



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2009

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31.12.2009

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31/12/2009	QUARTER	31/12/2009	PERIOD
	RM'000	31/12/2008	31/12/2008	RM'000
Revenue	62,674	71,042 #	188,317	224,345 #
Cost of Sales	(48,426)	(64,022)	(145,792)	(191,612)
Gross Profit	<u>14,248</u>	<u>7,020</u>	<u>42,525</u>	<u>32,733</u>
Other Net Operating Income	499	(166) #	1,739	325 #
Operating Expenses	(10,235)	(5,013)	(22,466)	(14,671)
Profit from operations	<u>4,512</u>	<u>1,841</u>	<u>21,798</u>	<u>18,387</u>
Finance Costs	(536)	(181)	(1,568)	(743)
Share of results of an associate	<u>-</u>	<u>12</u>	<u>164</u>	<u>640</u>
Profit before tax	3,976	1,672	20,394	18,284
Income tax expenses-Company	(1,784)	(1,811)	(6,769)	(6,018)
Income tax expenses-Associate	<u>-</u>	<u>9</u>	<u>(48)</u>	<u>(118)</u>
Net profit for the period	<u><u>2,192</u></u>	<u><u>(130)</u></u>	<u><u>13,577</u></u>	<u><u>12,148</u></u>
Attributable to :				
Equity holders of the Company	2,158	(115)	13,544	12,147
Minority Interests	<u>34</u>	<u>(15)</u>	<u>33</u>	<u>1</u>
	<u><u>2,192</u></u>	<u><u>(130)</u></u>	<u><u>13,577</u></u>	<u><u>12,148</u></u>
Basic earnings per share (sen)	<u>0.27</u>	<u>(0.02)</u>	<u>1.73</u>	<u>1.61</u>

The comparative amounts have been reclassified to conform with Audited Account's presentation.
The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009 QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31.12.2009

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2009 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31/12/2008 RM'000
Non Current Assets		
Property, plant and equipment	55,510	27,478
Prepaid lease payment	4,741	3,974
Investment Property	276	308
Development expenditure	60	132
Investment in Associate Companies	-	5,609
Goodwill arising from consolidation	61,460	58,839
	122,047	96,340
Current Assets		
Inventories	11,507	27,613
Trade receivables	25,196	23,505
Other receivables, deposits and prepaid expenses	10,429	9,037
Tax recoverable	3,485	1,341
Short term investments	9,958	2,159
Marketable securities	30	306
Fixed Deposits	29,662	34,849
Cash and bank balances	12,502	9,122
	102,769	107,932
Current Liabilities		
Trade payables	11,615	12,354
Other payables and accrued expenses	25,284	43,629
Hire purchase payables	1,010	535
Tax payables	2,998	1,529
Bank borrowings (secured)	5,283	11,550
	46,190	69,597
Net Current Assets	56,579	38,335
	178,626	134,675
Financed by:		
Issued share capital	82,630	49,199
Reserves	60,052	63,525
	142,682	112,724
Minority Interest	712	669
	143,394	113,393
Non Current Liabilities		
Deferred tax liabilities	2,045	899
Hire purchase payables	1,695	746
Redeemable Convertible Secured Loan Notes ("RCSLN")	16,420	-
Other payables	-	4,800
Bank borrowings (secured)	15,072	14,837
	35,232	21,282
	178,626	134,675
Net assets per share (sen)	17.27 [*]	22.91

* Based on issued and paid up share capital of RM82,630,033 comprising of 826,300,330 ordinary shares of RM0.10 each
The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31.12.2009

(The figures have not been audited)

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

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31.12.2009

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->							
	<-----Non-Distributable ----->			Distributable reserve /				
	Share capital RM'000	Share premium RM'000	Equity Component of RCSLN RM'000	Foreign Currency Transalation Reserve RM'000	Unappropriated profit RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 Jan 2009	49,199	37,573	-	-	25,952	112,724	669	113,393
Private placement	1,900	2,702	-	-	-	4,602	-	4,602
Net profit for the period	-	-	-	(14)	3,148	3,134	20	3,154
Balance as at 31 Mar 2009	<u>51,099</u>	<u>40,275</u>	<u>-</u>	<u>(14)</u>	<u>29,100</u>	<u>120,460</u>	<u>689</u>	<u>121,149</u>
Private placement	3,020	3,538	-	-	-	6,558	-	6,558
Bonus issue	27,060	(27,178)	-	-	-	(118)	-	(118)
Acquisition of a subsidiary	-	-	-	-	3,424	3,424	225	3,649
Dividend paid	-	-	-	-	(30)	(30)	-	(30)
Net profit for the period	-	-	-	-	4,090	4,090	(28)	4,062
Balance as at 30 June 2009	<u>81,179</u>	<u>16,635</u>	<u>-</u>	<u>(14)</u>	<u>36,584</u>	<u>134,384</u>	<u>886</u>	<u>135,270</u>
Acquisition of a subsidiary	-	-	-	-	(247)	(247)	(215)	(462)
Dividend paid	-	-	-	-	(1,218)	(1,218)	-	(1,218)
Net profit for the period	-	-	-	-	4,148	4,148	7	4,155
Balance as at 30 September 2009	<u>81,179</u>	<u>16,635</u>	<u>-</u>	<u>(14)</u>	<u>39,267</u>	<u>137,067</u>	<u>678</u>	<u>137,745</u>
Issuance of RCSLN	-	-	443	-	-	443	-	443
Issuance of ordinary shares pursuant to: -Conversion of RCSLN	1,451	1,549	-	-	-	3,000	-	3,000
Net profit for the period	-	-	-	14	2,158	2,172	34	2,206
Balance as at 31 December 2009	<u>82,630</u>	<u>18,184</u>	<u>443</u>	<u>-</u>	<u>41,425</u>	<u>142,682</u>	<u>712</u>	<u>143,394</u>

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31.12.2009

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31/12/2009 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	20,394	18,284
Adjustments for:		
Share of results of an associate	(164)	(639)
Amortisation on discount on loan notes	10	-
Amortisation on development expenditure	72	72
Amortisation on prepaid land lease payments	71	51
Depreciation	2,797	1,467
Gain on disposal of property, plant & equipment	(245)	(74)
(Gain)/Loss on investment in marketable securities	(207)	566
Property, plant and equipment written off	32	44
Dividend income	(19)	(26)
Interest expenses	1,568	743
Interest income	(794)	(734)
Unrealised foreign exchange (gain)/loss	(50)	68
	<hr/>	<hr/>
Operating profit before working capital changes	23,465	19,822
Changes in working capital:		
Net change in inventories	16,350	(7,270)
Net change in trade & other receivables	1,102	46,809
Net change in trade & other payables	(24,859)	(22,459)
Net change in amount owing from associate company	-	156
	<hr/>	<hr/>
Cash from operations	16,058	37,058
Interest paid	(1,568)	(743)
Income tax paid	(7,111)	(6,045)
	<hr/>	<hr/>
Net Cash From Operating Activities	7,379	30,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,578)	(10,458)
Proceeds from disposal of property, plant and equipment	1,021	268
Acquisition of marketable securities	(38)	(863)
Acquisition of subsidiaries (Note 1)	(16,939)	(9,733)
Acquisition of associate company	-	(5,379)
Proceeds from disposal of marketable securities	522	455
Proceeds from issuance of shares	11,267	20
Dividend received	19	26
Dividend paid	(1,248)	(683)
Interest received	794	734
	<hr/>	<hr/>
Net Cash Used in Investing Activities	(10,180)	(25,613)

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31.12.2009

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31/12/2009 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2008 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(707)	(635)
Proceeds from issuance of RCSLN	20,000	-
Change in trade facilities	(10,333)	9,564
Change in term loan	163	15,352
Net Cash From Financing Activities	9,123	24,281
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,322	28,938
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	45,800	16,862
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	52,122	45,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash & bank balances	12,502	9,122
Fixed deposits with licenced banks	29,662	34,849
Short term investments	9,958	2,159
Bank overdraft	-	(330)
	52,122	45,800

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

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

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

DAYA MATERIALS BERHAD

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

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

A2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008. At the date of this report, the following new FRSs and interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 8 : Operating Segments	1 July 2009
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 101 : Presentation of Financial Statements	1 January 2010
FRS 123 : Borrowing Costs	1 January 2010
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 5 Non-current Assets Held for Sale and and Discontinued Operations	1 January 2010
Amendments to FRS 7 Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8 Operating Segments	1 January 2010
Amendments to FRS 107 Cash Flow Statements	1 January 2010
Amendments to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110 Events After the Balance Sheet Date	1 January 2010
Amendments to FRS 116 Property, Plant and Equipment	1 January 2010
Amendments to FRS 117 Leases	1 January 2010
Amendments to FRS 118 Revenue	1 January 2010
Amendments to FRS 119 Employee Benefits	1 January 2010
Amendments to FRS 123 Borrowing Costs	1 January 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 128 Investments in Associates	1 January 2010
Amendments to FRS 131 Interests in Joint Ventures	1 January 2010

A3 Seasonal or cyclical factors

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

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

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

DAYA MATERIALS BERHAD

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

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 except for:-

(1) On 3 December 2009, RM20,000,000 nominal value of four (4)-year Redeemable Convertible Secured Loan Notes ("RCSLN") were placed out to COPE-KPF Opportunities 1 Sdn Bhd;

(2) On 16 December 2009, 14,513,788 new ordinary shares of RM0.10 each in DMB ("DMB Shares") were listed pursuant to the conversion of RM3 Million RCSLN at a conversion price of RM0.2067 per new DMB Share.

A7 Dividends paid

The following dividend was paid during the current and previous financial year ended:

	31/12/2009	31/12/2008
Final Tax recoverable	31 December 2008	31 December 2007
Approved and declared on	8 June 2009	23 June 2008
Date paid	20 July 2009	24 July 2008
Number of ordinary shares on which dividends were paid	541,191,028	295,195,217
Amount per share	0.30 sen less 25% taxation	0.2465 sen less 26% taxation and 0.049 sen tax exempted
Net dividend paid (RM)	1,217,680	683,112

A8 Segment information

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

Business Segment	Oil & Gas	Polymer	Technical	Total
	RM'000	RM'000	Services RM'000	RM'000
Revenue	66,239	26,904	95,174	188,317
Segment Results	10,610	969	10,840	22,419
Unallocated Results				(621)
Profit from Operations				21,798
Finance Costs				(1,568)
Share of results of associates				164
Profit Before Tax				20,394
Taxation				(6,817)
Profit After Tax				13,577
Geographical Segment				Revenue RM'000
Malaysia				188,236
Foreign Countries				81
Consolidated				188,317

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

A9 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment from previous annual financial statements.

A10 Subsequent Events

Save for Section B8, there were no material events subsequent to the current financial quarter ended 31 December 2009 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review.

A12 Contingent Assets and Contingent Liabilities

Corporate guarantee given to licensed banks for banking facilities granted to its subsidiary as at 19 February 2010	RM'000 18,281
---	------------------

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

A13 Capital commitments

	RM'000
Contracted and not provided for:	1,054
Approved but not contracted for:	3,781

DAYA MATERIALS BERHAD

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

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

B1 Review of performance

Current Year Quarter versus Preceding Year Corresponding Quarter

The Group achieved lower revenue of RM62.674 million for the quarter ended 31 December 2009, a decrease of 12% from RM71.042 million recorded in the previous year corresponding quarter. The lower revenue mainly attributed to the decrease in revenue from technical services divisions. Nevertheless, the Group recorded higher profit before tax of approximately RM3.976 million for the quarter ended 31 December 2009, which represents a 138% increase compared to RM1.672 million profits before tax recorded for the corresponding quarter in the previous financial year due to higher profits contributed by oil & gas division. Technical services division also contributed meaningfully during the quarter as it completed some of the higher margin contracts.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved revenue of RM188.317 million for financial year ended 31 December 2009, a decrease of 16% from RM224.345 million recorded in the previous financial year. The decrease in revenue was mainly attributed to the lower sales registered in polymer and oil & gas divisions due principally to the weaker market condition in the polymer industry and higher start-up catalyst order which the Group enjoyed in 2008. The Group recorded a profit before tax of RM20.394 million for the financial year ended 31 December 2009, which represents 12% increase over RM18.284 million profits recorded in previous financial year due to higher profits from oil & gas divisions and stronger contributions from technical services division.

B2 Variation of results against preceding quarter

	Quarter ended 31/12/2009 RM'000	Quarter ended 30/9/2009 RM'000
Revenue	62,674	42,621
Profit before tax	3,976	6,355

For the fourth quarter ended 31 December 2009, the Group achieved higher revenue of RM62.674 million as compared to RM42.621 million recorded in the preceding quarter. The increase of approximately 47% was mainly attributed to the higher sales registered in technical services and oil & gas divisions. Nevertheless, the Group recorded lower profit before tax of approximately RM3.976 million for the current quarter as compared to approximately RM6.355 million in the preceding quarter, due primarily to product mix which yielded lower margins and higher provision for year end bonus.

B3 Prospects

Notwithstanding the current challenging economic condition, most of the Group's core businesses are expected to perform well in the coming period. Contribution from oil & gas division, especially in catalyst sales and provision of specialized lifting services are anticipated to be positive. The new purchase of 350 MT of LIEBHERR Lattice Boom Crawler Crane is expected to contribute positively to the earnings of the Group. Technical services division is also expected to perform well in view of its existing contracts and some of the tenders participated. Polymer division, which has so far been the most affected by the economic situation, is also expected to recover gradually. In addition, the Group shall continue to seek opportunities to grow its business by venturing into new markets such as Brunei, Singapore and Indonesia. The scheduled commissioning of its tank cleaning & repair business via Daya Clarimax Sdn. Bhd. (formerly known as Clarimax Consolidated Sdn. Bhd.) is also expected to contribute positively to the Group.

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

DAYA MATERIALS BERHAD

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

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
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Estimated current tax payable	(1,784)	(1,802)	(6,817)	(6,136)

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

B6 Sale of unquoted investments and properties

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

B7 Quoted securities

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Purchases (at cost)	-	32	38	863
Disposal proceeds	120	-	522	455
(Loss)/Gain	(2)	-	207	(453)

The investment in quoted securities as at 31 December 2009 are summarised below:

	CURRENT YEAR TO DATE
	RM'000
Total investment at cost	26
Total investment at carrying value	30
Total investment at market value	30

DAYA MATERIALS BERHAD

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

B8 Status of corporate proposals

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

(i) RCSLN Issue

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

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

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

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

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

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

On 3 December 2009, the Board announced that the Proposed RCSLN Issue has been completed.

(ii) Incorporation of Subsidiary - PT Daya Secadyme Indonesia

On 22 January 2010, the Board announced that the Company had on 14 January 2008 incorporated a private limited company known as PT Daya Secadyme Indonesia ("PT Daya Secadyme") in Indonesia with an authorised and fully paid-up share capital of USD100,000 divided into 100,000 ordinary shares of USD1.00 each. The principal activity of PT Daya Secadyme is trading of petrochemical products.

The status of corporate proposals announced by the Company but not completed as at 19 February 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report is summarised below:

(i) Proposed ESOS and Shares Buy-Back

On 22 December 2008, the Board announced that the Company has proposed to undertake the following:-

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

(ii) Proposed authority for the company to purchase up to ten per cent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back").

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

DAYA MATERIALS BERHAD

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

(ii) Memorandum of Understanding ("MOU") between Daya Clarimax Sdn Bhd ("DCSB") (formerly known as Clarimax Consolidated Sdn. Bhd.) with NCHO Engineering & Services Pte.Ltd ("NCHO")

On 20 November 2009, the Board announced that DCSB, a wholly-owned subsidiary of DMB, had on 20 November 2009, entered into a MOU for the setting up a joint venture company ("JVC") with NCHO. NCHO is a company incorporated in Singapore principally involved in the provisions of engineering solutions and customized designs and modifications of tanks and containers in Singapore, Indonesia and Thailand. NCHO is one of the largest ISO tank repair and maintenance companies in Singapore. DCSB and NCHO (or through its wholly-owned subsidiary to be incorporated in Malaysia) are desirous of setting up a JVC in Malaysia in the proportion of 60% and 40% respectively to undertake the business of ISO tank repairs and maintenance subject to the conditions herein contained in the MOU.

B9 Status of utilisation of proceeds

RCSLN

The Company raised RM20 million from its RCSLN issue.

As at 31 December 2009, the Company has utilised approximately 70% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

	Proceeds from Issuance of RCSLN RM'000 ⁽ⁱ⁾	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000
To fund future synergistic acquisitions	6,000	-	within 24 months	6,000
Working capital requirements	13,837	13,837	within 6 months	-
Defraying of expenses incidental to the RCSLN ⁽ⁱ⁾	163	163	within 1 month	-
Total	20,000	14,000		6,000

(i) Any variation to the estimated expenses will be adjusted to/from the working capital.

B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
Trade facilities	1,522	-	1,522
Overdraft	-	-	-
Term loans	3,761	15,072	18,833
	5,283	15,072	20,355

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

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

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B11 Off balance sheet financial instruments

There were no off-balance sheet financial instruments as at 19 February 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

B12 Material litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2008 to 19 February 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

- (i) Daya Secadyme Sdn Bhd ("DSSB") has brought a civil suit against (i) Mohd Akbar B Hj. Johari, (ii) AJ Premier Holdings Sdn Bhd, (iii) Aims Mission Sdn Bhd, (iv) Global Max Trading Sdn Bhd and (v) Azrul Bin Mohd Nasir trading as Rasa Indah Trading ("Defendants") vide KL High Court Civil Suit No. D3-22-380-2008. DSSB is suing against the Defendants (i), (ii) and (iii) on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received. DSSB is suing against Defendants (iv) and (v) on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,000.00 with interest at 8% p.a. thereupon from judgment to settlement, and the legal costs of the proceedings. The writ of summons was filed on 25 March 2008. The writ of summons and statement of claim have been served on all the Defendants. Defendant (v) has filed an application to strike out the writ of summons and statement of claim, which was fixed for hearing on 2 April 2009 and subsequently extended to 30 April 2009.

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

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

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

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

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

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

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

DAYA MATERIALS BERHAD

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

(iii) Daya CMT Sdn Bhd ("DCMT") brought a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively "Defendants") vide KL High Court Writ Saman No. S22-663-2009. By a written agreement dated 8 July 2009 between DCMT and the 2nd Defendant as agent for the 1st Defendant, the Defendants agreed to a sale to DCMT of the land identified as Lot 20, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Selangor Darul Ehsan for the purchase consideration of RM9,067,500.00. Pursuant to the said written agreement, an earnest deposit was paid by or for DCMT amounting to RM181,350.00. The 1st Defendant had thereafter declined to proceed with the transaction. DCMT is seeking the remedy of specific performance against the Defendants or in the alternative, special and general damages for breach of contract. On 3 February 2010, the Suit was fixed for Case Management in the Kuala Lumpur High Court. The Court had further fixed the next Case Management date on 31 March 2010 for the 1st Defendant's solicitor to reply to the 2nd Defendant's Reply to the Amended Defence and Counterclaim of the 1st Defendant. The solicitors for DCMT are of the opinion that DCMT has a reasonably good case against the Defendants.

B13 Proposed Dividends

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

The Company is pleased to propose a final dividend of 3.2% less income tax of 25% in respect of the financial year ended 31 December 2009. These final dividend payable will be proposed for shareholders' approval at the forthcoming Annual General Meeting and the date payable will be announced at a later date.

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2009 RM'000	PRECEDING YEAR CORRESPONDIN G QUARTER 31/12/2008 RM'000	CURRENT YEAR TO DATE 31/12/2009 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31/12/2008 RM'000
Net profit for the period/year attributable to ordinary equity holders of the company (RM'000)	2,158	(115)	13,544	12,147
Weighted average number of shares in issue ('000)	811,787	762,588	781,201	754,962
Basic earnings per share (sen)	<u>0.27</u>	<u>(0.02)</u>	<u>1.73</u>	<u>1.61</u>

B15 Auditors' Report on Preceding Annual Financial Statements

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

By Order of the Board

THAM WOOL LOON
Managing Director

Date: 24 February 2010