarily due to higher profits and margin from oil & gas segments with the recovery of crane services business and higher chemical sales contributed by DOCI & Daya Secadyme Sdn. Bhd..

#### Current Year-to-Date versus Preceding Year Corresponding Quarter

The Group achieved revenue of RM185.412 million for the period ended 30 September 2011, an increase of 39.55% from RM132.864 million recorded in the previous financial period ended 30 September 2010. The increase was mainly attributed to the higher revenue contribution from the technical services segment and oil & gas segment. The Group recorded a profit before tax of RM18.441 million for the period ended 30 September 2011, which represents an increase of 8.85% over RM16.941 million recorded for previous financial period ended 30 September 2010. The improved performance was mainly attributable to the profit contributed by higher profits and margin from oil & gas segments with the recovery of crane services business and higher chemical sales contributed by DOCI & Daya Secadyme Sdn. Bhd. but offset with lower profits from polymer segment due to the weaker market condition in the polymer industry and lower margin in the technical services industry.

### B2 Variation of results against preceding quarter

	Quarter ended 30.9.2011 RM'000	Quarter ended 30.6.2011 RM'000
Revenue	64,353	70,413
Profit before tax	7,966	6,744

For the quarter ended 30 September 2011, the Group achieved lower revenue of RM64.353 million as compared to RM70.413 million recorded in the preceding quarter. The decrease in revenue was mainly attributed to the lower contribution from its technical services segment. Nevertheless, the Group recorded a profit before tax of RM7.966 million, an increase of 18.12% as compared to RM6.744 million in the preceding quarter, primarily due to higher profits and margin from oil & gas segments with the recovery of crane services business and chemical sales contributed by DOCI & Daya Secadyme Sdn. Bhd..

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## B3 Prospects

The Board expects the financial performance of the Group to continue in growing positively in the coming period particularly from its oil & gas and technical services divisions. The Group is expected to gains from its recently secured contracts in the oil & gas and technical services divisions. Among those contracts are:

- (i) Supply of Methanol Synthesis Catalysts and Desulphurisation Catalysts with the contract value of approximately EURO 6.467 million.
- (ii) Provision of manpower, equipment tools and consumables for removal of sludge from Cargo Oil Tanks with a contract value approximately RM1.7 million.
- (iii) Construction of 6-storey building at Bayan Lepas, Penang with the contract value approximately RM120 million.

The Group is also exploring several business opportunities in the upstream oil & gas sector, including production chemicals, marine and manpower services. The Board believes that this, coupled with the Group's ongoing marketing efforts in the oil & gas and technical services divisions, will bear fruits in the coming quarters.

The Board is of the view that the Group's operational results for the financial year ending 2011 will be satisfactory, barring any unforeseen circumstances.

## B4 Profit forecast

Not applicable.

## B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	2,474	3,019	5,643	5,752
Deferred tax expenses / (income)	68	-	(70)	-
	<u>2,542</u>	<u>3,019</u>	<u>5,573</u>	<u>5,752</u>

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

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## B6 Sale of unquoted investments and properties

There were no disposals of unquoted investments and properties during the quarter under review except for the disposal of shares in a subsidiary company as disclosed in Note A11(i).

## B7 Other Current Assets

		AS AT END OF CURRENT QUARTER 30.9.2011 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2010 RM'000
	<b>Note</b>		
Amount due from customers on contracts	(i)	11,575	7,730
Prepayments		1,644	3,182
		<u>13,219</u>	<u>10,912</u>

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

	AS AT END OF CURRENT QUARTER 30.9.2011 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2010 RM'000
Aggregate costs incurred to date	274,921	169,947
Add: Attributable profits	56,746	35,132
	<u>331,667</u>	<u>205,079</u>
Less: Progress billings	(320,092)	(197,349)
	<u>11,575</u>	<u>7,730</u>

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## B8 Financial Assets at fair value through profit or loss

	AS AT END OF CURRENT QUARTER 30.9.2011 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2010 RM'000
<b>At fair value</b>		
Quoted securities	173	40

The investment in quoted securities are summarised below:-

	CURRENT YEAR TO DATE 30.9.2011 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2010 RM'000
<b>Total investment at</b>		
Cost	126	26
Carrying value / Market value	173	40

There were no purchases and disposals of quoted securities during the quarter under review.

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## B9 Status of corporate proposals

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

### (i) Acquisition of a subsidiary company, Daya NCHO Sdn. Bhd.

On 15 March 2011, the Board announced that Daya Clarimax Sdn. Bhd. ("DCLX"), a wholly owned subsidiary of the Company had on 22 February 2011 acquired one (1) ordinary share of RM1.00 in Daya NCHO Sdn. Bhd. ("DNSB"), for a total cash consideration of RM1.00 from Chai Churn Hwa. On 15 March 2011 DCLX has further subscribed 599,999 ordinary shares of RM1.00 each in DNSB through capitalisation of an amount of RM599,999 out of the total fixed assets transferred from DCLX.

On 8 November 2011, the Board announced that DNSB, had on 8 November 2011 issued an additional 320,000 ordinary shares at RM1.00 each to NCHO Sdn. Bhd. ("NSB") through capitalization of an amount of RM320,000.00 out of advances owing to NSB ("Shares Issuance"). Upon the completion of Shares Issuance, the authorized share capital of DNSB is 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, 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.

The status of corporate proposals announced by the Company but not completed as at 16 November 2011, 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:-

- a. Proposed establishment of an employees' share option scheme ("ESOS") for the eligible directors and employees of DMB and its subsidiary companies ("Proposed ESOS"); and
- b. Proposed authority for the company to purchase up to ten per cent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back").

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

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.

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## B9 Status of corporate proposals (Continued)

### (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 Securities. 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 Securities Berhad to seek an extension of time of 6 months for DMB to implement the Private Placement.

### (iii) Proposed Joint Venture Between Daya OCI Sdn. Bhd. and Campo Sdn. Bhd.

On 5 October 2011, the Board announced that Daya OCI Sdn. Bhd. (formerly known as OCI Energy Sdn. Bhd) ("DOCI"), a wholly-owned subsidiary of DMB, had on 5 October 2011, entered into a Joint Venture Agreement with Campo Sdn Bhd ("Campo")

The Proposed Joint Venture will be undertaken through a joint venture company, Daya Campo (Sabah) Sdn. Bhd., which is currently a wholly-owned subsidiary of DOCI. The initial proposed capital outlay shall be RM10,000.00 and the equity sharing ratio under the Proposed Joint Venture is DOCI 60% and Campo 40%. DOCI will finance its 60% equity stake amounting to RM6,000.00 in the Proposed Joint Venture from its internally generated funds.

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## B10 Status of utilisation of proceeds

### (i) Private Placement Proceeds- Year 2010

The Company raised approximately RM22.461 million from its private placement exercise proposed in year 2010.

As at 30 September 2011, the Company has utilised the funds raised as follows:-

	Proceeds from Placement Shares RM'000 <sup>(i)</sup>	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000	Deviation %
Future acquisitions and expansion	21,461	18,396	within 12 months	3,065	14%
Defraying of expenses incidental to the Proposed Private Placement <sup>(ii)</sup>	1,000	1,000	within 1 month	-	0%
<b>Total</b>	<b>22,461</b> <sup>(iii)</sup>	<b>19,396</b>		<b>3,065</b>	<b>14%</b>

- (a) 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 future synergistic acquisitions and expansion.
- (b) Any variation to the estimated expenses will be adjusted to/ from the working capital.
- (c) As at 30 September 2011, DMB has placed out first tranche of 26,800,000 placement shares, at an issue price of RM0.22 per share, raising RM5,896,000 and second tranche of 13,000,000 placement shares, at an issue price of RM0.23 per share raising RM2,990,000, third tranche of 30,000,000 placement shares, at an issue price of RM0.20 per share, raising RM6,000,000, fourth tranche of 10,000,000 placement shares, at an issue price of RM0.205 per share raising RM2,050,000, fifth tranche of 5,000,000 placement shares, at an issue price of RM0.225 per share raising RM1,125,000 and sixth tranche of 20,000,000 placement shares, at an issue price of RM0.22 per share raising RM4,400,000.



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## B10 Status of utilisation of proceeds (Continued)

### (ii) 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 2011, 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	1,220	within 12 months	3,620	75%
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</b>	<b>8,380</b>		<b>4,820</b>	<b>37%</b>

- (a) 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.
- (b) Working capital is for the DMB Group's operating and administrative expenses.
- (c) Any variation to the estimated expenses will be adjusted to/ from the proceeds used for working capital.
- (d) As at 30 September 2011, 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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## B11 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Note	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
Trade facilities (Secured)		6,271	-	6,271
Hire purchases (Secured)		827	2,065	2,892
Overdraft (Secured)		1,314	-	1,314
Term loans (Secured)		12,854	29,897	42,751
Redeemable Convertible Secured Loan Notes ("RCSLN")	(i)	-	10,783	10,783
		<u>21,266</u>	<u>42,745</u>	<u>64,011</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 with a carrying amount of RM112,308,946.

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 the balance sheets of the Group as follows:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30.9.2011 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2010 RM'000
Nominal value	11,000	14,000
Add: Discount on convertible notes	165	176
Less: Unamortised discount	(382)	(840)
	<u>10,783</u>	<u>13,336</u>

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## B11 Group's borrowings and debt securities (Continued)

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

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30.9.2011 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30.9.2010 RM'000
Liability component:-		
Nominal value of the convertible notes	11,000	14,000
Add: Discount on convertible notes	165	176
	<u>11,165</u>	<u>14,176</u>
Equity component, net of deferred tax	(287)	(630)
Deferred tax liability	(95)	(210)
	<u>10,783</u>	<u>13,336</u>

## B12 Off balance sheet financial instruments

There were no off-balance sheet financial instruments as at 16 November 2011, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

# DAYA MATERIALS BERHAD

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## B13 Material litigations

- (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.

- (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").

DSSB had seek clarification and discussed with the IRB in respect of the disputed tax amount of RM357,728.85 pursuant to the Notification, of which pending for the final outcome from 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.

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## B13 Material litigations (Continued)

(iii) a) Daya CMT Sdn Bhd ("DCMT") has on 15 September 2009 brought a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively "Defendants") vide High Court in Malaya at Kuala Lumpur, Writ of Summons No. S22-663-2009 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 said Land") for the purchase consideration of RM9,067,500.00. An earnest deposit was paid by DCMT amounting to RM181,350.00. DCMT sought specific performance against the Defendants or in the alternative, special and general damages for breach of contract.

By an Amended Defence and Counter Claim dated 7 December 2009, the 1st Defendant counter claimed by seeking declarations, among others, that the 2nd Defendant is not their agent to sell the property, that there is no valid agreement to sell the property, that the 2nd Defendant has committed fraud against them, that the Plaintiff and the 2nd Defendant had conspired to cause losses to them (which the 1st Defendant did not plead for losses that they have incurred), that the 2nd Defendant to incur the losses claimed by the Plaintiff and general damages again the 2nd defendant. The Plaintiff filed a Reply and Defence to Counter-Claim dated 21 December 2009 to the 1st Defendant's Amended Defence and Counter-Claim.

DCMT filed an injunction application on 3 September 2010 against 1st Defendant to restraint them from selling or transferring the said Land until the disposal of the Writ. The court dismissed the application on 28 September 2010 with costs of RM5,000.00 to the 1st Defendant. There is no further appeal.

The 1st Defendant filed a striking out application of DCMT's civil suit against the Defendants dated 15 October 2010. The Court allowed the suit against the 1st Defendant's to be struck off with costs of RM5,000.00 to the 1st Defendant. There is no further appeal.

The outcome of the case against the 2nd Defendant for damages will depend on the evidence adduced at trial.

The matter is now fixed for further case management on 14 March 2012 for the Plaintiff's suit against the 2nd Defendant and the 1st Defendants counterclaim against the Plaintiff and the 2nd Defendant, pending finalization of agreed facts and issues to be tried.

b) Daya CMT Sdn Bhd ("DCMT") has on 3 September 2010 filed an application to extend the private caveat against Perbadanan Kemajuan Negeri Selangor ("PKNS") ("Defendant") vide High Court in Malaya at Kuala Lumpur, Originating Summons No.S21-231-2010. DCMT has entered a private caveat on the said Land on 19 October 2009 pending the transfer of the said Land. DCMT was served with a notice of an application to remove the private caveat by the Defendant on 2 August 2010. The Defendant is the registered proprietor of the said Land. The court dismissed DCMT's application on 28 September 2010 with costs of RM500.00 to the Defendant. There is no further appeal.

## B14 Proposed Dividends

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

The Company had propose a final single tier dividend of 2.4% in respect of the financial year ended 31 December 2010. These final dividend payable has been approved by shareholders at the Eighth Annual General Meeting and has been paid on 15 July 2011.

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## B15 Earnings per share

a) Basic earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2011	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2010	CURRENT YEAR TO DATE 30.9.2011	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2010
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	5,384	4,382	12,804	11,133
Weighted average number of shares in issue ('000)	1,199,159	1,056,737	1,149,850	1,018,883
Basic earnings per share (sen)	<u>0.45</u>	<u>0.41</u>	<u>1.11</u>	<u>1.09</u>
<b>b) Diluted earnings per share</b>				
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2011	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2010	CURRENT YEAR TO DATE 30.9.2011	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2010
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	5,384	4,382	12,804	11,133
Effect of dilution (RM'000)	7	-	95	171
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	5,391	4,382	12,899	11,304
Weighted average number of shares in issue ('000)	1,199,159	1,056,737	1,149,850	1,018,883
Effect of dilution ('000)	11,236	-	32,631	52,313
Adjusted weighted average number of shares in issue ('000)	1,210,394	1,056,737	1,182,481	1,071,196
Diluted earnings per share (sen)	<u>0.45</u>	<u>0.41</u>	<u>1.09</u>	<u>1.06</u>

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## B16 Realised and Unrealised Profits/Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia 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 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
	30.9.2011	31.12.2010
	RM'000	RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	95,449	84,534
- Unrealised (losses) / profits	(54)	396
	<u>95,395</u>	<u>84,930</u>
Less: Consolidated adjustments	(29,100)	(28,561)
Total group retained earnings as per consolidated accounts	<u><u>66,295</u></u>	<u><u>56,369</u></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 and should not be applied for any other purposes.

## B17 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 was unqualified.

By Order of the Board

DATO' MAZLIN BIN MD JUNID  
VICE CHAIRMAN

Date: 21 November 2011