



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 31 March 2010

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31.03.2010

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31.03.2010	QUARTER	31.03.2010	PERIOD
	RM'000	31.03.2009	31.03.2009	RM'000
		RM'000		RM'000
Revenue	35,420	37,522	35,420	37,522
Cost of Sales	(27,735)	(29,863)	(27,735)	(29,863)
Gross Profit	<u>7,685</u>	<u>7,659</u>	<u>7,685</u>	<u>7,659</u>
Other Income	599	134	599	134
Operating Expenses	(4,455)	(3,089)	(4,455)	(3,089)
Profit from operations	<u>3,829</u>	<u>4,704</u>	<u>3,829</u>	<u>4,704</u>
Finance Costs	(470)	(316)	(470)	(316)
Share of results of an associate	-	27 #	-	27 #
Profit before tax	3,359	4,415	3,359	4,415
Income tax expense	<u>(998)</u>	<u>(1,247)</u>	<u>(998)</u>	<u>(1,247)</u>
Profit for the period	<u><u>2,361</u></u>	<u><u>3,168</u></u>	<u><u>2,361</u></u>	<u><u>3,168</u></u>
Attributable to :				
Equity holders of the Company	2,353	3,148	2,353	3,148
Minority Interests	<u>8</u>	<u>20</u>	<u>8</u>	<u>20</u>
	<u><u>2,361</u></u>	<u><u>3,168</u></u>	<u><u>2,361</u></u>	<u><u>3,168</u></u>
Earnings per share (sen):-				
Basic	<u>0.28</u>	<u>0.63</u>	<u>0.28</u>	<u>0.63</u>
Diluted*	<u>0.28 *</u>	<u>0.63</u>	<u>0.28 *</u>	<u>0.63</u>

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

* The dilution of the earnings per share is due to the dilutive potential ordinary shares pursuant to the conversion of Redeemable Convertible Secured Loan Notes.

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31.03.2010

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009 RM'000
Profit for the period	2,361	3,168	2,361	3,168
Other comprehensive loss: Changes in RCSLN's fair value	(75)	-	(75)	-
Other comprehensive loss for the period, net of tax	(75)	-	(75)	-
Total comprehensive income for the period, net of tax	2,286	3,168	2,286	3,168
Total comprehensive income for the period attributable to:				
Equity holders of the Company	2,278	3,148	2,278	3,148
Minority Interests	8	20	8	20
	2,286	3,168	2,286	3,168

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 MARCH 2010 QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31.03.2010

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 31.03.2010 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31.12.2009 RM'000
Non Current Assets		
Property, plant and equipment	60,471	55,483
Prepaid lease payment	5,535	4,741
Investment Property	303	304
Intangible assets	657	60
Goodwill arising from consolidation	61,461	61,461
	128,427	122,049
Current Assets		
Inventories	11,091	11,507
Trade and other receivables	42,132	35,381
Tax recoverable	3,152	1,944
Financial assets held for trading	6,542	24,039
Fixed Deposits	15,679	15,610
Cash and bank balances	14,358	12,532
	92,954	101,013
Current Liabilities		
Trade and other payables	31,119	36,656
Tax payables	1,844	1,457
Loans and borrowings	8,152	7,048
	41,115	45,161
Net Current Assets	51,839	55,852
	180,266	177,901
Financed by:		
Issued share capital	82,630	82,630
Reserves	62,598	60,170
	145,228	142,800
Minority Interest	689	681
	145,917	143,481
Non Current Liabilities		
Deferred tax liabilities	2,044	2,030
Redeemable Convertible Secured Loan Notes ("RCSLN")	16,361	16,419
Loans and borrowings	15,944	15,971
	34,349	34,420
	180,266	177,901
Net assets per share (sen)	17.58	17.28

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

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31.03.2010

(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 Transalation Reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance as at 1 Jan 2009	49,199	37,573	-	-	25,952	112,724	669	113,393
Private placements	1,900	2,702	-	-	-	4,602	-	4,602
Net profit for the period	-	-	-	(14)	3,148	3,134	20	3,154
Balance as at 31 Mar 2009	51,099	40,275	-	(14)	29,100	120,460	689	121,149
Private placements	3,020	3,538	-	-	-	6,558	-	6,558
Bonus issue	27,060	(27,178)	-	-	-	(118)	-	(118)
Acquisition of a subsidiary	-	-	-	-	3,424	3,424	-	3,424
Dividends paid	-	-	-	-	-	-	(30)	(30)
Net profit for the period	-	-	-	-	4,090	4,090	(28)	4,062
Balance as at 30 June 2009	81,179	16,635	-	(14)	36,614	134,414	631	135,045
Acquisition of a subsidiary	-	-	-	-	(154)	(154)	(83)	(237)
Bonus issue	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(1,218)	(1,218)	-	(1,218)
Net profit for the period	-	-	-	-	4,148	4,148	7	4,155
Balance as at 30 September 2009	81,179	16,635	-	(14)	39,390	137,190	555	137,745
Effect on issuance of RCSLN	-	-	443	-	-	443	-	443
Conversion of RCSLN	1,451	1,549	-	-	-	3,000	-	3,000
Net profit for the period	-	-	-	14	2,153	2,167	126	2,293
Balance as at 31 December 2009	<u>82,630</u>	<u>18,184</u>	<u>443</u>	<u>-</u>	<u>41,543</u>	<u>142,800</u>	<u>681</u>	<u>143,481</u>
Balance as at 1 January 2010	82,630	18,184	443	-	41,543	142,800	681	143,481
Net profit for the period	-	-	75	-	2,353	2,428	8	2,436
Balance as at 31 March 2010	<u>82,630</u>	<u>18,184</u>	<u>518</u>	<u>-</u>	<u>43,896</u>	<u>145,228</u>	<u>689</u>	<u>145,917</u>

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 CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31.03.2010

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.03.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,359	20,377
Adjustments for:		
Share of results of an associate	-	(116)
Discount on convertible loan notes	42	11
Amortisation on intangible assets	18	72
Amortisation on prepaid land lease payments	19	71
Depreciation on property, plant and equipment	735	2,767
Depreciation on investment property	1	5
Gain on disposal of property, plant & equipment	(298)	(285)
Property, plant and equipment written off	-	44
Gain on disposal of investment in marketable securities	-	(207)
Gain on appreciation of market value of marketable securities	(2)	-
Allowance for doubtful debts	-	20
Bad debts written off	-	4
Dividend income	-	(19)
Finance costs	470	1,534
Interest income	(206)	(793)
Unrealised foreign exchange loss / (gain)	107	(139)
Operating profit before working capital changes	4,245	23,346
Changes in working capital:		
Net change in inventories	416	16,350
Net change in trade and other receivables	(6,826)	1,411
Net change in trade and other payables	(5,567)	(25,104)
Cash (used in) / generated from operations	(7,732)	16,003
Interest paid	(470)	(1,534)
Income tax paid	(1,830)	(7,071)
Net Cash (Used in) / Generated From Operating Activities	(10,032)	7,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,764)	(5,054)
Proceeds from disposal of property, plant and equipment	340	1,100
Purchase of prepaid land lease payments	(815)	-
Purchase of intangible assets	(615)	-
Acquisition of marketable securities	-	(38)
Acquisition of subsidiaries	-	(16,477)
Acquisition of minority interest	-	(462)
Proceeds from disposal of marketable securities	-	522
Increase in pledged deposits placed with licensed banks	(39)	(288)
Dividend received	-	19
Interest received	206	793
Net Cash Used in Investing Activities	(6,687)	(19,885)

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31.03.2010

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 31.03.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(1,038)	(13,815)
Proceeds from loans and borrowings	466	22,316
Proceeds from issuance of shares	-	11,267
Dividend paid	-	(1,248)
Net Cash (Used in) / Generated From Financing Activities	(572)	18,520
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(17,291)	6,033
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	43,284	37,251
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	25,993	43,284
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash and bank balances	14,358	12,532
Fixed deposits with licenced banks	15,679	15,610
Short term investments	6,510	24,010
Bank overdraft	(1,677)	(30)
	34,870	52,122
Less: Deposits pledged	(8,877)	(8,838)
	25,993	43,284

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

	RM'000
Property, plant and equipment	26,027
Prepaid land lease payments	837
Inventories	244
Trade and other receivables	4,136
Tax recoverable	264
Cash and bank balances	6,632
Trade and other payables	(976)
Loans and borrowings	(6,599)
Deferred tax liabilities	(930)
Fair value of net assets	29,635
Transfer from investment in associate	(9,148)
Goodwill on acquisitions	2,622
Consideration paid, satisfied in cash	23,109
Cash and bank balances acquired	(6,632)
Net cash outflows	16,477

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

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 31 March 2009 have been re-presented as two separate statements, an income statement displaying components of profit or loss 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 31 March 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.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

A7 Dividends paid

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

31.12.2009

Final dividend for the financial year	31 December 2008
Approved and declared on	8 June 2009
Date paid	20 July 2009
Number of ordinary shares on which dividends were paid	541,191,028
Amount per share	0.30 sen less 25% taxation
Net dividend paid (RM)	1,217,680

No dividend was paid during the quarter and the Directors do not recommend any dividend to be paid for the financial quarter under review.

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	10,110	8,840	16,470	-	35,420
Segment Results	1,604	1,762	666	(318)	3,714
Unallocated Results					115
Profit from Operations					3,829
Finance Costs					(470)
Profit Before Tax					3,359
Taxation					(998)
Profit After Tax					2,361
Geographical Segment					Revenue RM'000
Malaysia					35,420
Foreign Countries					-
Consolidated					35,420

A9 Valuation of property, plant and equipment

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

A10 Subsequent Events

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

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:-

Incorporation of PT. Daya Secadyme Indonesia

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

A12 Contingent Assets and Contingent Liabilities

As at 31 March 2010, the Company provides corporate guarantees up to a total amount of RM130,233,849 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 RM17,287,579.

As at 31 March 2010, the Company also provides corporate guarantees up to a total amount of RM5,850,000 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 RM1,302,910.

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

A13 Capital Commitments

	RM'000
Contracted and not provided for:	<u>18,906</u>
Approved but not contracted for:	<u>1,847</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 31.03.2010 RM'000	Balance due at 31.03.2010 RM'000
Housing loan to a director	<u>2,720</u>	<u>2,648</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 RM35.420 million for the quarter ended 31 March 2010, a decrease of 6% from RM37.522 million recorded in the previous year corresponding quarter. The lower revenue mainly attributed to the decrease in revenue from technical services and oil & gas segments. In addition to that, the delay in the commencement of our tank services business and setting up of our new Indonesian operations has also increased the operating costs. Consequently, the Group recorded lower profit before tax of RM3.359 million for the quarter ended 31 March 2010, which represents a 24% decrease compared to RM4.415 million profits before tax recorded in the preceding year corresponding quarter.

B2 Variation of results against preceding quarter

	Quarter ended 31.03.2010 RM'000	Quarter ended 31.12.2009 RM'000
Revenue	35,420	62,674
Profit before tax	3,359	3,976

For the first quarter ended 31 March 2010, the Group achieved lower revenue of RM35.420 million as compared to RM62.674 million recorded in the preceding quarter. The decrease in revenue was mainly attributed to the lower contribution from its technical services and oil & gas segments as a result of the winding down of a large ongoing technical contract and the delay in several downstream chemical orders. Consequently, the Group recorded a slight lower profit before tax of RM3.359 million for the current quarter as compared to RM3.976 million in the preceding quarter.

B3 Prospects

Notwithstanding the current challenging economic condition, most of the Group's core businesses are expected to perform well in the coming period. Contribution from oil & gas division, especially in deodorizing services, sales and provision of specialized lifting services are anticipated to be positive. The purchase of a new 350 MT of LIEBHERR Lattice Boom Crawler Crane via Daya Proffscorp Sdn. Bhd. is expected to contribute positively to the earnings of the Group. Technical services division is also expected to perform well in view of its existing contracts and some of the tenders participated. Polymer division, which has so far been the most affected by the economic situation, has started to recover gradually, and its expecting to performance better in the coming period. In addition, the Group shall continue to seek opportunities to grow its business by venturing into new markets such as Brunei, Singapore and Indonesia. The incorporation of subsidiary in Indonesia was a significant move in venturing into the new markets. The scheduled commissioning of its tank cleaning and repair business via Daya Clarimax Sdn. Bhd. (formerly known as Clarimax Sdn. Bhd.) is also expected to contribute positively to the Group. The proposed acquisition of 100% equity interest in OCI Energy Sdn Bhd is expected to contribute to the revenue base and profitability of the DMB Group.

The Board is of the view that the Group's operational results for the financial year ending 2010 will be satisfactory, barring any unforeseen circumstances.

B4 Profit forecast

Not applicable.

DAYA MATERIALS BERHAD

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

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009 RM'000
In respect of the current period:				
Estimated current tax payable	(998)	(1,247)	(998)	(1,247)

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

B6 Sale of unquoted investments and properties

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

B7 Financial Assets held for trading

	AS AT END OF CURRENT QUARTER 31.03.2010 RM'000	AUDITED FOR THE YEAR ENDED 31.03.2009 RM'000
At fair value		
Short term investments	6,510	24,010
Quoted securities	32	29
	<u>6,542</u>	<u>24,039</u>

The investment in quoted securities as at 31 March 2010 are summarised below:-

	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009 RM'000
Total investment at		
Cost	26	533
Carrying value / Market value	<u>32</u>	<u>468</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009 RM'000
Purchases (at cost)	-	38	-	38
Disposal proceeds	-	-	-	-
(Loss)/Gain	-	-	-	-

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B8 Status of corporate proposals

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

The status of corporate proposals announced by the Company but not completed as at 17 May 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report is summarised below:

(i) Proposed ESOS and Shares Buy-Back

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

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

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

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

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

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

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

(iii) Proposed Private Placements

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

(iv) Proposed Acquisition of OCI Energy Sdn Bhd

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

(v) Proposed bonus shares issue

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B9 Status of utilisation of proceeds

RCSLN

The Group raised RM20 million from its RCSLN issue.

As at 31 March 2010, the Group has utilised approximately 70% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

	Proceeds from Issuance of RCSLN RM'000 ⁽ⁱ⁾	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000	Deviation %
To fund future synergistic acquisitions	6,000	-	within 24 months	6,000	100.00
Working capital requirements	13,837	13,837	within 6 months	-	-
Defraying of expenses incidental to the RCSLN ⁽ⁱ⁾	163	163	within 1 month	-	-
Total	20,000	14,000		6,000	30.00

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

B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
Trade facilities (Secured)	2,312	986	3,298
Hire purchases (Secured)	1,029	1,794	2,823
Overdraft (Unsecured)	1,677	-	1,677
Term loans (Secured)	3,134	13,164	16,298
	8,152	15,944	24,096

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

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

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

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPOND-ING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPOND-ING PERIOD 31.03.2009 RM'000
Nominal value	17,000	-	17,000	-
Add: Discount on convertible notes	52	-	52	-
Less: Unamortised discount	(691)	-	(691)	-
	<u>16,361</u>	<u>-</u>	<u>16,361</u>	<u>-</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPOND-ING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPOND-ING PERIOD 31.03.2009 RM'000
Liability component:-				
Nominal value of the convertible notes	17,000	-	17,000	-
Add: Discount on convertible notes	52	-	52	-
	<u>17,052</u>	<u>-</u>	<u>17,052</u>	<u>-</u>
Equity component, net of deferred tax	(518)	-	(518)	-
Deferred tax liability	(173)	-	(173)	-
	<u>16,361</u>	<u>-</u>	<u>16,361</u>	<u>-</u>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPOND-ING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR CORRESPOND-ING PERIOD 31.03.2009 RM'000
Loss arising from fair value changes on Liability component of RCSLN	5	-	5	-

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 17 May 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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 17 May 2010, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

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

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

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

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

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

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

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

- (ii) Daya CMT Sdn Bhd ("DCMT") has on 15 September 2009 brought a civil suit against Biz-Markas Sdn Bhd ("1st Defendant") and Reapfield Properties (S.J) Sdn Bhd ("2nd Defendant") (collectively "Defendants") vide KL High Court Writ Saman No. S22-663-2009. By a written agreement dated 8 July 2009 between DCMT and the 2nd Defendant as agent for the 1st Defendant, the Defendants agreed to a sale to DCMT of the land identified as Lot 20, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Selangor Darul Ehsan for the purchase consideration of RM9,067,500.00. Pursuant to the said written agreement, an earnest deposit was paid by or for DCMT amounting to RM181,350.00. The 1st Defendant had thereafter declined to proceed with the transaction. DCMT is seeking the remedy of specific performance against the Defendants or in the alternative, special and general damages for breach of contract. This matter is now fixed for further case management on 31 May 2010 at the Kuala Lumpur High Court. The solicitors for DCMT are of the opinion that DCMT has a reasonably good case against the Defendants.

DAYA MATERIALS BERHAD

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

B14 Proposed Dividends

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

The Company is pleased to propose a final dividend of 3.2% less income tax of 25% in respect of the financial year ended 31 December 2009. These final dividend payable will be proposed for shareholders' approval at the forthcoming Annual General Meeting, and will be paid on 16 July 2010 to depositors in the Record of Depositors of the Company on 28 June 2010.

B15 Earnings per share

a) Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009	CURRENT YEAR TO DATE 31.03.2010	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	2,353	3,148	2,353	3,148
Weighted average number of shares in issue ('000)	826,300	496,214	826,300	496,214
Basic earnings per share (sen)	<u>0.28</u>	<u>0.63</u>	<u>0.28</u>	<u>0.63</u>

b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009	CURRENT YEAR TO DATE 31.03.2010	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2009
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	2,353	3,148	2,353	3,148
Effect of dilution (RM'000)	53	-	53	-
Adjusted net profit for the period attributable to ordinary equity holders of the company (RM'000)	2,406	3,148	2,406	3,148
Weighted average number of shares in issue ('000)	826,300	496,214	826,300	496,214
Effect of dilution ('000)	28,060	-	28,060	-
Adjusted weighted average number of shares in issue ('000)	854,360	496,214	854,360	496,214
Diluted earnings per share (sen)	<u>0.28</u>	<u>0.63</u>	<u>0.28</u>	<u>0.63</u>

B16 Auditors' Report on Preceding Annual Financial Statements

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

By Order of the Board

THAM WOUI LOON
Managing Director

Date: 21-May-10