DIJAYA CORPORATION BHD

(Company No. 47908-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2010

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2009 except for the adoption of the following new/revised FRSs and Interpretations:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards Consolidated and Separate Financial Statements: *Cost of* an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement Disclosures and Reassessment of Embedded Derivatives
Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programs

A2. Changes in accounting policies (cont'd.)

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are as discussed below:

(a) FRS 8: Operating Segments

FRS 8 replaces FRS 114_{2004}: *Segment Reporting* and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, this revised FRS does not have any impact on the financial position or results of the Group.

(b) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(c) Amendments to FRSs 'Improvements to FRS (2009)' - FRS117: Leases

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease.

The effects of adoption of this amendment to FRS117 on certain items in the consolidated balance sheet as at 31 December 2009 are as follows:

Balance Sheet as at 31 December 2009	Previously Stated (RM'000)	Adjustment (RM'000)	Restated (RM'000)
Property, plant and equipment	151,328	125,010	276,338
Prepaid land lease payments	125,010	(125,010)	-

(d) FRS 139: Financial Intruments: Recognition and Measurement

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. Set out below are the major changes in the classification of financial assets and financial liabilities of the Group:

(i)Financial Assets:

Loans and receivables

Non-current receivables, previously measured at invoice amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Investments - fair value through profit or loss

Financial assets include long term and short term investments that are acquired principally for the purpose of selling in the short term. Prior to the adoption of FRS139, the investments were recognized at the lower of cost and market value. With the adoption of FRS139, all investments are recognized and measured at fair value on the date a transaction is entered into and are subsequently re-measured at fair value with changes in fair value recognized in profit or loss at each reporting date.

(ii)Financial Liabilities

The Group's financial liabilities include borrowings and trade and other payables. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening balances in the consolidated balance sheet. Comparatives are not restated.

The effects of adoption of FRS139 on the opening reserves of the Group and other items in the consolidated balance sheet as at 1 January 2010 are as follows:

Balance Sheet as at 1 January 2010	Before the adoption of FRS139 (RM'000)	Effects on adoption of FRS139 (RM'000)	After the adoption of FRS139 (RM'000)
Accumulated losses	(23,758)	22,201	(1,557)
Security retainers	27,320	(26,309)	1,011
Trade Payables	110,411	(2,449)	107,962
Other payables	82,769	(20)	82,749
Deferred Tax Liabilities	(66,953)	(6,577)	(73,530)

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

A4. Comments about seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that is unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

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

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review.

A8. Dividends paid

On 23 July 2010, the Company paid the first and final dividend in respect of the financial year ended 31 December 2009 of 3% or 3 sen per ordinary share less 25% tax which was approved by the shareholders during the Annual General Meeting held on 23 June 2010.

A9. Segmental information

Segment information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company.

The Group's principal business segments are property development and resort operations, property investment and investment holding.

The information by geographical location is not presented as the Group's activities are carried out predominantly in Malaysia.

Business segment analysis	**Property development and resort operations**	**Property Investment**	**Investment holding and others**	**Consolidated**
	RM'000	**RM'000**	**RM'000**	**RM'000**
YTD ended 31 December 2010				
Revenue	257,375	32,801	2,065	292,241
Results from operations	31,416	15,887	7,287	54,590
Finance cost	(2,593)	(3.065)	(400)	(6,058)
Share of results of associates			6,605	6,605
Profit before tax	**28,823**	**12,822**	**13,492**	**55,137**

Business segment analysis	**Property development and resort operations**	**Property Investment**	**Investment holding and others**	**Consolidated**
	RM'000	**RM'000**	**RM'000**	**RM'000**
YTD ended 31 December 2009				
Revenue	289,640	19,077	3,060	311,777
Results from operations	60,970	3,689	12,053	76,712
Finance cost	(8,380)	-	(1,195)	(9,575)
Share of results of associates	-	-	4,978	4,978
Profit/ (loss) before tax	**52,590**	**3,689**	**15,836**	**72,115**

A10. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2009.

A11. Material events subsequent to the end of interim period

There were no material events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the interim financial statements.

A12. Changes in composition of the Group

There were no changes in composition of the Group during the current quarter, except as follows:

(i) On 10 November 2010, the Company acquired 49,000 ordinary shares of RM1.00 each in the share capital of Simpang Ria Sdn Bhd ("SRSB"), representing 49% of the total issued and paid up share capital of SRSB at a total cash consideration of RM2.00 only. On 30 December 2010, the Company acquired an additional 21,000 ordinary shares of RM1.00 each in the share capital of SRSB, representing 21% of the total issued and paid up share capital of SRSB, at a total cash consideration of RM2.00 only ("collectively referred to as "the Acquisitions"). With the Acquisitions, SRSB has become a 70% owned subsidiary of the Company.

(ii) On 24 December 2010, the Company disposed of its entire equity interest in Bright Phase Sdn Bhd ("BPSB"), comprising 2 ordinary shares of par value RM1.00 each for a total consideration of RM2.00 ("the Disposal"). BPSB is holdings 30.5% equity interest in South Johor Equities Sdn Bhd ("SJESB"). With the Disposal, BPSB has ceased to be a subsidiary of the Company and SJESB has ceased as an associate company of the Company.

A13. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2009.

A14. Capital commitments

	As at 31/12/10 RM'000	As at 31/12/09 RM'000
Approved and Contracted for :		
- Land held for development	180,598	129,264
- Property, plant and equipment/ property development costs	46,548	90,043
	227,146	219,307

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B1. Performance review

Quarterly Results

The Group registered a profit before taxation of RM31.15 million on the back of revenue of RM101.90 million for the current quarter ended 31 December 2010. In comparison, the profit before taxation for the corresponding quarter last year was RM7.86 million on the back of revenue of RM102.52 million.

The higher profit margin of 30.57% in the current quarter compared to the profit margin in the previous corresponding quarter of 7.66% was mainly due to contributions from new property developments such as Casa Tropicana Block E and Pool Villas. In addition, the current quarter results included a net gain of fair value adjustment amounting to RM11.14 million arising from investment securities.

Full Year Results

The Group's revenue for the financial year ended 31 December 2010 of RM292.24 million reflected a decrease of RM19.53 million or 6.26% compared to the revenue for the previous year of RM311.78 million.

The profit before taxation of RM55.14 million in the current year reflected a decrease of RM16.98 million or 23.54% compared to RM72.11 million in the previous year. This was mainly due to substantial recognition of profit contribution from completed projects such as Casa Indah 1 and 2 in the previous year. In comparison, the new projects in the current year had lesser contribution as they were at the early stage of developments.

B2. Variation of results against preceding quarter

The Group profit before taxation in the current quarter of RM31.15 million has significantly increased compared to the pre-tax profit of the immediate preceding quarter of RM8.67 million. This is due to the recognition of contribution from new property developments, i.e. Casa Tropicana Block E and Pool Villas. In addition, there was net gain of fair value adjustment amounting to RM11.14 million arising from investment securities in the current quarter.

B3. Prospects

The Group has achieved a sales record in excess of RM500 million during the current financial year. It is planning further project launches in the forthcoming year in order to sustain longer term performance.

The economic conditions remain healthy with an accommodating financing environment. The demand for properties in good locations is expected to remain strong and should continue to drive the property market.

Barring any unforeseen circumstances, the Group is optimistic in achieving improved performance for the financial year ending 31 December 2011.

B4. Profit forecast or profit guarantee

No profit forecast or profit guarantee was issued for the financial period.

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B5. Taxation

	Individual quarter		Year to date	
	31/12/10 RM'000	31/12/09 RM'000	31/12/10 RM'000	31/12/09 RM'000
Tax expense for the period	1,557	2,627	11,212	18,181
Overprovision of tax for the previous financial year	(4)	(144)	(559)	(532)
Deferred tax transfers	(6,494)	(1,942)	(4,934)	(4,997)
	(4,941)	541	5,719	12,652

The effective tax rate was disproportionate to the financial results principally due to losses incurred by certain subsidiaries and certain expenses not deductible for tax purposes.

B6. Sale of unquoted investments and properties

There was no sale of unquoted investments and properties outside the ordinary course of the Group's business for the financial period under review except as stated in note A12.

B7. Quoted securities

Details of purchases and disposals of quoted securities are as follows:

	Individual quarter		Year to date	
	RM'000	RM'000	RM'000	RM'000
	31/12/10	31/12/09	31/12/10	31/12/09
Purchase consideration	-	-	33,320	-
Sale proceeds	-	693	19,304	3,057
Gain on disposal	-	8	127	563

	As at 31/12/10 RM'000	As at 31/12/09 RM'000
Investment securities:		
At cost	134,081	118,718
At carrying value/ book value	93,686	66,873
At market value	93,686	68,419

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B8. Corporate Proposals

Status of corporate proposals

As announced on 2 August 2010, Goldhill Quest Sdn Bhd ("GQSB"), a 60% owned subsidiary of the Company had, on the same date, entered into 2 conditional Sale and Purchase Agreements with Danga Bay Sdn Bhd ("DBSB") to acquire the following two pieces of land:

(a) a freehold land held under H.S.(D) 471884, PTB 22902, Bandar Johor Bahru, District of Johor Bahru and State of Johor, measuring approximately 126,550 square meters equivalent to 1,362,171 square feet for a cash consideration of RM258,812,490, representing approximately RM190 per square foot; and

(b) a freehold land held under H.S.(D) 471883, PTB 22901, Bandar Johor Bahru, District of Johor Bahru and State of Johor, measuring approximately 24,280 square meters equivalent to 261,347 square feet for a cash consideration of RM49,655,930, representing approximately RM190 per square foot.

As at the date of this report, the above mentioned proposed land acquisitions are still pending completion and the completion date is expected to be in the third quarter of year 2011.

B9. Borrowings

	As at 31/12/10 RM'000	As at 31/12/09 RM'000
Secured short term borrowings	2,711	60,864
Secured long term borrowings	208,649	89,520
	211,360	150,384

All of the above borrowings are denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

There were no off balance sheet arrangement entered into nor were there any off balance sheet financial instruments issued as at the date of this report.

B11. Material litigation

As at 14 February 2011, being 7 days prior to the date of this report, there has been no material litigation of which the value exceeds 5% of the Group's net tangible assets.

B12. Dividend payable

The Board of Directors recommends a first and final dividend of 5% per ordinary shares of RM1.00 less income tax of 25% in respect of the financial year ended 31 December 2010.

The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on a date which to be announced later.

B13. Earnings per share

a) Basic earnings per ordinary share

Basic earnings per share amounts were calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual quarter		Year to date	
	31/12/10	**31/12/09**	**31/12/10**	**31/12/09**
Profit attributable to ordinary equity holders of the Company (RM'000)	36.207	4,099	44,873	50,512
Weighted average number of ordinary shares in issue ('000)	455,000	268,162	454,345	268,162
Basic earnings per share (sen)	7.96	1.53	9.88	18.84

(b) Diluted earnings per ordinary share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares from the exercise of share options under the ESOS and the Warrants.

	Individual quarter		Year to date	
	31/12/10	**31/12/09**	**31/12/10**	**31/12/09**
Profit attributable to ordinary equity holders of the Company (RM'000)	36,207	4,099	44,873	50,512
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	454,345	268,162	454,345	268,162
Effects of dilution :				
- ESOS ('000)	655	-	347	-
- Warrants ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	455,000	268,162	454,692	268,162
Diluted earnings per share (sen)	7.96	1.53	9.87	18.84

B14. Realised/Unrealised Retained Profits/Losses

	RM'000
Total retained profits of DCB, its subsidiaries and associate company:	
- Realised	**83,290**
- Unrealised	**27,905**
Consolidation Adjustment	**(76,572)**
Total retained profits c/f	**34,623**

B15. Authorisation for issue

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 21 February 2011.