



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 30 June 2010

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2009 RM'000	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
Revenue	52,406	45,500	87,825	83,022
Cost of Sales	(41,938)	(35,976)	(69,672)	(65,839)
Gross Profit	<u>10,468</u>	<u>9,524</u>	<u>18,153</u>	<u>17,183</u>
Other Income	910	337	1,509	471
Operating Expenses	(4,683)	(3,994)	(9,138)	(7,083)
Profit from operations	<u>6,695</u>	<u>5,867</u>	<u>10,524</u>	<u>10,571</u>
Finance Costs	(530)	(356)	(1,000)	(672)
Share of results of an associate	<u>-</u>	<u>89 #</u>	<u>-</u>	<u>116 #</u>
Profit before tax	6,165	5,600	9,524	10,015
Income tax expense	<u>(1,735)</u>	<u>(1,538)</u>	<u>(2,733)</u>	<u>(2,785)</u>
Profit for the period	<u><u>4,430</u></u>	<u><u>4,062</u></u>	<u><u>6,791</u></u>	<u><u>7,230</u></u>
Attributable to :				
Equity holders of the Company	4,398	4,090	6,751	7,238
Minority interest	<u>32</u>	<u>(28)</u>	<u>40</u>	<u>(8)</u>
	<u><u>4,430</u></u>	<u><u>4,062</u></u>	<u><u>6,791</u></u>	<u><u>7,230</u></u>
Earnings per share (sen):-				
Basic	<u>0.52</u>	<u>0.52</u>	<u>0.81</u>	<u>0.95</u>
Diluted*	<u>0.53 *</u>	<u>0.52</u>	<u>0.79 *</u>	<u>0.95</u>

The comparative amounts have been reclassified to conform with Audited Financial Statements' 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.

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30.06.2010	QUARTER	30.06.2010	PERIOD
	RM'000	30.06.2009	RM'000	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,430	4,062	6,791	7,230
Other comprehensive income:				
Changes in fair value of RCSLN	93	-	168	-
Other comprehensive income for the period, net of tax	93	-	168	-
Total comprehensive income for the period, net of tax	4,523	4,062	6,959	7,230
Total comprehensive income for the period attributable to:				
Equity holders of the Company	4,491	4,090	6,919	7,238
Minority interest	32	(28)	40	(8)
	4,523	4,062	6,959	7,230

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

DAYA MATERIALS BERHAD

(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 30.06.2010 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31.12.2009 RM'000
Non Current Assets		
Property, plant and equipment	80,055	55,483
Prepaid lease payment	5,514	4,741
Investment Property	1,238	304
Intangible assets	639	60
Investment in joint venture	750	-
Goodwill arising from consolidation	84,047	61,461
	172,243	122,049
Current Assets		
Inventories	10,837	11,507
Trade receivables	37,789	25,030
Other receivables	11,858	10,351
Tax recoverable	3,369	1,944
Financial assets held for trading	11,496	24,039
Fixed Deposits	17,940	15,610
Cash and bank balances	16,745	12,532
	110,034	101,013
Current Liabilities		
Trade payables	8,986	11,383
Other payables	27,027	25,273
Tax payables	3,059	1,457
Loans and borrowings	18,758	7,048
	57,830	45,161
Net Current Assets	52,204	55,852
	224,447	177,901
Financed by:		
Issued share capital	88,061	82,630
Reserves	72,414	60,170
	160,475	142,800
Minority Interest	817	681
	161,292	143,481
Non Current Liabilities		
Other payables	5,000	-
Deferred tax liabilities	2,032	2,030
Redeemable Convertible Secured Loan Notes ("RCSLN")	13,413	16,419
Loans and borrowings	42,710	15,971
	63,155	34,420
	224,447	177,901
Net assets per share (sen)	18.22	17.28

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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(Company No: 636357-W)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

(The figures have not been audited)

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

	Non-Distributable -			Distributable reserve /		Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Transalation Reserve RM'000	Retained earnings RM'000			
Balance as at 1 Jan 2009	49,199	37,573	-	-	25,952	112,724	669	113,393
Total comprehensive income for the period	-	-	-	(14)	3,148	3,134	20	3,154
Transaction with owners:								
Private placements	1,900	2,702	-	-	-	4,602	-	4,602
Balance as at 31 Mar 2009	51,099	40,275	-	(14)	29,100	120,460	689	121,149
Total comprehensive income for the period	-	-	-	-	4,090	4,090	(28)	4,062
Transactions with owners:								
Private placements	3,020	3,538	-	-	-	6,558	-	6,558
Bonus issue	27,060	(27,178)	-	-	-	(118)	-	(118)
Acquisition of a subsidiary	-	-	-	-	3,424	3,424	-	3,424
Dividends paid	-	-	-	-	-	-	(30)	(30)
Balance as at 30 June 2009	81,179	16,635	-	(14)	36,614	134,414	631	135,045
Total comprehensive income for the period	-	-	-	-	4,148	4,148	(76)	4,072
Transactions with owners:								
Bonus issue	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	(154)	(154)	-	(154)
Dividends paid	-	-	-	-	(1,218)	(1,218)	-	(1,218)
Balance as at 30 September 2009	81,179	16,635	-	(14)	39,390	137,190	555	137,745
Total comprehensive income for the period	-	-	-	14	2,153	2,167	126	2,293
Transactions with owners:								
Effect on issuance of RCSLN	-	-	443	-	-	443	-	443
Conversion of RCSLN	1,451	1,549	-	-	-	3,000	-	3,000
Balance as at 31 December 2009	82,630	18,184	443	-	41,543	142,800	681	143,481
Balance as at 1 January 2010	82,630	18,184	443	-	41,543	142,800	681	143,481
Total comprehensive income for the period	-	-	75	-	2,353	2,428	8	2,436
Balance as at 31 March 2010	82,630	18,184	518	-	43,896	145,228	689	145,917
Total comprehensive income for the period	-	-	93	-	4,398	4,491	32	4,523
Transactions with owners:								
Conversion of RCSLN	1,451	1,549	(91)	-	-	2,909	-	2,909
Private placements	3,980	3,912	-	-	-	7,892	-	7,892
Acquisition of subsidiaries	-	-	-	-	-	-	96	96
Dividends paid	-	-	-	-	(45)	(45)	-	(45)
Balance as at 30 June 2010	88,061	23,645	520	-	48,249	160,475	817	161,292

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.06.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,524	20,377
Adjustments for:		
Share of results of an associate	-	(116)
Discount on convertible loan notes	95	11
Amortisation on intangible assets	36	72
Amortisation on prepaid land lease payments	44	71
Depreciation on property, plant and equipment	1,729	2,767
Depreciation on investment property	3	5
Gain on disposal of property, plant & equipment	(974)	(285)
Property, plant and equipment written off	12	44
Gain on disposal of investment in marketable securities	-	(207)
Gain on appreciation of market value of marketable securities	(7)	-
Allowance for doubtful debts	-	20
Bad debts written off	-	4
Dividend income	-	(19)
Finance costs	1,000	1,534
Interest income	(376)	(793)
Unrealised foreign exchange loss / (gain)	13	(139)
Operating profit before working capital changes	11,099	23,346
Changes in working capital:		
Net change in inventories	670	16,350
Net change in trade and other receivables	(7,621)	1,411
Net change in trade and other payables	(1,124)	(25,104)
Cash generated from operations	3,024	16,003
Interest paid	(1,000)	(1,534)
Income tax paid	(3,028)	(7,071)
Net Cash (Used in) / Generated From Operating Activities	(1,004)	7,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,416)	(5,054)
Proceeds from disposal of property, plant and equipment	1,210	1,100
Purchase of prepaid land lease payments	(817)	-
Purchase of intangible assets	(615)	-
Acquisition of marketable securities	-	(38)
Acquisition of subsidiaries	1	(26,284)
Acquisition of minority interest	-	(462)
Proceeds from disposal of marketable securities	-	522
Decrease / (Increase) in pledged deposits placed with licensed banks	189	(288)
Dividend received	-	19
Interest received	376	793
Net Cash Used in Investing Activities	(48,357)	(19,885)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.06.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(2,436)	(13,815)
Proceeds from loans and borrowings	37,112	22,316
Proceeds from issuance of shares	7,892	11,267
Dividend paid	(45)	(1,248)
Net Cash Generated From Financing Activities	42,523	18,520
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(6,838)	6,033
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	43,284	37,251
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	36,446	43,284
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash and bank balances	16,745	12,532
Fixed deposits with licenced banks	17,940	15,610
Short term investments	11,459	24,010
Bank overdraft	(1,049)	(30)
	45,095	52,122
Less: Deposits pledged	(8,649)	(8,838)
	36,446	43,284

Note 1: On 14 June 2010, the Group has acquired 5,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of OCI Energy Sdn. Bhd. for a cash consideration of RM28,000,000.

In the previous year, the Group had, on 30 April 2009 and 30 July 2009, acquired 1,320,000 ordinary shares of RM1.00 each representing remaining 80% of the issued and paid-up share capital of Daya Proffscorp Sdn. Bhd. and 2 ordinary shares of RM1.00 each in Daya Urusharta Sdn. Bhd. for a cash consideration of RM22,800,000 and RM2 respectively.

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

	UNAUDITED AS AT END OF CURRENT QUARTER 30.06.2010 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31.12.2009 RM'000
Property, plant and equipment	3,159	26,027
Prepaid land lease payments	-	837
Investment property	937	-
Investment in joint venture	750	-
Inventories	-	244
Trade and other receivables	6,644	4,136
Tax recoverable	-	264
Cash and cash equivalents	4,054	6,632
Trade and other payables	(5,469)	(976)
Tax payables	(448)	-
Loans and borrowings	(1,778)	(6,599)
Deferred tax liabilities	(1)	(930)
Fair value of net assets	7,848	29,635
Transfer from investment in associate	-	(9,148)
Less: Minority interest	(96)	-
	7,752	20,487
Goodwill on acquisitions	22,586	2,622
Consideration paid, satisfied in cash	30,338	23,109
Cash and cash equivalents acquired	(4,054)	(6,632)
Net cash outflows	26,284	16,477

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. 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 2009.

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 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2010.

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 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 1: First-Time Adoption of Financial Reporting Standards and 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 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs 'Improvements to FRSs (2009)'	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
TR 1 - 3: Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 January 2010
FRS 3: Business Combinations (revised)	1 January 2010
FRS 127: Consolidated and Separate Financial Statements (amended)	1 January 2010
Amendments to FRS 2: Share-based Payment	1 January 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendments to FRS 138: Intangible Assets	1 January 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 12: Service Concession Arrangements	1 January 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 January 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 January 2010

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A2 Significant Accounting Policies (Continued)

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than discussed below:

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statement of the Group for the comparative financial period ended 30 June 2009 have been re-presented as two separate statements, an income statement displaying components of income and expenses, and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the balance sheet as at 31 December 2009 and the income statement for the financial period ended 30 June 2009 have been restated to conform with the current period's presentation. Since these changes only affect the presentation aspects, there is no impact on the financial results of the Group for the comparative period.

(iii) FRS 139 Financial Instruments: Recognition and Measurement, and Amendments to FRS 139: Financial Instruments: Recognition and Measurement

The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. There were no significant changes to the interim financial report other than the designation of the short term investment and marketable securities as a financial assets held for trading.

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 except for:-

(1) On 3 May 2010, 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.

(2) 26,800,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement were listed on Bursa Securities on 25 June 2010.

(3) 13,000,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement were listed on Bursa Securities on 1 July 2010.

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A7 Dividends paid

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

	30.6.2010	31.12.2009
Final dividend for the financial year	31 December 2009	31 December 2008
Approved and declared on	21 May 2010	8 June 2009
Date paid	16 July 2010	20 July 2009
Number of ordinary shares on which dividends were paid	867,614,118	541,191,028
Amount per share	0.32 sen less 25% taxation	0.30 sen less 25% taxation
Net dividend paid (RM)	2,082,275	1,217,680

A8 Segment information

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

Business Segment	Polymer RM'000	Oil & Gas RM'000	Technical Services RM'000	Others RM'000	Total RM'000
Revenue	18,749	20,994	48,082	-	87,825
Segment Results	2,393	5,492	3,084	(502)	10,467
Unallocated Results					57
Profit from Operations					10,524
Finance Costs					(1,000)
Profit Before Tax					9,524
Taxation					(2,733)
Profit After Tax					6,791
Geographical Segment					Revenue RM'000
Malaysia					87,825
Foreign Countries					-
Consolidated					87,825

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.

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A11 Changes in the composition of the Group

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

Additional acquisition of shareholding in CMT Industry (Kulim) Sdn Bhd

The Company had on 2 June 2010, via Daya CMT Sdn Bhd, formerly known as CMT (Pg) Sdn. Bhd., a wholly owned subsidiary of Daya Materials Berhad acquired additional four (4) ordinary shares of RM1.00 each representing 0.01% of the issued and paid-up share capital of CMT Industry (Kulim) Sdn. Bhd. from Goo Bak Hoo @ Goh Bak Hoe and Bong Hock Kim, both Malaysians.

Acquisition of shareholding in OCI Energy Sdn. Bhd. and its subsidiary

On 19 April 2010, the Board announced that the Company had on 19 April 2010 entered into a Conditional Sale and Purchase Agreement with Ja'afar bin Chik, Sapiah @ Safiah Hussin, Kamalukhair bin Abdullah, Yacob bin Chik and Zaidi bin Ayub for the acquisition of 5,000,000 ordinary shares of RM1.00 each in OCI Energy Sdn. Bhd. ("OCI") representing 100% of the issued and paid-up share capital of OCI for a cash consideration of RM28,000,000.

On 14 June 2010, the Board announced that the Proposed Acquisition of OCI has been completed.

The effect of the acquisition of OCI on the financial results of the Group from 15 June 2010 to 30 June 2010 is as follows:-

	RM'000
Revenue	2,498
Profit after tax	<u>963</u>

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

	Fair value RM'000	Carrying value RM'000
Property, plant and equipment	3,159	3,159
Prepaid land lease payments	-	-
Investment property	937	440
Investment in joint venture	750	750
Trade and other receivables	6,644	6,644
Cash and cash equivalents	4,054	4,054
Trade and other payables	(5,469)	(5,469)
Tax payables	(448)	(448)
Loans and borrowings	(1,778)	(1,778)
Deferred tax liabilities	(1)	(1)
Fair value of net assets	<u>7,848</u>	<u>7,351</u>
Less: Minority interest	(96)	(96)
	<u>7,752</u>	<u>7,255</u>
Goodwill on acquisitions	<u>22,586</u>	
Consideration paid, satisfied in cash	30,338	
Cash and cash equivalents acquired	<u>(4,054)</u>	
Net cash outflows	<u>26,284</u>	

Provisional accounting of acquisition

The Group has engaged an independent valuer to determine the fair value of the investment property. As at 30 June 2010, the fair value of the investment property amounting to RM936,634 was determined on a provisional basis as the results of the independent valuation had not been received by the date the quarterly report was adopted. Goodwill arising from this acquisition, the fair value of the investment property will be adjusted accordingly on a retrospective basis when the valuation of the investment property is finalised.

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

A12 Contingent Assets and Contingent Liabilities

As at 30 June 2010, the Company provides corporate guarantees up to a total amount of RM76,341,580 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 RM39,273,075.

As at 30 June 2010, the Company also provides corporate guarantees up to a total amount of RM6,350,000 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM827,739.

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

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A13 Capital Commitments

RM'000

Contracted and not provided for:	<u>3,716</u>
Approved but not contracted for:	<u>10,830</u>

A14 Related Party Transactions

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

	Transaction for the period ended 30.06.2010 RM'000	Balance due at 30.06.2010 RM'000	Transaction for the period ended 30.06.2009 RM'000	Balance due at 30.06.2009 RM'000
Housing loan to a director	<u>2,720</u>	<u>2,512</u>	<u>-</u>	<u>-</u>

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(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 higher revenue of RM52.406 million for the quarter ended 30 June 2010, an increase of 15% from RM45.500 million recorded in the previous year corresponding quarter. The higher revenue is mainly contributed by the increase in revenue from polymer and technical services segments. As a result, the Group recorded higher profit before tax of RM6.165 million for the quarter ended 30 June 2010, which represents a 10% increase compared to RM5.600 million profits before tax recorded in the preceding year corresponding quarter.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved revenue of RM87.825 million for the six months ended 30 June 2010, an increase of 6% from RM83.022 million recorded in the first six months of the previous year. The increase is mainly attributed to the improvement in the polymer and technical services segments. The Group recorded a profit before tax of RM9.524 million for the period ended 30 June 2010, which represents a slight decrease of 5% increase over RM10.015 million profits recorded for the corresponding period in previous year as a result of the higher operating expenses.

B2 Variation of results against preceding quarter

	Quarter ended 30.06.2010 RM'000	Quarter ended 31.03.2010 RM'000
Revenue	52,406	35,420
Profit before tax	6,165	3,359

For the second quarter ended 30 June 2010, the Group achieved higher revenue of RM52.406 million as compared to RM35.420 million recorded in the preceding quarter. The increase in revenue was mainly attributed to the higher contribution from its polymer and technical services segments. Consequently, the Group recorded higher profit before tax of RM6.165 million for the current quarter as compared to RM3.359 million in the preceding quarter.

B3 Prospects

Despite continuing uncertainty in the global market, the Board expects the positive financial performance of the Group to continue in the coming period. Contribution from oil & gas division is anticipated to be positive. The Group is now growing its specialised chemical products such as odorant in Indonesia while it continues to seek opportunities to venture into other overseas markets such as Vietnam, Brunei and Singapore. With the completion of the acquisition of OCI Energy Sdn Bhd, the Group is already doing some upstream oil & gas activities such as offshore pipe-laying and yje desludging of floating production, storage and of-loading units. The polymer division expects positive growth in revenue and earnings in the coming financial year in view of the recovery of domestic power cable companies. The commissioning of its tank cleaning and repair business via Daya Clarimax Sdn. Bhd. (formerly known as Clarimax Sdn. Bhd.) is also expected to contribute positively to the Group from 2011 onwards.

The Board is of the view that the Group's operational results for the financial year ending 2010 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 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2009 RM'000	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
In respect of the current period:				
Estimated current tax payable	<u>(1,735)</u>	<u>(1,538)</u>	<u>(2,733)</u>	<u>(2,785)</u>

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

B6 Sale of unquoted investments and properties

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

B7 Financial Assets held for trading

	AS AT END OF CURRENT QUARTER 30.06.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
At fair value		
Short term investments	11,459	24,010
Quoted securities	<u>37</u>	<u>29</u>
	<u>11,496</u>	<u>24,039</u>

The investment in quoted securities as at 30 June 2010 are summarised below:-

	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
Total investment at		
Cost	26	446
Carrying value / Market value	<u>37</u>	<u>409</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2009 RM'000	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
Purchases (at cost)	-	-	-	38
Disposal proceeds	-	163	-	168
Gain	-	163	-	227

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B8 Status of corporate proposals

There were no corporate proposal announced by the Company and completed as at the reporting date.

(i) Proposed Acquisition of OCI Energy Sdn Bhd

On 19 April 2010, the Board announced that the Company had on 19 April 2010 entered into a Conditional Sale and Purchase Agreement with Ja'afar bin Chik, Sapiah @ Safiah Hussin, Kamalukhair bin Abdullah, Yacob bin Chik and Zaidi bin Ayub for the acquisition of 5,000,000 ordinary shares of RM1.00 each in OCI Energy Sdn. Bhd. ("OCI") representing 100% of the issued and paid-up share capital of OCI for a cash consideration of RM28,000,000.

On 14 June 2010, the Board announced that the Proposed Acquisition of OCI has been completed.

(ii) Signing of Joint Venture Agreement

On 9 July 2010, the Board announced that OCI Energy Sdn. Bhd., a wholly-owned subsidiary of DMB, had on 9 July 2010, entered into a Joint Venture Agreement with KWH Technologies Sdn. Bhd., a 59.9% owned subsidiary of Kobay Technology Bhd to jointly participate in the executing and completing the project of Sour Crude Tank and Slop Tank at Petronas Refinery Plant.

(iii) Proposed Bonus Shares Issue

On 26 April 2010, the Board announced that the Company has proposed to issue up to 199,879,928 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 5 Shares of the Company held by the shareholders ("Proposed Bonus Share Issue").

On 18 June 2009, Hong Leong Investment Bank Berhad on behalf of DMB, announced that Shareholders whose names appear in the Record of Depositors for Shareholders as at the close of business at 5.00 p.m. on 2 July 2010 are entitled to the Bonus Issue.

On 5 July 2010, Hong Leong Investment Bank Berhad on behalf of DMB, announced that 176,122,823 new DMB Shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 5 July 2010, marking the completion of the Bonus Issue

The status of corporate proposals announced by the Company but not completed as at 12 August 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:-

- 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 seeked approval for the Proposed Share Buy-Back Renewal from the shareholders at the Seventh AGM held on 21 May 2010.

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

On 20 November 2009, the Board announced that DCLX, 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. DCLX 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.

(iii) Proposed Private Placements

On 16 March 2010, the Board announced that the Company proposes to issue up to 90,854,512 new ordinary shares of RM0.10 each in the Company ("DMB Shares") representing up to 10% of the issued and paid-up capital of the Company through a private placement exercise.

A total of 39,800,000 ordinary shares of RM0.10 each in DMB ("DMB Shares") were placed out to identified investors in two (2) tranches, at an issue price of RM0.22 per share for the first tranche and RM0.23 per share for the second tranche.

(iv) Proposed disposal of a subsidiary

On 12 August 2010 the Board announced for the proposal disposal of 1,800 ordinary shares of RM1.00 each in OCI Energy Services Sdn. Bhd. representing 100% of the issued and paid-up share capital of OCIES by OCI, a direct wholly owned subsidiary of the Company, Kamalukhair Bin Abdullah and Zaidi Bin Ayub to Ombak Marine Group Sdn. Bhd. for a total cash consideration of RM201,529.

B9 Status of utilisation of proceeds

RCSLN

The Group raised RM20 million from its RCSLN issue.

As at 30 June 2010, the Group has fully utilised 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	Deviation %
To fund future synergistic acquisitions	6,000	6,000	within 24 months	-	-
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	20,000		-	-

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

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Private Placement Proceeds

The Company raised approximately RM8.886 million from its private placement exercise.

As at 30 June 2010, the Company has utilised approximately 36% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

	Proceeds from Placement Shares RM'000 ⁽ⁱ⁾	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000	Deviation %
Future acquisitions and expansion	21,714	7,886	within 12 months	13,828	64%
Defraying of expenses incidental to the Proposed Private Placement ⁽ⁱⁱ⁾	1,000	1,000	within 1 month	-	0%
Total	22,714 ⁽ⁱⁱⁱ⁾	8,886 ¹		13,828	64%

- (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 future synergistic acquisitions and expansion.
- (ii) Any variation to the estimated expenses will be adjusted to/ from the working capital.
- (iii) Computed based 90,854,512 placement shares and an indicative issue price of RM0.25 per share representing a discount of approximately 7.6% to the five (5)-day weighted average market price up to 8 March 2010 of RM0.2707, being 5 market days prior to the announcement of the private placement. As at 30 June 2010, DMB has placed out first tranche of 26,800,000 placement shares, at an issue price of RM0.22 per share, raising RM5,896,000 and second tranche of 13,000,000 placement shares, at an issue price of RM0.23 per share raising RM2,990,000.

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 (Secured)	8,415	-	8,415
Hire purchases (Secured)	991	2,217	3,208
Overdraft (Unsecured)	1,049	-	1,049
Term loans (Secured)	8,303	40,493	48,796
	18,758	42,710	61,468

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

- legal charges over subsidiaries' freehold land, leasehold land and buildings;
- corporate guarantee by the Company;
- 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.

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B11 Redeemable Convertible Secured Loan Notes ("RCSLN")

The proceeds received from the issue of the RCSLN have been split between the liability component and the equity component, representing the fair value of the conversion option. The RCSLN are accounted for the balance sheets of the Group as follows:

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
Nominal value	14,000	-
Add: Discount on convertible notes	106	-
Less: Unamortised discount	(693)	-
	<u>13,413</u>	<u>-</u>

The amounts recognised in balance sheets of the Group may be analysed as follows:-

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
Liability component:-		
Nominal value of the convertible notes	14,000	-
Add: Discount on convertible notes	106	-
	<u>14,106</u>	<u>-</u>
Equity component, net of deferred tax	(520)	-
Deferred tax liability	(173)	-
	<u>13,413</u>	<u>-</u>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2009 RM'000	CURRENT YEAR TO DATE 30.06.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009 RM'000
Loss arising from fair value changes on Liability component of RCSLN	14	-	19	-

The fair value of the liability component of RCSLN is determined using the market rate for an equivalent non-convertible debt and this amount is carried as financial liability. Fair value changes during the quarter under review due to the changes in market rate of the non-convertible debt.

B12 Off balance sheet financial instruments

There were no off-balance sheet financial instruments as at 12 August 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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B13 Material litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2009 to 12 August 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. The writ of summons was filed on 25 March 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 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 and the hearing for the same was held on 30 April 2009. The said application was dismissed with costs.

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 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 reasonably good case against the defendants.

- (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.

- (iii) Daya CMT Sdn Bhd ("DCMT") has on 15 September 2009 brought a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively "Defendants") vide 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. This matter is now fixed for further case management on 20 October 2010 at the Kuala Lumpur High Court. The solicitors for DCMT are of the opinion that DCMT has a reasonably good case against the Defendants.

- (iv) On 11 August 2010, OCI Energy Sdn Bhd ("OCI") has obtained an order of interim prohibitive injunction from the court for a period of up to 21 days against COE Drilling (Asia) Sdn Bhd ("COE") as the first defendant and AmBank Berhad as the second defendant. The said order of interim prohibitive injunction restrains the first defendant from making any demand on the second defendant under the bank guarantee dated 12 March 2009 (extended to expire on 30 August 2010) given by the second defendant to the first defendant as the beneficiary. The said order of interim prohibitive injunction further restrains the second defendant from paying the first defendant any money under the said bank guarantee.

Vide a letter of award dated 12.12.2008, OCI has granted the Horizontal Directional Drilling Services For 24" Diameter ANDR-A/TCOT Shore Approach Pipeline Installation to its subcontractor, COE ("Letter of Award") (the Project). The terms of the Letter of Award amongst others were for OCI to provide a bank guarantee in favour of COE as payment guarantee towards part of the total contract sum of USD7,870,250.00. A bank guarantee was issued by AmBank being the guarantor, naming COE as the beneficiary. In the midst of carrying out the Project, COE had encountered problems which did not allow them to proceed further based on the original agreed terms and conditions of the Letter of Award. OCI had subsequently sought an opinion from a third party. Based on their findings, it was noted that COE had erred in their calculations and had misrepresented the capacity of the equipment/technology used. All proposals provided by COE to move forward were reviewed by OCI, its clients and a third party engineering company and the same were subsequently rejected as success was not affirmative, the risks were high and further substantial cost may be incurred at OCI's expense. Following the above, OCI has applied to the court for the abovementioned interim prohibitive injunction against COE and AmBank. The court has fixed the inter partes hearing to take place on 27 August 2010.

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B14 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 has been approved by shareholders at the seventh Annual General Meeting and has been paid on 16 July 2010.

B15 Earnings per share

a) Basic earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2010	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2009	CURRENT YEAR TO DATE 30.06.2010	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2009
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	4,398	4,090	6,751	7,238
Weighted average number of shares in issue ('000)	839,697	784,247	833,035	765,654
Basic earnings per share (sen)	<u>0.52</u>	<u>0.52</u>	<u>0.81</u>	<u>0.95</u>

b) Diluted earnings per share	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009	CURRENT YEAR TO DATE 31.03.2010	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	4,398	4,090	6,751	7,238
Effect of dilution (RM'000)	117	-	171	-
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	4,515	4,090	6,922	7,238
Weighted average number of shares in issue ('000)	839,697	784,247	833,035	765,654
Effect of dilution ('000)	18,616	-	45,296	-
Adjusted weighted average number of shares in issue ('000)	858,312	784,247	878,331	765,654
Diluted earnings per share (sen)	<u>0.53</u>	<u>0.52</u>	<u>0.79</u>	<u>0.95</u>

B16 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was unqualified.

By Order of the Board

THAM WOUI LOON
Managing Director

Date: 16-Aug-10