



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 December 2010

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 2010

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
Revenue	46,491	62,601	179,355	188,244
Cost of Sales	(30,634)	(48,730)	(131,672)	(146,096)
Gross Profit	15,857	13,871	47,683	42,148
Other Income	471	1,202	2,556	2,442
Operating Expenses	(9,226)	(10,564)	(24,346)	(22,795)
Profit from operations	7,102	4,509	25,893	21,795
Finance Costs	(1,003)	(502)	(2,995)	(1,534)
Share of results of jointly controlled entities	169	-	311	-
Share of results of an associate	-	-	-	116 #
Profit before tax	6,268	4,007	23,209	20,377
Income tax expense	(1,075)	(1,728)	(6,827)	(6,713)
Profit for the period	5,193	2,279	16,382	13,664
Attributable to :				
Equity holders of the Company	5,191	2,152	16,325	13,538
Minority interest	2	127	57	126
	5,193	2,279	16,382	13,664
Earnings per share (sen):-				
Basic	0.49	0.22	1.59	1.41
Diluted*	0.49 *	0.22	1.49 *	1.41

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.

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
Profit for the period	5,193	2,279	16,382	13,664
Other comprehensive income:				
Changes in fair value of RCSLN	(25)	-	253	-
Other comprehensive income for the period, net of tax	(25)	-	253	-
Total comprehensive income for the period, net of tax	5,168	2,279	16,635	13,664
Total comprehensive income for the period attributable to:				
Equity holders of the Company	5,166	2,152	16,578	13,538
Minority interest	2	127	57	126
	5,168	2,279	16,635	13,664

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 31.12.2010 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31.12.2009 RM'000
Non Current Assets		
Property, plant and equipment	83,050	55,483
Prepaid lease payment	7,813	4,741
Investment Property	1,225	304
Intangible assets	-	60
Deferred tax assets	620	-
Investment in joint venture	1,061	-
Goodwill arising from consolidation	83,491	61,461
	177,260	122,049
Current Assets		
Inventories	13,428	11,507
Trade receivables	50,880	25,030
Other receivables	13,090	10,351
Tax recoverable	4,375	1,944
Financial assets held for trading	2,581	24,039
Fixed Deposits	21,115	15,610
Cash and bank balances	10,524	12,532
	115,993	101,013
Current Liabilities		
Trade payables	11,446	11,383
Other payables	25,738	25,273
Tax payables	4,135	1,457
Loans and borrowings	14,092	7,048
	55,411	45,161
Net Current Assets	60,582	55,852
	237,842	177,901
Financed by:		
Share capital	109,674	82,630
Reserves	66,383	60,170
	176,057	142,800
Minority interest	745	681
	176,802	143,481
Non Current Liabilities		
Other payables	5,000	-
Deferred tax liabilities	1,949	2,030
Redeemable Convertible Secured Loan Notes ("RCSLN")	13,394	16,419
Loans and borrowings	40,697	15,971
	61,040	34,420
	237,842	177,901
Net assets per share (sen)*	16.05	17.28

* Lower net assets per share (sen) as at 31 December 2010 is due to the increase in the ordinary shares base during the year.

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

(The figures have not been audited)

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

	Non-Distributable -				Distributable reserve /		Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Equity component of RCSLN RM'000	Foreign Currency Translation Reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance as at 1 Jan 2009	49,199	37,573	-	-	25,952	112,724	689	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	3,638	-	-	-	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	7	4,155
Transactions with owners:								
Bonus issue	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	(154)	(154)	(83)	(237)
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
Total comprehensive income for the period	-	-	110	-	4,382	4,492	16	4,508
Transactions with owners:								
Issuance of bonus shares	17,612	(17,695)	-	-	-	(83)	-	(83)
Disposal of a subsidiary	-	-	-	-	-	-	(90)	(90)
Dividends paid	-	-	-	-	(2,082)	(2,082)	-	(2,082)
Balance as at 30 September 2010	105,673	5,950	630	-	50,549	162,802	743	163,545
Total comprehensive income for the period	-	-	(25)	-	5,191	5,166	2	5,168
Transactions with owners:								
Private placements	4,000	4,060	-	-	-	8,060	-	8,060
Issuance of bonus shares	-	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(141)	(141)	-	(141)
Effect on issuance of RCSLN	-	-	-	-	-	-	-	-
Foreign exchange translation reserve	-	-	-	170	-	170	-	170
Balance as at 31 December 2010	109,673	10,010	605	170	55,599	176,057	745	176,802

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: 838357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010 (The figures have not been audited)

	Note	UNAUDITED CURRENT YEAR TO DATE 31.12.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		23,209	20,377
Adjustments for:			
Share of results of jointly controlled entities		(311)	-
Share of results of an associate		-	(116)
Discount on convertible loan notes		207	11
Amortisation on intangible assets		60	72
Amortisation on prepaid land lease payments		149	71
Depreciation on property, plant and equipment		3,909	2,767
Depreciation on investment property		15	5
Gain on disposal of property, plant & equipment		(1,206)	(285)
Property, plant and equipment written off		33	44
Gain on disposal of a subsidiary	1	(89)	-
Gain on disposal of investment in marketable securities		-	(207)
Gain on appreciation of market value of marketable securities		(28)	-
Allowance for doubtful debts		-	20
Bad debts written off		-	4
Dividend income		(1)	(19)
Finance costs		2,995	1,534
Interest income		(925)	(793)
Unrealised foreign exchange gain		(87)	(139)
Operating profit before working capital changes		27,930	23,346
Changes in working capital:			
Net change in inventories		(1,921)	16,350
Net change in trade and other receivables		(24,939)	1,411
Net change in trade and other payables		1,146	(25,104)
Cash generated from operations		2,216	16,003
Interest paid		(2,995)	(1,534)
Income tax paid		(8,153)	(7,071)
Net Cash Generated From Operating Activities		(8,932)	7,398
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27,968)	(5,054)
Proceeds from disposal of property, plant and equipment		1,453	1,100
Purchase of prepaid land lease payments		(1,302)	-
Acquisition of marketable securities		(101)	(38)
Acquisition of subsidiaries	2	(26,284)	(16,477)
Acquisition of minority interest		-	(462)
Proceeds from disposal of marketable securities		-	522
Proceeds from disposal of a subsidiary	1	202	-
Decrease / (Increase) in pledged deposits placed with licensed banks		(5,782)	(288)
Dividend received		1	19
Interest received		925	793
Net Cash Used in Investing Activities		(58,856)	(19,885)

DAYA MATERIALS BERHAD

(Company No: 638357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010 (The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.12.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(12,984)	(13,815)
Proceeds from loans and borrowings	41,058	22,316
Proceeds from issuance of shares	15,952	11,267
Issuance of bonus shares	(83)	-
Dividend paid	(2,268)	(1,248)
Net Cash Generated From Financing Activities	41,675	18,520
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(26,113)	6,033
Effect of exchange rate fluctuations on cash held	170	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	43,284	37,251
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	17,341	43,284
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash and bank balances	10,524	12,532
Fixed deposits with licenced banks	21,115	15,610
Short term investments	2,422	24,010
Bank overdraft	(2,100)	(30)
	31,961	52,122
Less: Deposits pledged	(14,620)	(8,838)
	17,341	43,284

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

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

	UNAUDITED CURRENT YEAR TO DATE 31.12.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
Property, plant and equipment	4	-
Trade and other receivables	1,000	-
Tax recoverable	200	-
Trade and other payables	(1,000)	-
Deferred tax liabilities	(1)	-
	203	-
Less: Minority interest	(90)	-
	113	-
Gain on disposal of a subsidiary	89	-
Consideration received, satisfied in cash / Net cash inflows	202	-

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 DECEMBER 2010 (The figures have not been audited)

Note 2: 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 DOCI 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. (formerly known as Proffscorp Sdn. Bhd.) and 2 ordinary shares of RM1.00 each in Daya Urusharta Sdn. Bhd. (formerly known as Celtex Plus 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 CURRENT YEAR TO DATE 31.12.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
Property, plant and equipment	1,795	26,027
Prepaid land lease payments	1,920	837
Investment property	937	-
Investment in joint venture	750	-
Inventories	-	244
Trade and other receivables	6,645	4,136
Tax recoverable	-	264
Cash and cash equivalents	4,054	6,632
Trade and other payables	(5,470)	(976)
Tax payables	(448)	-
Loans and borrowings	(1,778)	(6,599)
Deferred tax liabilities	(1)	(930)
Fair value of net assets	8,404	29,635
Transfer from investment in associate	-	(9,148)
Less: Minority interest	(96)	-
	8,308	20,487
Goodwill on acquisitions	22,030	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

Subsequent to the quarter ended 30 June 2010, the Group has obtained the results of an independent valuation on the acquired property, plant and equipment, prepaid land lease payments and investment property. As a result, the fair value of the property, plant and equipment, prepaid land lease payments and investment property have been revised to RM1,795,291, RM1,920,000 and RM936,634 respectively.

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)
(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 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 i - 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

DAYA MATERIALS BERHAD

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

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 September 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 September 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) 30,000,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement were listed on Bursa Securities on 17 December 2010.

(3) 10,000,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement were listed on Bursa Securities on 30 December 2010.

DAYA MATERIALS BERHAD

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

A7 Dividends paid

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

	31.12.2010	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	30,632	51,455	97,293	519	179,899
Inter-segment revenue	-	-	(26)	(518)	(544)
External revenue	<u>30,632</u>	<u>51,455</u>	<u>97,267</u>	<u>1</u>	<u>179,355</u>
Segment Results	2,801	15,899	10,068	(1,082)	27,686
Unallocated Results					(1,793)
Profit from Operations					25,893
Finance Costs					(2,995)
Share of results of jointly controlled entities					311
Profit Before Tax					23,209
Taxation					(6,827)
Profit After Tax					<u>16,382</u>
Geographical Segment					Revenue RM'000
Malaysia					179,355
Foreign Countries					-
Consolidated					<u>179,355</u>

A9 Valuation of property, plant and equipment

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

A10 Subsequent Events

Save for Section B8, there were no material events subsequent to the current financial quarter ended 31 December 2010 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

DAYA MATERIALS BERHAD

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

A11 Changes in the composition of the Group

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

(i) Incorporation of a joint venture company, Daya OCI Ascent Sdn. Bhd.

On 28 October 2010, the Board announced that Daya OCI Sdn. Bhd. (previously known as OCI Energy Sdn. Bhd.) ("DOCI"), a wholly-owned subsidiary of DMB has on 26 October 2010 incorporated a joint venture company as limited liability company under the name of Daya OCI-Ascent Sdn. Bhd ("DASB") with Ascent Offshore (Singapore) Pte Ltd. DASB was incorporated on 26 October 2010 as a limited company with an authorised and fully paid-up share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. DASB's issued and fully paid-up share capital is 51% owned by DOCI and 49% owned by Ascent Offshore (Singapore) Pte. Ltd. The principal activities of DASB are in supplying of services and equipments to exploration and extraction companies in the oil and gas industry.

(ii) Incorporation of a subsidiary, Daya Proffscorp (Sabah) Sdn. Bhd.

On 19 November 2010, the Board announced that its wholly owned subsidiary company, Daya Proffscorp Sdn Bhd had incorporated a limited liability company known as Daya Proffscorp (Sabah) Sdn Bhd ("DPROS") on 15 November 2010. DPROS was incorporated as a limited company with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and paid-up share capital of RM2 divided by 2 ordinary shares of RM1.00 each. DPROS is to principally engage in the hiring of lorries, trucks, forklifts, cranes and heavy machineries for loading and unloading, tally services and general trading. DPROS has not commenced operation since the incorporation date.

A12 Contingent Assets and Contingent Liabilities

As at 31 December 2010, the Company provides corporate guarantees up to a total amount of RM95,195,620 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 RM33,820,203.

As at 31 December 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 RM344,513.

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

A13 Capital Commitments

	RM'000
Contracted and not provided for:	<u>9,674</u>
Approved but not contracted for:	<u>9,064</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 31.12.2010 RM'000	Balance due at 31.12.2010 RM'000	Transaction for the period ended 31.12.2009 RM'000	Balance due at 31.12.2009 RM'000
Interest income charged on housing loan to a director	118	-	-	-
Housing loan to a director	<u>2,720</u>	<u>2,318</u>	<u>-</u>	<u>-</u>

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 RM46.491 million for the quarter ended 31 December 2010, a decrease of 25.73% from RM62.601 million recorded in the previous year corresponding quarter. The lower revenue was mainly due to the decrease in revenue from polymer and oil & gas segments. Nevertheless, the Group recorded a profit before tax of RM6.268 million for the quarter ended 31 December 2010, which represents a 56.43% increase from RM4.007 million recorded in the preceding year. This was primarily attributable to the higher profits contributed by the oil & gas segment especially with the acquisition of Daya OCl Sdn Bhd.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved revenue of RM179.355 million for the year ended 31 December 2010, a slight decrease of 4.72% from RM188.244 million recorded in the previous financial year ended 31 December 2009. The decrease was mainly attributed to the lower revenue contribution from the oil & gas segment. The Group recorded a profit before tax of RM23.209 million for the year ended 31 December 2010, which represents an increase of 13.90% over RM20.377 million recorded for previous financial year ended 31 December 2009. The improved performance was attributable to the profit contributed by oil & gas segment with the acquisition of Daya OCl Sdn Bhd and polymer segment.

B2 Variation of results against preceding quarter

	Quarter ended 31.12.2010 RM'000	Quarter ended 30.09.2010 RM'000
Revenue	46,491	45,040
Profit before tax	6,268	7,417

For the fourth quarter ended 31 December 2010, the Group achieved higher revenue of RM46.491 million, an increase of 3.22% as compared to RM45.040 million recorded in the preceding quarter. The higher revenue was mainly attributed to the higher contribution from the technical services segment. Nevertheless, the Group recorded lower profit before tax of RM6.268 million, a decrease of 15.49% as compared to RM7.417 million in the preceding quarter, primarily due to the lower contribution from the oil & gas segment.

B3 Prospects

The Board expects the positive financial performance of the Group to continue in the coming period fuelled by contributions from oil & gas and technical services divisions. Contributions from oil & gas division, particularly sales of chemicals are anticipated to be positive. Technical services division is also expected to perform well in view of its existing contracts and some of the tenders participated. In addition, the Group's expansion in upstream oil & gas activities such as offshore pipe-laying and the desludging of floating production, storage and off-loading units, via its newly owned subsidiary Daya OCl Sdn Bhd (formerly known as OCl Energy Sdn Bhd) is expected to expand the earnings base and profit margin of the Group. In addition, the Group shall continue to seek opportunities to grow its businesses in ISO tank cleaning and repair as well as polymer.

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

B4 Profit forecast

Not applicable.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
in respect of the current period:				
Malaysian income tax	1,679	1,675	7,431	6,660
Deferred tax (income) / expense	(604)	53	(604)	53
	<u>1,075</u>	<u>1,728</u>	<u>6,827</u>	<u>6,713</u>

The Group's effective tax rate for the quarter under review was lower than the statutory income tax rate due to the recognition of deferred tax income arising from the unrealised gains on the sales of inter-company's property, plant and equipment and recognition of the subsidiary's unutilised tax losses and capital allowances.

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 31.12.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
At fair value		
Short term investments	2,422	24,010
Quoted securities	159	29
	<u>2,581</u>	<u>24,039</u>

The investment in quoted securities are summarised below:-

	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
Total investment at		
Cost	130	133
Carrying value / Market value	<u>159</u>	<u>152</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
Purchases (at cost)	-	-	-	38
Disposal proceeds	-	120	-	522
Gain	-	(2)	-	207

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) Incorporation of Subsidiary - Daya Proffscorp (Sabah) Sdn Bhd ("DPROS")

On 19 November 2010, the Board announced that its wholly owned subsidiary company, Daya Proffscorp Sdn Bhd had on 15 November 2010 incorporated a limited liability company known as Daya Proffscorp (Sabah) Sdn Bhd. As at the date of this announcement, DPROS has yet to commence its operation.

(ii) Signing of Joint Venture Agreement with NCHO Sdn. Bhd.

On 20 November 2009, the Board announced that Daya Clarimax Sdn Bhd ("DCLX") (formerly known as Clarimax Sdn Bhd), 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.

On 27 January 2011, the Board announced that DCLX, had on 27 January 2011 entered into Joint Venture agreement ("JVA") and Lease Agreement ("LA") with NCHO Sdn. Bhd. ("NSB") to undertake the business of cleaning, repairs and maintenance of tankers ("Business").

The status of corporate proposals announced by the Company but not completed as at 18 February 2011, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report is summarised below:

(i) Proposed ESOS and Shares Buy-Back

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

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

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

On 22 April 2010, the Board announced that the Company is seeking its shareholders approval for the Proposed Share Buy-Back Renewal. The Company had already seeked approval for the Proposed Share Buy-Back Renewal from the shareholders at the Seventh AGM held on 21 May 2010.

DAYA MATERIALS BERHAD

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

(ii) 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 84,800,000 ordinary shares of RM0.10 each in DMB ("DMB Shares") were placed out to identified investors in five (5) tranches, at an issue price of RM0.22 and RM0.23 per share for the first tranche and second tranche respectively, RM0.205 for the third and fourth tranches and RM0.225 for the fifth tranche.

(iii) Purchase of commercial property for total consideration of RM2,757,700

On 13 January 2011, the Board announced that its wholly owned subsidiary company, Daya Urusharta Sdn Bhd. ("DUSB") had on 13 January 2011, entered into five Sale and Purchase Agreements ("SPA") with Koperasi Permodalan Felda Malaysia Berhad (Koop Negara: 39) ("the Vendor") for the proposed acquisition of five (5) units of office suites of a stratified mixed commercial development known as SOLARIS DUTAMAS in Dutamas, Daerah Kuala Lumpur with a total net area of approximately 466 square meters ("Properties") for a total cash consideration of RM2,757,700.00.

B9 Status of utilisation of proceeds

Private Placement Proceeds

The Company raised approximately RM16.936 million from its private placement exercise.

As at 31 December 2010, the Company has utilised the funds raised 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	21,895	15,936	within 12 months	5,959	27%
Defraying of expenses incidental to the Proposed Private Placement ⁽ⁱⁱ⁾	1,000	1,000	within 1 month	-	0%
Total	22,895⁽ⁱⁱⁱ⁾	16,936		5,959	27%

(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 on 109,026,415 placement shares and an indicative issue price of RM0.21 per share representing a discount of approximately 6.9% to the five (5)-day weighted average market price up to 1 June 2010 of RM0.2256, being 5 market days prior to the announcement of the revised private placement. As at 31 December 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, third tranche of 30,000,000 placement shares, at an issue price of RM0.20 per share, raising RM6,000,000 and fourth tranche of 10,000,000 placement shares, at an issue price of RM0.205 per share raising RM2,050,000.

DAYA MATERIALS BERHAD

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

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)	2,178	-	2,178
Hire purchases (Secured)	887	1,996	2,883
Overdraft (Unsecured)	2,100	-	2,100
Term loans (Secured)	8,927	38,701	47,628
	<u>14,092</u>	<u>40,697</u>	<u>54,789</u>

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 three subsidiaries; and
- a debenture over a crane of a subsidiary.

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

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 31.12.2010 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2009 RM'000
Nominal value	14,000	-
Add: Discount on convertible notes	201	-
Less: Unamortised discount	(807)	-
	<u>13,394</u>	<u>-</u>

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

	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 31.12.2009 RM'000
Liability component:-		
Nominal value of the convertible notes	14,000	-
Add: Discount on convertible notes	201	-
	<u>14,201</u>	<u>-</u>
Equity component, net of deferred tax	(605)	-
Deferred tax liability	(202)	-
	<u>13,394</u>	<u>-</u>

DAYA MATERIALS BERHAD

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
(Gain)/loss arising from fair value changes on Liability component of RCSLN	(7)	-	34	-

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 18 February 2011, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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 18 February 2011, 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. 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

The Mareva Injunction has been extended on an ad Interim basis until the hearing of the inter partes application on the 21 February 2011. The matter is fixed for case management as part of pre-trial preparation on 29 March 2011. Only the first and second defendants are still represented by Counsel. Counsel for the third, fourth and fifth Defendants have discharged themselves from acting for the respective Defendants.

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.

DAYA MATERIALS BERHAD

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

- (iii) (a) Daya CMT Sdn Bhd ("DCMT") has on 15 September 2009 brought a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively "Defendants") vide 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 ("the said Land") 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 19 January 2011 at the Kuala Lumpur High Court. The solicitors for DCMT are of the opinion that DCMT has a reasonably good case against the Defendants.

DCMT has filed an injunction application on 3 September 2010 against 1st Defendant to restraint them from selling or transferring the said Land until the disposal of the Writ.

The court has dismissed the application on 28 September 2010 and further awarded RM5,000 only as cost to the 1st Defendant.

The 1st Defendant has filed a striking out application of DCMT's civil suit against the Defendants dated 15 October 2010 ("1st Defendant's Striking Out Application"). The Court has fixed the case management date of the 1st Defendant's Striking Out Application on 16 February 2011 and the hearing date for the 1st Defendant's Striking Out Application on 3 March 2011.

- (b) Daya CMT Sdn Bhd ("DCMT") has on 3 September 2010 filed an application to extend the private caveat against Perbadanan Kemajuan Negeri Selangor ("PKNS") ("Defendant") vide KL High Court Originating Summons No.S21-231-2010. DCMT has entered a private caveat on the said Land on 19 October 2009 pending the transfer of the said Land. DCMT was served with a notice of an application to remove the private caveat by PKNS on 2 August 2010. PKNS is the registered proprietor of the said Land.

The court has dismissed the application on 28 September 2010 and further awarded RM500 only as cost to the Defendant.

B14 Proposed Dividends

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

The Company is pleased to propose a final single tier dividend of 2.4% in respect of the financial year ended 31 December 2010. 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.

B15 Earnings per share

a) Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009	CURRENT YEAR TO DATE 31.12.2010	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	5,191	2,152 (i)	16,325	13,538 (i)
Weighted average number of shares in Issue ('000)	1,062,607	990,434	1,029,904	960,950
Basic earnings per share (sen)	<u>0.49</u>	<u>0.22</u>	<u>1.59</u>	<u>1.41</u>

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2010	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009	CURRENT YEAR TO DATE 31.12.2010	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	5,191	2,152	16,325	13,538
Effect of dilution (RM'000)	-	-	171	-
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	5,191	2,152	16,496	13,538
Weighted average number of shares in issue ('000)	1,062,607	990,434	1,029,904	960,950
Effect of dilution ('000)	-	-	75,139	-
Adjusted weighted average number of shares in issue ('000)	1,062,607	990,434	1,105,042	960,950
Diluted earnings per share (sen)	<u>0.49</u>	<u>0.22</u>	<u>1.49</u>	<u>1.41</u>

(i) The comparative has been restated to take into account the effect of the bonus issue as details in Note A6.

B16 Realised and Unrealised Profits/Losses

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

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

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

	CUMULATIVE QUARTER	
	AS AT 31.12.2010 RM'000	AS AT 30.9.2010 RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	84,257	80,871
- Unrealised profits / (losses)	201	(1,349)
	<u>84,458</u>	<u>79,522</u>
Less: Consolidated adjustments	(28,859)	(28,973)
Total group retained earnings as per consolidated accounts	<u>55,599</u>	<u>50,549</u>

The determination of realised and unrealised profits / (losses) 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 / (losses) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

DAYA MATERIALS BERHAD

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

B17 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 WOOL LOON
Managing Director

Date: 22-Feb-11