



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2012

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31.12.2012	31.12.2011#	31.12.2012	31.12.2011#
	RM'000	RM'000	RM'000	RM'000
Revenue	95,798	96,334	274,413	281,746
Cost of Sales	(81,339)	(84,119)	(222,420)	(239,035)
Gross Profit	14,459	12,215	51,993	42,711
Other Income	620	1,716	5,746	6,432
Operating Expenses	(7,615)	(7,965)	(30,459)	(22,804)
Profit from operations	7,464	5,966	27,280	26,339
Finance Costs	(1,051)	(962)	(3,990)	(3,973)
Share of results of jointly controlled entities	85	316	4,917	1,395
Profit before tax	6,498	5,320	28,207	23,761
Income tax expense	(1,868)	(745)	(8,606)	(6,318)
Profit for the period	4,630	4,575	19,601	17,443
Attributable to :				
Equity holders of the Company	4,672	4,578	19,659	17,382
Non-controlling interests	(42)	(3)	(58)	61
	4,630	4,575	19,601	17,443
Earnings per share (sen):				
Basic	0.38	0.38	1.61	1.50
Diluted*	0.38	0.38	1.59	1.45

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

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

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2011# RM'000	CURRENT YEAR TO DATE 31.12.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2011# RM'000
Profit for the period	<u>4,630</u>	<u>4,575</u>	<u>19,601</u>	<u>17,443</u>
Other comprehensive income:				
Foreign currency translation differences for foreign subsidiaries	(8)	33	4	(21)
Total comprehensive income for the period, net of tax	<u>4,622</u>	<u>4,608</u>	<u>19,605</u>	<u>17,422</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	4,664	4,611	19,663	17,361
Non-controlling interests	<u>(42)</u>	<u>(3)</u>	<u>(58)</u>	<u>61</u>
	<u>4,622</u>	<u>4,608</u>	<u>19,605</u>	<u>17,422</u>

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

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

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(The figures have not been audited)

	UNAUDITED 31.12.2012 RM'000	AUDITED 31.12.2011 RM'000	AUDITED 01.01.2011 RM'000
Non Current Assets			
Property, plant and equipment	110,287	100,018	90,866
Land held for property development	10,475	-	-
Investment properties	1,195	1,210	1,225
Intangible assets	83,897	83,886	83,491
Investment in jointly controlled entities	2,287	3,129	1,061
Other receivable	704	1,272	1,809
	208,845	189,515	178,452
Current Assets			
Inventories	14,189	14,182	13,428
Trade receivables	42,143	74,596	47,641
Other receivables	18,681	11,917	9,615
Other current assets	42,004	22,615	5,041
Tax recoverable	1,528	2,206	3,562
Marketable securities	108	244	159
Cash and cash equivalents	64,543	62,840	34,153
	183,196	188,600	113,599
Current Liabilities			
Trade payables	24,731	51,729	10,373
Other payables	59,607	42,745	25,207
Provisions	810	1,710	2,321
Tax payables	848	629	2,393
Loans and borrowings	33,664	17,862	14,568
	119,660	114,675	54,862
Net Current Assets	63,536	73,925	58,737
	272,381	263,440	237,189
Financed by:			
Share capital	123,399	119,915	109,673
Reserves	106,954	90,713	66,924
	230,353	210,628	176,597
Non-controlling interests	(57)	-	559
	230,296	210,628	177,156
Non Current Liabilities			
Other payables	-	3,000	5,000
Deferred tax liabilities	363	951	1,086
Loans and borrowings	41,722	48,861	53,947
	42,085	52,812	60,033
	272,381	263,440	237,189
Net assets per share (sen)	18.67	17.56	16.10

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->								
	<----- Non-Distributable ----->				Distributable				
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Transalation Reserve RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
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
At 31 March 2011	<u>111,915</u>	<u>11,881</u>	<u>287</u>	<u>174</u>	<u>-</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
At 30 June 2011	<u>119,915</u>	<u>21,181</u>	<u>287</u>	<u>174</u>	<u>-</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:									
Issuance of bonus shares	-	(1,550)	-	-	-	-	(1,550)	-	(1,550)
Dividends paid	-	-	-	-	-	(2,878)	(2,878)	-	(2,878)
At 30 September 2011	<u>119,915</u>	<u>19,631</u>	<u>287</u>	<u>138</u>	<u>-</u>	<u>66,295</u>	<u>206,266</u>	<u>703</u>	<u>206,969</u>
Total comprehensive income for the period	-	-	-	34	-	4,577	4,611	(3)	4,608
Transactions with owners:									
Acquisiton of non-controlling interest	-	-	-	-	-	68	68	(538)	(470)
Disposal of a subsidiary	-	-	-	-	-	-	-	(162)	(162)
Purchase of treasury shares	-	-	-	-	(317)	-	(317)	-	(317)
At 31 December 2011	<u>119,915</u>	<u>19,631</u>	<u>287</u>	<u>172</u>	<u>(317)</u>	<u>70,940</u>	<u>210,628</u>	<u>-</u>	<u>210,628</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	-----Attributable to Equity Holders of the Company----->								
	----- Non-Distributable ----->				Distributable				
	Share capital	Share premium	Equity component of RCSLN	Foreign Currency Translation Reserve	Treasury Shares	Retained earnings	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	119,915	19,631	287	172	(317)	70,940	210,628	-	210,628
Total comprehensive income for the period	-	-	-	12	-	2,939	2,951	(3)	2,948
Transactions with owners:									
Conversion of RCSLN	1,742	1,258	(78)	-	-	-	2,922	-	2,922
At 31 March 2012	<u>121,657</u>	<u>20,889</u>	<u>209</u>	<u>184</u>	<u>(317)</u>	<u>73,879</u>	<u>216,501</u>	<u>(3)</u>	<u>216,498</u>
Total comprehensive income for the period	-	-	-	-	-	5,718	5,718	-	5,718
Transactions with owners:									
Conversion of RCSLN	1,742	1,258	(78)	-	-	-	2,922	-	2,922
Purchase of treasury shares	-	-	-	-	(186)	-	(186)	-	(186)
At 30 June 2012	<u>123,399</u>	<u>22,147</u>	<u>131</u>	<u>184</u>	<u>(503)</u>	<u>79,597</u>	<u>224,955</u>	<u>(3)</u>	<u>224,952</u>
Total comprehensive income for the period	-	-	-	-	-	6,328	6,328	(12)	6,316
Transactions with owners:									
Dividends paid	-	-	-	-	-	(3,074)	(3,074)	-	(3,074)
Purchase of treasury shares	-	-	-	-	(2,180)	-	(2,180)	-	(2,180)
At 30 September 2012	<u>123,399</u>	<u>22,147</u>	<u>131</u>	<u>184</u>	<u>(2,683)</u>	<u>82,851</u>	<u>226,029</u>	<u>(15)</u>	<u>226,014</u>
Total comprehensive income for the period	-	-	-	(8)	-	4,672	4,664	(42)	4,622
Transactions with owners:									
Costs revision on conversion of RCSLN	-	26	-	-	-	-	26	-	26
Purchase of treasury shares	-	-	-	-	(366)	-	(366)	-	(366)
At 31 December 2012	<u>123,399</u>	<u>22,173</u>	<u>131</u>	<u>176</u>	<u>(3,049)</u>	<u>87,523</u>	<u>230,353</u>	<u>(57)</u>	<u>230,296</u>

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

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2012	AUDITED FOR THE YEAR ENDED 31.12.2011
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	28,207	23,760
Adjustments for:		
Share of results of joint ventures	(4,917)	(1,395)
Discount on convertible loan notes	(30)	74
Amortisation on intangible assets	87	5
Depreciation on property, plant and equipment	4,349	4,443
Depreciation on investment property	15	15
Gain on disposal of property, plant & equipment	(3,412)	(3,408)
Property, plant and equipment written off	8	18
Gain on disposal of a subsidiary	-	(1)
Gain on disposal of marketable securities	(3)	(14)
Fair value loss / (gain) on marketable securities	8	(18)
Dividends income	-	(5)
Finance costs	3,990	3,973
Interest income	(1,510)	(1,343)
Unrealised foreign exchange gain	(27)	(161)
Allowance for impairment loss	744	230
Inventories written down	159	-
Reversal of allowance for impairment loss	-	(1,140)
Operating profit before working capital changes	27,668	25,033
Changes in working capital:		
Inventories	(166)	(932)
Trade and other receivables	25,540	(28,678)
Other current assets	(19,389)	(17,574)
Trade and other payables	(13,136)	60,540
Provisions	(900)	(611)
Cash generated from operations	19,617	37,778
Finance cost paid	(3,990)	(3,973)
Income tax paid	(8,298)	(6,842)
Net Cash Generated From Operating Activities	7,329	26,963
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,019)	(16,725)
Purchase of land held for property development	(10,475)	-
Proceeds from disposal of property, plant and equipment	3,807	4,600
Purchase of intangible assets	(98)	(400)
Purchase of marketable securities	-	(115)
Acquisition of non-controlling interest	-	(550)
Proceeds from disposal of marketable securities	131	62
Increase in investment in a jointly controlled entity	-	(6)
Incorporation of a joint venture company	-	(51)
Net cash outflow from disposal of subsidiaries	-	(66)
Increase in pledged deposits placed with licensed banks	(3,264)	(7,129)
Dividends received	-	5
Interest received	1,510	1,343
Net Cash Used In Investing Activities	(23,408)	(19,032)

DAYA MATERIALS BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2012 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(4,877)	(15,536)
Proceeds from loans and borrowings	22,065	13,706
Proceeds from issuance of shares	-	18,725
Purchase of treasury shares	(2,732)	(317)
Distribution of profits from a jointly controlled entity	5,759	250
Transaction costs paid for issuance of bonus shares	-	(1,850)
Dividends paid	(3,074)	(2,878)
Net Cash Generated From Financing Activities	17,141	12,100
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	1,062	20,031
Effect of exchange rate fluctuations on cash held	3	(21)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	34,368	14,358
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	35,433	34,368
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Cash and bank balances	27,057	17,902
Fixed deposits with licenced banks	33,865	41,231
Short term investments	3,621	3,707
Bank overdraft	(1,114)	(3,739)
	63,429	59,101
Less: Deposits pledged	(27,996)	(24,733)
	35,433	34,368

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

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

DAYA MATERIALS BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

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

	UNAUDITED CURRENT YEAR TO DATE 31.12.2012 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2011 RM'000
Property, plant and equipment	-	3,239
Inventories	-	179
Trade and other receivables	-	1,028
Cash and bank balances	-	82
Trade and other payables	-	(3,806)
	-	722
Less: Transfer to investment in jointly controlled entities	-	(625)
Non-controlling interests	-	(82)
	-	15
Gain on disposal of subsidiaries	-	1
Consideration received, satisfied in cash	-	16
Cash disposed of	-	(82)
Net cash outflows	-	(66)

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

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

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

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor.

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

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

An explanation of how the transition from FRS to MFRS has affected the Group's opening MFRS statement of financial position is set out in Note A2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the consolidated income statement, financial position and statement of cash flows.

A2 Significant Accounting Policies

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

Business combination

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

MFRS 1 provides the option to apply MFRS 3 prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

The Group has elected to apply MFRS3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:-

- (i) The classification of former business combination under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

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A2 Significant Accounting Policies (Cont'd)

In prior interim periods of the current financial year, the Group has elected to apply MFRS 3 retrospectively to all its business combination. Accordingly, the consolidated goodwill for 1 January 2011, 31 December 2011 / 1 January 2012, 31 March 2012, 30 June 2012 and 30 September 2012 have been reduced by RM3,514,679 with the same reduction in retained earnings reported in the Group's Quarterly Report for the period ended 31 March 2012, 30 June 2012 and 30 September 2012 respectively. However, as retrospective adoption of MFRS 3 is onerous and time consuming, the Group concluded that the costs outweigh the benefits. Therefore, the Group has elected to apply MFRS3 prospectively from the date of transition.

Effects of adopting MFRS on financial position are provided as below:

(i) Reconciliation as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Business Combination RM'000	MFRS as at 1 January 2011 RM'000
Intangible assets	83,491	-	83,491
Retained earnings	56,369	-	56,369

(ii) Reconciliation as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Business Combination RM'000	MFRS as at 31 December 2011 RM'000
Intangible assets	83,886	-	83,886
Retained earnings	70,940	-	70,940

There is no reconciliation of total comprehensive income for the financial year ended 31 December 2011 as there is no financial impact arising from the first time adoption of MFRS.

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.

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A7 Dividends paid

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

	31.12.2012	31.12.2011
Final dividends for the financial year	31 December 2011	31 December 2010
Approved and declared on	26 June 2012	20 June 2011
Date paid	15 August 2012	15 July 2011
Number of ordinary shares on which dividends were paid	1,229,607,650	1,199,158,544
Amount per share	0.25 sen single tier dividends	0.24 sen single tier dividends
Net dividends paid (RM)	3,074,022	2,877,982

A8 Segment information

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

Business Segment	Technical				Total RM'000
	Polymer RM'000	Oil & Gas RM'000	Services RM'000	Others RM'000	
Revenue	19,943	100,938	153,532	1,310	275,723
Inter-segment revenue	-	-	-	(1,310)	(1,310)
External revenue	<u>19,943</u>	<u>100,938</u>	<u>153,532</u>	<u>-</u>	<u>274,413</u>
Segment Results	(885)	16,852	11,833	(468)	27,332
Unallocated Results					(52)
Profit from Operations					27,280
Finance Costs					(3,990)
Share of results of jointly controlled entities					4,917
Profit Before Tax					28,207
Income Tax Expense					(8,606)
Profit After Tax					<u>19,601</u>

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

Geographical Segment	Revenue RM'000
Malaysia	273,630
Foreign Countries	783
Consolidated	<u>274,413</u>

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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 Intangible assets

	Goodwill	Software	Development	Total
	RM'000	RM'000	cost	RM'000
			RM'000	
Cost				
At 1 January 2011, as previously stated	83,491	-	360	83,851
Additions	-	400	-	400
At 31 December 2011/1 January 2012	<u>83,491</u>	<u>400</u>	<u>360</u>	<u>84,251</u>
Additions	-	98	-	98
At 31 December 2012	<u>83,491</u>	<u>498</u>	<u>360</u>	<u>84,349</u>
Accumulated amortisation				
At 1 January 2011	-	-	360	360
Amortisation	-	5	-	5
At 31 December 2011/1 January 2012	<u>-</u>	<u>5</u>	<u>360</u>	<u>365</u>
Amortisation	-	87	-	87
At 31 December 2012	<u>-</u>	<u>92</u>	<u>360</u>	<u>452</u>
Net carrying amount:				
At 1 January 2011, as restated	<u>83,491</u>	<u>-</u>	<u>-</u>	<u>83,491</u>
At 31 December 2011/1 January 2012	<u>83,491</u>	<u>395</u>	<u>-</u>	<u>83,886</u>
At 31 December 2012	<u>83,491</u>	<u>406</u>	<u>-</u>	<u>83,897</u>

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A11 Other Current Assets

		AS AT END OF CURRENT QUARTER 31.12.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2011 RM'000
Amount due from customers on contracts	(i)	39,158	22,075
Prepayments		2,846	540
		<u>42,004</u>	<u>22,615</u>

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

		AS AT END OF CURRENT QUARTER 31.12.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2011 RM'000
Aggregate costs incurred to date		267,751	305,500
Add: Attributable profits		33,082	61,920
		<u>300,833</u>	<u>367,420</u>
Less: Progress billings		(261,675)	(345,345)
		<u>39,158</u>	<u>22,075</u>

A12 Subsequent Events

Save for the below and Section B7, there were no material events subsequent to the current financial quarter ended 31 December 2012 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

The Group had on 2 January 2013 through its Internal Group Re-Organisation acquired 100,000 and 10,000 ordinary shares of RM1.00 each in Seca Chemicals & Catalysts Sdn. Bhd. ("SCCSB") and SD Equipment Sdn. Bhd. ("SDSB"), sub-subsidiaries of a subsidiary of DMB, Daya Secadyme Sdn. Bhd. ("DSSB"). representing 100% of the issued and paid-up share capital of SCCSB and SDSB for a cash consideration of RM2,754,855 and RM10,000 respectively ("Purchase Consideration") from a subsidiary of DMB, DSSB.

A13 Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review except for:-

(i) Incorporation of a new sub-subsidiary, Daya OCI (Labuan) Limited (formerly known as Daya OCI (Labuan) Berhad)

The Group had on 19 November 2012 via its subsidiary company, Daya OCI Sdn. Bhd. incorporated a limited liability company known as Daya OCI (Labuan) Limited (formerly known as Daya OCI (Labuan) Berhad) ("DOCIL"). DOCIL is to principally engage in the shipping leasing business and other related services to the oil and gas industry.

(ii) Acquisition of sub-subsidiary of Daya E&C Sdn. Bhd.

On 3 December 2012, the Group, via its direct wholly-owned subsidiary, Daya CMT Sdn. Bhd. acquired 2 ordinary shares of RM1.00 each in Daya E&C Sdn. Bhd. ("DECSB"), for a total cash consideration of RM2 from Mr. Tham Jooi Loon and Mr. Tham Wooi Loon, representing 100% equity interest in DECSB. The principal activities of DECSB are provision of electrical, mechanical engineering and construction works. DECSB has yet to commence operation.

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A14 Contingent Assets and Contingent Liabilities

As at 31 December 2012, the Company provides corporate guarantees up to a total amount of RM227,747,346 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 RM85,087,260.

As at 31 December 2012, the Company also provides corporate guarantees up to a total amount of RM4,850,000 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM1,416,008.

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

A15 Capital Commitments

	As at 31.12.2012 RM'000
Contracted and not provided for:	<u>11,738</u>
Approved but not contracted for:	<u>8,711</u>

A16 Related Party Transactions

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions and balances with related parties of the Group during the current financial period.

	Transaction for the period ended 31.12.2012 RM'000	Balance due at 31.12.2012 RM'000	Transaction for the period ended 31.12.2011 RM'000	Balance due at 31.12.2011 RM'000
Interest income charged on housing loan to a director	168	-	99	-
Housing loan to a director	<u>-</u>	<u>1,272</u>	<u>-</u>	<u>1,809</u>

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

B1 Review of performance

Current Year Quarter versus Preceding Year Corresponding Quarter

(i) Polymer segment

The revenue on the Polymer Segment for the quarter ended 31 December 2012 is recorded at RM4.257 million, a decrease of 5.04% from RM4.484 million recorded in the previous year corresponding quarter.

The stumpy sales in the Polymer Segment has continue to result in a segment loss for the quarter ended 31 December 2012.

(ii) Oil & Gas segment

The Group recorded a lower revenue on the Oil & Gas Segment of RM25.926 million for the quarter ended 31 December 2012, a decrease of 39.22% from RM42.652 million recorded in the previous year corresponding quarter. Higher revenue in the previous corresponding quarter in the Oil & Gas Segment is mainly due to higher seasonal chemical sales.

(iii) Technical Services segment

The Group achieved a higher revenue on Technical Services segment of RM65.615 million for the quarter ended 31 December 2012, an increase of 33.48% from RM49.159 million recorded in the previous year corresponding quarter. The increase in the revenue in the Technical Services Segment is mainly due to the progress construction works done with B. Braun Medical Industries Sdn. Bhd., Malaysian Automotive Lighting Sdn. Bhd. and Yuk Tung Construction Sdn. Bhd. at a total contract value of RM120 million, RM62 million and RM270 million respectively.

The Group recorded revenue of RM95.798 million for the quarter ended 31 December 2012, a marginal decrease of 0.56% from RM96.334 million recorded in the previous year corresponding quarter. Nonetheless, the Group recorded an increase in the profit before tax of RM6.498 million for the quarter ended 31 December 2012, an increase of 22.15% from RM5.320 million recorded in the previous year corresponding quarter. The improvement in profit is mainly attributable to the improvement of profit margin in the Technical Services Segment.

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

(i) Polymer segment

The Group achieved revenue of RM19.943 million on the Polymer Segment for the financial year ended 31 December 2012, a slight improvement of 3.28% from RM19.310 million recorded in the previous financial year. Higher revenue for the Polymer Segment in the current financial year is mainly due to the efforts of marketing and promotions done in early year 2012.

Nonetheless, despite the increase in revenue on the Polymer Segment during the year ended 31 December 2012, the segment was in the loss in its segment results as the underlying economics of the business continued to weaken as a result of stifling foreign competition and the consequential margin erosion.

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B1 Review of performance (Cont'd)

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

(ii) Oil & Gas segment

The Group achieved revenue of RM100.938 million on the Oil & Gas Segment for the financial year ended 31 December 2012, a slight decrease of 0.67% from RM101.615 million recorded in the previous financial year. The decrease in the revenue is mainly due to the lower chemical sales in the year ended 31 December 2012.

(iii) Technical Services segment

The Group achieved revenue of RM153.532 million of revenue on the Technical Services Segment for the financial year ended 31 December 2012, a decrease of 4.53% from RM160.822 million recorded in the previous financial year. Higher revenue in the previous financial year is mainly because there were more on going projects compared to the current financial year ended 31 December 2012.

The Group achieved revenue of RM274.413 million for the year ended 31 December 2012, a marginal decrease of 2.60% from RM281.746 million recorded in the previous financial year ended 31 December 2011. The decrease was mainly attributed to the lower revenue contribution from the Technical Services segment. However, the Group recorded a profit before tax of RM28.207 million for the financial year ended 31 December 2012, represents an increase of 18.71% over RM23.761 million recorded for previous financial year ended 31 December 2011. The improvement in profit margin is mainly attributable to the margin improvement in the Oil & Gas Segment.

B2 Variation of results against preceding quarter

	Quarter ended 31.12.2012 RM'000	Quarter ended 30.9.2012 RM'000
Revenue	95,798	72,881
Profit before tax	6,498	8,083

For the quarter ended 31 December 2012, the Group has recorded a higher revenue of RM95.798 million, an increase of 31.44% as compared to RM72.881 million recorded in the preceding quarter. The increase in revenue was mainly attributed to the higher revenue contribution in Oil & Gas Segment and Technical Services Segment. Despite that, the Group has recorded a lower profit before tax of RM6.498 million, a decrease of 19.61% as compared to RM8.083 million in the preceding quarter due to more on-going projects with a better profit margin in the preceding quarter.

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B3 Prospects

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

(i) Polymer Segment

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

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

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

(iii) Technical Services Segment

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

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

The Board is of the view that the Group's operational results for the financial year ending 2013 will be satisfactory, barring any unforeseen circumstances.

B4 Profit forecast

Not applicable.

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B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2012 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 31.12.2011 RM'000	CURRENT YEAR TO DATE 31.12.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2011 RM'000
In respect of the current period:				
Malaysian income tax	2,380	790	9,225	6,433
Deferred tax income	(512)	(45)	(619)	(115)
	<u>1,868</u>	<u>745</u>	<u>8,606</u>	<u>6,318</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.

B6 Sale of unquoted investments and properties

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

B7 Status of corporate proposals

The status of a corporate proposal announced by the Company and completed as at 22 February 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

(i) Proposed Private Placement

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

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

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

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

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

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

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B7 Status of corporate proposals (cont'd)

(i) Proposed Private Placement (cont'd)

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

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

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

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

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

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

On 23 November 2012, on behalf of the Board of Directors of DMB, HLIB announced that the Group does not intend to seek for any further extension of time for the implementation of the private placement which lapsed on 24 November 2012.

(ii) Purchase of commercial property at Solaris Dutamas for total consideration of RM3,192,400

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

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

The Acquisition had been duly completed on 7 January 2013.

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B7 Status of corporate proposals (cont'd)

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

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

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

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

On 22 February 2013, the Board updated that the joint bid for a Risk Service Contract which was submitted to Petronas on 28 June 2012 was neither awarded to the Consortium nor to any other bidder and announced that the MOU would be deemed to have been automatically terminated.

The status of corporate proposals announced by the Company but not completed as at 22 February 2013, 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.

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

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

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B7 Status of corporate proposals (cont'd)

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

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

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

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

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

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

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

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

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

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

On 20 November 2012, DLD entered into a Shareholders Agreement ("SA") with CCR to jointly develop the Said Project. The Said Project shall be undertaken by a single-purposed joint venture company named Semangat Global Sdn. Bhd.

On 17 December 2012, 11 January 2013 and 31 January 2013, both DLD and CCR has mutually agreed to extend the completion date of the SA in respect of the Proposed Joint Venture, pursuant to the Addendum to Shareholders Agreement dated 17 December 2012, 11 January 2013 and 31 January 2013.

Pursuant to the Addendum to Shareholders Agreement, the extended time of the Completion date shall be Thirty (30) days from 31 January 2013.

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B7 Status of corporate proposals (cont'd)

(vii) Memorandum of Understanding ("MOU") between Daya Petroleum Ventures Sdn. Bhd. ("DPV"), a subsidiary of Daya Materials Berhad ("DMB") with Malco Engineering (Private) Limited ("MALCO") and United Global Services (Pvt) Limited ("UGS")

On 10 December 2012, the Board announced that DPV, a subsidiary of DMB had on 7 December 2012 entered into a MOU with MALCO and UGS. The purpose of the MOU is to record the preliminary intentions and understanding of the parties with respect to their common interest and agreement to collaborate and pursue mutual cooperation in the petroleum bunkering business.

(viii) Purchase of commercial property at Damai Central for total consideration of RM8,400,000

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

B8 Status of utilisation of proceeds

Private Placement Proceeds- Year 2011

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

As at 31 December 2012, the Company has fully utilised the funds raised as follows:-

	Proceeds from Proposed Placement Shares RM'000 ⁽ⁱ⁾	Proceeds from Placement Shares RM'000	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000	Deviation %
Future synergistic acquisitions and expansion	44,000	4,840	4,840	within 12 months	-	0%
Working Capital ⁽ⁱⁱ⁾	5,610	6,810	6,810	within 12 months	-	0%
Defraying of expenses incidental to the Proposed Private Placement ⁽ⁱⁱⁱ⁾	2,750	1,550	1,550	within 1 month	-	0%
Total	52,360	13,200 ^(iv)	13,200		-	0%

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

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

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

(iv) As at 31 December 2012, DMB has placed out first tranche of 60,000,000 placement shares, at an issue price of RM0.22 per share, raising RM13,200,000.

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B9 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Note	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
Trade facilities (Secured)		11,286	-	11,286
Hire purchases (Secured)		1,181	4,445	5,626
Overdraft (Unsecured)		1,114	-	1,114
Term loans (Secured)		15,126	37,278	52,404
Redeemable Convertible Secured Loan Notes ("RCSLN")	(i)	4,957	-	4,957
		<u>33,664</u>	<u>41,723</u>	<u>75,387</u>

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

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

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

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

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31.12.2012 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2011# RM'000
Nominal value	5,000	11,000
Add: Discount on convertible notes	131	199
Less: Unamortised discount	(174)	(392)
	<u>4,957</u>	<u>10,807</u>

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

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

	CUMULATIVE QUARTER	
	CURRENT	PRECEDING
	YEAR TO DATE	CORRESPONDING PERIOD
	31.12.2012	31.12.2011#
	RM'000	RM'000
Liability component:-		
Nominal value of the convertible notes	5,000	11,000
Add: Discount on convertible notes	131	199
	<u>5,131</u>	<u>11,199</u>
Equity component, net of deferred tax	(131)	(287)
Deferred tax liability	(43)	(105)
	<u>4,957</u>	<u>10,807</u>

B10 Material litigations

Save for the following, there were no material litigation involving the Group since the last financial year ended 31 December 2011 and 20 February 2013, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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

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

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

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

DAYA MATERIALS BERHAD

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B11 Proposed Dividends

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

The Company had propose a final single tier dividends of 2.5% in respect of the financial year ended 31 December 2012. These final dividends payable will be proposed for shareholders' approval at the forthcoming Annual General Meeting and the date payable will be announced at a later date.

B12 Earnings per share

a) Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	4,672	4,578	19,659	17,382
Weighted average number of shares in issue ('000)	1,219,714	1,197,738	1,220,349	1,161,921
Basic earnings per share (sen)	<u>0.38</u>	<u>0.38</u>	<u>1.61</u>	<u>1.50</u>

b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	4,672	4,578	19,659	17,382
Effect of dilution (RM'000)	-	-	18	95
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	4,672	4,578	19,677	17,477
Weighted average number of shares in issue ('000)	1,219,714	1,197,738	1,220,349	1,161,921
Effect of dilution ('000)	-	-	14,994	40,507
Adjusted weighted average number of shares in issue ('000)	1,219,714	1,197,738	1,235,343	1,202,428
Diluted earnings per share (sen)	<u>0.38</u>	<u>0.38</u>	<u>1.59</u>	<u>1.45</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2011 RM'000	CURRENT YEAR TO DATE 31.12.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2011 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	1,051	962	3,990	3,973
Depreciation on property, plant and equipment	1,152	1,109	4,349	4,443
Depreciation on investment property	4	4	15	15
Amortisation on intangible assets	23	5	87	5
Discount on convertible loan notes	(11)	24	(30)	74
Allowance for impairment	744	230	744	230
Property, plant and equipment written off	-	18	8	18
Inventories written down	159	-	159	-
Fair value loss on marketable securities	16	30	8	-
and after crediting:				
Interest income	388	549	1,510	1,343
Rental income	155	92	581	329
Reversal of impairment loss	-	102	-	1,140
Net foreign exchange gains / (losses)	18	143	(695)	196
Gain on disposal of property, plant & equipment	83	1,313	3,412	3,408
Gain on disposal of marketable securities	3	14	3	14
Fair value gain on marketable securities	-	-	-	18

There is no any impairment of other assets and gain or loss on derivatives.

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B14 Realised and Unrealised Profits/Losses

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia Securities Berhad further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	CUMULATIVE QUARTER	
	AS AT	AS AT
	31.12.2012	31.12.2011
	RM'000	RM'000
		(restated)
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	117,649	102,239
- Unrealised losses	(1,186)	(2,575)
	<u>116,463</u>	<u>99,664</u>
Less: Consolidated adjustments	(28,940)	(28,724)
Total group retained earnings as per consolidated accounts	<u><u>87,523</u></u>	<u><u>70,940</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 Securities Berhad and should not be applied for any other purposes.

B15 Auditors' Report on Preceding Annual Financial Statements

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

By Order of the Board

Tham Jooi Loon
Managing Director

Date: 27 February 2013