DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Comprehensive Income
For the Fourth Quarter ended 31 December 2010 (Unaudited)

	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	RM'000	RM'000	RM'000	RM'000
Revenue	83,138	39,325	255,109	196,954
Operating expenses	(45,364)	(21,982)	(125,616)	(111,161)
Gross profit	**37,774**	**17,343**	**129,493**	**85,793**
Other operating income	324	404	2,670	1,861
Administration expenses	(14,553)	(11,534)	(46,804)	(34,773)
Other operating expenses	(144)	-	(144)	(163)
Finance costs	(1,608)	(308)	(6,049)	(317)
Share of results of associates	486	-	4,091	-
Impairment loss	(200)	-	(200)	-
Profit before tax	**22,079**	**5,905**	**83,057**	**52,401**
Taxation	(4,152)	(1,136)	(15,067)	(9,287)
Deferred tax	-	1,671	-	1,671
Profit after tax	**17,927**	**6,440**	**67,990**	**44,785**
Minority interest	-	-	-	-
Profit/Total comprehensive income for the period	**17,927**	**6,440**	**67,990**	**44,785**
Profit/Total comprehensive income for the period attributable to Owners of the Company	**17,927**	**6,440**	**67,990**	**44,785**
Weighted average number of ordinary shares in issue ('000)	352,000	352,000	352,000	352,000
Basic earnings per ordinary share of RM0.50 each (sen)	5.09	1.83	19.32	12.72

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2009 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Financial Position as at 31 December 2010 (Unaudited)

	UNAUDITED AS AT 31-Dec-10 RM'000	AUDITED AS AT 31-Dec-09 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	216,133	190,449
Investment in an associate	-	135,008
Deferred tax assets	34	34
	216,167	325,491
CURRENT ASSETS		
Inventories	1,298	1,611
Investment held for sale	134,900	-
Trade and other receivables	123,222	76,706
Current tax recoverable	1,553	1,553
Cash and bank balances	68,952	57,231
	329,925	137,101
TOTAL ASSETS	**546,092**	**462,592**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	176,000	176,000
Share premium	87,071	87,071
Retained earnings	109,893	60,672
TOTAL EQUITY ATTRIBUTABLE TO OWNERS	**372,964**	**323,743**
NON CURRENT LIABILITIES		
Borrowings	84,000	100,000
Deferred tax liabilities	2,046	2,046
TOTAL NON CURRENT LIABILITIES	**86,046**	**102,046**
CURRENT LIABILITIES		
Trade and other payables	55,561	25,895
Borrowings	26,717	10,066
Current tax payables	4,804	842
TOTAL CURRENT LIABILITIES	**87,082**	**36,803**
TOTAL LIABILITIES	**173,128**	**138,849**
TOTAL EQUITY AND LIABILITIES	**546,092**	**462,592**
Net Assets per share (sen)	106	92

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2009 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Changes in Equity
For the Fourth Quarter ended 31 December 2010 (Unaudited)

	Attributable to the Owners of the Company			
	Share Capital	Non-distributable Share Premium	Distributable Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000
Balance as at 01 January 2009	176,000	87,071	53,205	316,276
Total comprehensive income for the year	-	-	44,785	44,785
Dividends paid	-	-	(36,080)	(36,080)
Underlying S108 tax credit shortfall	-	-	(1,238)	(1,238)
	-	-	(37,318)	(37,318)
Balance as at 31 December 2009	176,000	87,071	60,672	323,743
Balance as at 01 January 2010	176,000	87,071	60,672	323,743
Total comprehensive income for the period	-	-	67,990	67,990
Dividend paid	-	-	(17,600)	(17,600)
Underlying S108 tax credit shortfall	-	-	(1,169)	(1,169)
	-	-	(18,769)	(18,769)
Balance as at 31 December 2010	176,000	87,071	109,893	372,964

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2009 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Cash Flows
For the Fourth Quarter ended 31 December 2010 (Unaudited)

	Current Year-to-date 31-Dec-10 RM'000	Corresponding Year-to-date 31-Dec-09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	83,057	52,401
Adjustments for:-		
- Non-cash items	10,117	10,744
- Non-operating items	4,285	(1,473)
Operating profit before changes in working capital	97,459	61,672
Changes in working capital		
Inventories	313	207
Trade and other receivables	(46,516)	29,710
Trade and other payables	29,666	(25,158)
Total changes in working capital	(16,537)	4,759
Cash generated from operations	**80,922**	**66,431**
Interest received	1,764	1,790
Interest paid	(6,049)	(2)
Tax paid	(12,274)	(17,934)
Total interest and tax paid	(16,559)	(16,146)
Net cash generated from operating activities	**64,363**	**50,285**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of an associate	-	(135,008)
Dividend received from an associate	4,000	-
Proceeds from disposal of quoted investment	-	10,177
Purchase of property, plant and equipment	(38,975)	(39,255)
Proceeds from disposal of property, plant and equipment	-	46
Net cash used in investing activities	**(34,975)**	**(164,040)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	-	110,000
Payments of finance lease liabilities	(62)	(95)
Dividend paid	(17,600)	(36,080)
Net cash (used in)/generated from financing activities	**(17,662)**	**73,825**
Net increase/(decrease) in cash and cash equivalents	**11,726**	**(39,930)**
Cash and cash equivalents at the beginning of the period	**57,226**	**97,156**
Cash and cash equivalents at the end of the period	**68,952**	**57,226**
Breakdown of cash and cash equivalents at the end of the period:-		
Short term deposits	50,822	35,288
Cash and bank balances	18,130	21,938
	68,952	**57,226**

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2009 and the accompanying notes attached to this interim financial report).

A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard 134 (FRS134): *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

A2.1. Change in Accounting Policies

The accounting policies and methods of computation used in the preparation of the consolidated interim financial statements of the Group are consistent with those used in the preparation of the last audited financial statements of the Group for the year ended 31 December 2009 except for the new standards, amendments and interpretations adopted during the period under review as disclosed below:

FRS 139, *Financial Instruments: Recognition and Measurement*
The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

Initial recognition and measurement
A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

Financial instrument categories and subsequent measurement
The Group categorises financial instruments as follows:-

Financial Assets

a) Financial assets at fair value through profit or loss
Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) of financial assets that are specifically designated into this category upon initial recognition.

b) **Held-to-maturity investments**
Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

c) Loan and receivables
Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

d) Available-for-sale financial assets
Available-for-sale category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Regular way purchase or sale of financial assets
A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:
a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

The board of directors has assessed the impact of the adoption of FRS 139 and concluded that the fair value adjustments arising from remeasurement of financial instruments are immaterial to the financial statements. Thus no adjustment has been made to the opening balances of reserves.

FRS 7, FRS 8 and FRS 101 only impact presentation and disclosure aspects of the financial statements.

FRS 123 (revised)
The revised FRS 123 requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing cost as an expense. The adoption of FRS 123 (revised) does not have a material impact to the Group.

IC Interpretation 10
IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the Group first applied the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively. The adoption of IC Interpretation 10 does not have any impact to the financial statements of the Group as no reversal of such impairment loss has been made in the current or previous periods.

A2.2. Standards, Amendments and Interpretations Yet to be Adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board but are only effective for annual periods beginning on or after the respective dates indicated herein:

FRS/Amendment/Interpretation	**Effective date**
Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issue*	1 March 2010
FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)	1 July 2010
FRS 3, *Business Combinations* (revised)	1 July 2010
FRS 127, *Consolidated and Separate Financial Statements* (revised)	1 July 2010
Amendments to FRS 2, *Share-based Payment*	1 July 2010
Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 138, *Intangible Assets*	1 July 2010
IC Interpretation 12, *Service Concession Agreements*	1 July 2010
IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17, *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 July 2010
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* -*Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* -*Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*	1 January 2011
Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4, *Determining whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 18, *Transfers of Assets from Customers*	1 January 2011
Improvements to FRSs (2010)	1 January 2011
IC Interpretation 19, *Extinguishing Financial Liabilities With Equity Instruments*	1 July 2011
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*	1 July 2011
FRS 124, *Related Party Disclosure (revised)*	1 January 2012
IC Interpretation 15, *Agreements for the Construction of Real Estate*	1 January 2012

The Group plans to apply from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or before 1 January 2011, except for FRS 1 (revised), Amendments to FRS 1, Amendments to FRS 2, Amendments to FRS 5, Amendments to FRS 132, Amendments to FRS 138, Amendments to IC Interpretation (ICI) 9, ICI 12, ICI 16, ICI 17, and ICI 18 which are not applicable to the Group.

The standards, amendments and interpretations as listed above that are effective for annual periods beginning after 1 January 2011, except FRS 124, are not applicable to the Group.

FRS 3 (revised)

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Amendments to FRS 127

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders.

The amendments to FRS 127 further require all losses attributable to minority interest to be absorbed by the minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest.

The above changes in FRS 127 are not expected to have material impacts to the Group.

IC Interpretation 4

IC Interpretation 4, which is to be applied retrospectively, provides guidance for determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, *Leases.* Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease. The adoption of ICI 4 is not expected to have a material impact to the Group.

Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation. IASB started the annual improvements process since 2008 to cater for amendments that are considered non-urgent but necessary. The objective of the annual improvements project is to enhance the quality of existing IFRSs and this is achieved by amending existing IFRSs to clarify guidance and wordings or to correct for relatively minor unintended consequence, conflicts or oversights.

FRS 124

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.

IC Interpretation 19

IC Interpretation 19 provides guidance on accounting for debt for equity swaps. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be "consideration paid" in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss.

The adoption of IC Interpretation 19 will result in a change in accounting policy which will be applied retrospectively in accordance with FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effect on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations as are necessary to effectuate the full convergence.

A3. Auditors' report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2009.

A4. Seasonal or cyclical factors

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations may normally be affected by bad weather at end of the year and this factor has been taken into consideration in the Group's annual business plan.

A5. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter and financial year-to-date.

A6. Material changes in estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial year or changes in the estimates of amounts relating to the prior financial years that have a material effect in the current quarter and financial year-to-date.

A7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

A8. Dividends paid

An interim dividend, in respect of the financial year ended 31 December 2010, of 5 sen per ordinary share tax exempt amounting to RM17,600,000 was paid to shareholders on 30 September 2010.

A9. Segmental information

The Group is organized into the following operating segments:-

1. Investment holding
2. Offshore Topside Maintenance Services ("Offshore TMS")
3. Charter of Marine Vessels ("Marine Charter")
4. Rental of offshore equipment ("Equipment Rental")

Segmental Reporting

Cumulative 12 months ended 31 December 2010	**Investment Holding RM'000**	**Offshore TMS RM'000**	**Marine Charter RM'000**	**Equipment Rental RM'000**	**Total RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Revenue							
External revenue	-	238,291	16,796	22	255,109	-	255,109
Inter-segment revenue	32,443	-	50,661	3,971	87,075	(87,075)	-
	32,443	238,291	67,457	3,993	342,184	(87,075)	255,109
Results							
Segment results	29,386	54,593	28,530	867	113,376	(30,125)	83,251
Interest expense	(5,945)	(104)	(4,988)	-	(11,037)	4,988	(6,049)
Interest income	5,313	1,238	43	158	6,752	(4,988)	1,764
Share of results of an associate (net of tax)	4,091	-	-	-	4,091	-	4,091
Profit before tax							83,057
Taxation							(15,067)
Profit after tax							67,990

A10. Valuation of property, plant and equipment

The property, plant and equipment of the Group have been brought forward without amendment from their previous annual financial statements.

A11. Capital commitments

Capital commitments as at end of the current quarter are as follows:-

	31-Dec-10	
	RM'000	
Approved and not contracted for		
Construction of a workboat	63,741	*
Purchase of a crane	3,800	
Purchase and development of a piece of land for minor fabrication in Kemaman Supply Base	2,700	
	70,241	

* To be partly financed by borrowings

A12. Material events subsequent to the end of period reported

There are no material events subsequent to the end of the current quarter and financial period to date up to 16 February 2011 (not earlier than 7 days from the date of announcement of this interim financial report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A13. Changes in composition of the group

As at 31 December 2010, there were no changes in the composition of the Group.

A14. Contingent Liabilities and Contingent Assets

Save as disclosed below, there were no contingent liabilities or contingent assets that had arisen since the last annual balance sheet date.

Our subsidiary, Dayang Enterprise Sdn Bhd ('DESB'), has made a claim against Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd for wrongful premature termination of an offshore maintenance contract in the year 2002. The amount claimed by DESB was RM10,160,445 together with general damages, interests and costs thereon. The respondents have, through their solicitors, offered a sum of RM700,000 as final settlement of all claims. The said offer has been rejected by the Group. The matter has been arbitrated but the arbitration outcome and award have not been decided. In view of the uncertainty of the timing and actual outcome of the claim, no amount arising from this arbitration has been taken up in the financial statements.

A15. Significant related party transactions

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other Key Management personnel, during the current year:-

Transactions with Directors and a company in which certain Directors have substantial financial interest:-	Nature	Amount for 12 months ended 31 December 2010	Unsettled balance as at 31 December 2010
		RM'000	RM'000
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard fabrication facilities with workshop, warehouse and office	700	-
Ling Suk Kiong and his spouse Wong Siew Hong	Rental of office	33	-
Joe Ling Siew Loung @ Lin Shou Long and his spouse Chong Siaw Choon	Rental of office	37	-
Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahruddin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong)	Rental of office	677	-
		1,447	-

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.

B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of performance of the Company and its principal subsidiaries

The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	Quarter ended 31-Dec-10 RM'000	Quarter ended 31-Dec-09 RM'000	Variance RM'000	%
Revenue	83,138	39,325	43,813	111
Profit before tax (excluding share of results of an associate)	21,593	5,905	15,688	266
Share of results of an associate	486	-	486	
Profit before tax (including share of results of an associate)	22,079	5,905	16,174	274
Total comprehensive income for the period attributable to owners of the Company	17,927	6,440	11,487	178

Comparatively, the Group's revenue for the current quarter ended 31 December 2010 increased by 111% while profit before tax (excluding share of results of an associate) and total comprehensive income for the current quarter increased by 266% and 178% respectively, when compared to the quarter ended 31 December 2009. The higher revenue in the current quarter as compared to the corresponding quarter is mainly due to higher value of work orders received and performed in the current quarter.

Whilst revenue increased by RM43.8 million ie 111%, profit before tax (excluding share of results of an associate) for the current quarter increased by RM15.7 million ie. 266% in view of the fact that the work orders in the current quarter have a higher profit margin contribution.

The Group's associate, Syarikat Borcos Shipping Sdn Bhd, contributed a profit of approximately RM0.5 million, further increasing the group's total profit before tax for the current quarter by 274%.

In the opinion of the Directors, the results for the current quarter and financial year-to-date have not been affected by any transactions or events of a material nature which have arisen between 31 December 2010 and the date of this report.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	Current Quarter ended 31-Dec-10 RM'000	Preceding Quarter ended 30-Sep-10 RM'000	Variance RM'000	%
Revenue	83,138	72,427	10,711	15
Profit before tax (excluding share of results of an associate)	21,593	24,674	(3,081)	(12)
Share of results of an associate	486	1,814	(1,328)	(73)
Profit before tax (including share of results of an associate)	22,079	26,488	(4,409)	(17)
Total comprehensive income for the period attributable to owners of the Company	17,927	22,629	(4,702)	(21)

In the current quarter, the Group's revenue was 15% higher, the profit before tax (excluding share of results of an associate) was 12% lower and the total comprehensive income was 21% lower compared to the preceding quarter.

The higher revenue of RM83.1 million for the current quarter as compared to RM72.4 million for the preceding quarter is mainly due to higher work orders received and performed in the current quarter.

Whilst revenue increased by RM10.7 million ie. 15%, profit before tax decreased by RM3.1 million ie. 12% in view of the fact that the work orders in the current quarter have a lower profit margin contribution as compared to those of the preceding quarter.

The associate, Syarikat Borcos Shipping Sdn Bhd contributed a profit of approximately RM0.5 million ie a decrease of 73% from the preceding quarter. The Group took into account the share of results of the associate up to November 2010 and recognised it as an asset held for sale in December 2010, as the Company had on 8 December 2010 entered into a share sale agreement to dispose of the investment in the associate (see Note B8 for further details).

B3. Prospects for the next financial year

The Directors remain positive of the Group's prospects for the next financial year as the Group has on-going contracts exceeding RM1.6 billion to last at least until 2016. The Group's order book recently swells to RM1.6 billion after winning a contract from Petronas Carigali Sdn Bhd on 7 February 2011, the value of the work orders for which is expected to be RM802 million

B4. Profit forecast and profit guarantee

There was no profit guarantee issued by the Group.

B5. Taxation

	Current quarter ended 31 December 2010 RM'000	Current year-to-date ended 31 December 2010 RM'000
Malaysian income tax	4,152	15,067
Tax expense	4,152	15,067

The lower effective tax rate applicable to the Group for the current quarter was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967, in respect of revenue derived from the charter of some of marine vessels by a subsidiary.

B6. Profit from sale of unquoted investments and/or properties

There were no disposals of unquoted investments and properties for the current quarter.

B7. Quoted securities

There were no purchase or disposal of quoted securities for the current quarter and the Group did not hold any quoted securities as at the end of the financial year to date.

B8. Status of corporate proposal

On 8 December 2010, the company entered into a Conditional Share Sale Agreement with AWH Equity Holdings Sdn Bhd for the disposal of 1,800,000 ordinary shares of RM1.00 each in Borcos, representing 40% equity interest in Syarikat Borcos Shipping Sdn Bhd for a total cash consideration of RM135,000,000. The disposal was approved by shareholders at the extraordinary general meeting held on 10 January 2011.

On 8 November 2010, OSK Investment Bank Berhad ("OSK") on behalf of the Company, announced that the Company proposed to undertake the following corporate proposals:-

(i) Bonus issue of 88,000,000 new ordinary share of RM0.50 each in Dayang ("Bonus Share(s)") on the basis of one (1) Bonus Share for every four (4) existing ordinary shares of RM0.50 each ("Shares(s)") held in Dayang; and

(ii) Renounceable rights issue of 110,000,000 new Shares ("Rights Share(s)") on the basis of one (1) Rights Share for every four (4) existing Shares held in Dayang after the Proposed Bonus Issue. The Board had on the 18 January 2011 resolved to fix the issue price at RM1.10 per rights share.

On 24 January 2011, the Company announced that the entitlement date for the Bonus and Rights issue to be 10 February 2011.

Save as disclosed above, there was no corporate proposal announced or not completed by the Group as at the latest practicable date of 16 February 2011.

B9. Status of utilization of proceeds of public issue

As at the end of the current quarter and financial year-to-date, the status of utilisation of the proceeds of public issue as compared to the actual utilisation is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Intended time frame for utilisation RM'000	Remark RM'000	
Full redemption of Islamic medium term notes	60,000	60,000	Within 6 months after listing	-	Fully utilized
Part finance the construction of marine vessels and/or acquisition of equipment and machinery	51,450	47,870	Within 24 months after listing	3,580	Available for use
Payment of estimated expenses relating to flotation exercise	4,600	4,659	Within 3 months after listing	(59)	See *** below
Working capital of the Group	28,767	22,420	Within 24 months after listing	6,347	Available for use
	144,817	134,949		9,868	

*** The excess of actual utilisation of share issue expenses over the proposed utilisation will be deducted from the actual utilisation for working capital of the Group.

B10. Group borrowings and debt securities

Total Group's borrowings as at 31 December 2010 were as follows:

	RM'000
Short term borrowings-secured	
Revolving credit	10,000
Finance lease liabilities	717
Term loan	16,000
	26,717
Long term borrowings-secured	
Term loan	84,000
	84,000
Total	110,717

There are no foreign currency borrowings.

B11. Off balance sheet financial instruments

The Group has entered into non-cancellable lease agreements for offshore equipment. These leases have a tenor of 3 years with a renewal option except option to purchase which has been included in the contracts.

However, the leasing arrangement is considered a finance lease under FRS117 and this has been reclassified accordingly.

B12. Material litigation

Save as disclosed below, as at 16 February 2011, (not earlier than 7 days from the date of announcement issue of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which will have a material effect on our financial position.

As disclosed in A14, DESB has made a claim against Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd for wrongful premature termination of an offshore maintenance contract in the year 2002. The amount claimed by DESB was RM10,160,445 together with general damages, interests and costs thereon. The matter has been arbitrated but the arbitration outcome and award have not been decided.

B13. Dividends

No dividend was proposed or declared during the current quarter under review.

Total dividends paid during the respective financial years are as follows:

	Sen per share (net)	Total amount RM'000	Date of payment
2010			
First interim 2010 ordinary (single-tier)	5.00	17,600	30-Sep-10
2009			
Second interim 2008 ordinary (franked)	5.25	18,480	27-Mar-09
First interim 2009 ordinary (single-tier)	5.00	17,600	21-Dec-09
		36,080	

B14. Earnings per share

Basic Earnings Per Share	Current Quarter Ended 31-Dec-10	Corresponding Quarter Ended 31-Dec-09	Cumulative Period Ended 31-Dec-10	Corresponding Period Ended 31-Dec-09
Total comprehensive income attributable to Owners of the Company (RM'000)	17,927	6,440	67,990	44,785
Weighted average number of ordinary shares in issue ('000)	352,000	352,000	352,000	352,000
Basic earnings per share (sen)	5.09	1.83	19.32	12.72

B15. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follow:

	As at 31-Dec-10 RM'000	As at 30-Sep-10 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	107,814	90,373
Unrealised	(2,012)	(2,012)
Total share of retained earnings from an associate		
Realised	4,091	3,605
Unrealised	-	-
Total retained earnings as per consolidated accounts	109,893	91,966

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

B16. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 February 2011.