

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

Quarterly report on results for the 2nd quarter ended 30.06.2007

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
Revenue	7,316	6,781	17,472	13,982
Cost of Sales	(5,890)	(5,222)	(13,924)	(10,884)
Gross Profit	<u>1,426</u>	<u>1,559</u>	<u>3,548</u>	<u>3,098</u>
Other Net Operating Income	148	45	310	115
Operating Expenses	(515)	(647) #	(1,238)	(1,144) #
Profit from operations	<u>1,059</u>	<u>957</u>	<u>2,620</u>	<u>2,069</u>
Finance Costs	<u>(29)</u>	<u>(22) #</u>	<u>(70)</u>	<u>(39) #</u>
Profit before tax	1,030	935	2,550	2,030
Income tax expenses	<u>(68)</u>	<u>(129)</u>	<u>(211)</u>	<u>(253)</u>
Net profit for the period	<u><u>962</u></u>	<u><u>806</u></u>	<u><u>2,339</u></u>	<u><u>1,777</u></u>
Basic earnings per share (sen)	<u>0.51</u>	<u>0.43</u>	<u>1.23</u>	<u>0.94</u>

Notes :

The comparative amounts have been reclassified to conform with current year's presentation.

The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

DAYA MATERIALS BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 June 2007

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2007 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31/12/2006 RM'000
Non Current Assets		
Property, plant and equipment	11,711	10,861
Development expenditure	240	276
Finance lease receivables	1,069	1,048
	13,020	12,185
Current Assets		
Inventories	4,685	3,570
Trade receivables	6,999	9,219
Other receivables, deposits and prepaid expenses	1,856	3,205
Finance lease receivables	31	58
Tax recoverable	1,594	0
Short term investments	8,340	9,359
Marketable securities	953	181
Fixed Deposits	37	37
Cash and bank balances	2,809	1,924
	27,304	27,553
Current Liabilities		
Trade payables	1,375	1,436
Other payables and accrued expenses	772	903
Hire purchase payables	173	-
Tax payables	1,319	108
Bank borrowings (secured)	348	3,538
	3,987	5,985
Net Current Assets	23,317	21,568
	36,337	33,753
Financed by:		
Issued share capital	18,963	18,963
Reserves	15,958	13,619
	34,921	32,582
Non Current Liabilities		
Deferred tax liabilities	667	667
Hire purchase payables	323	-
Term loan	426	504
	1,416	1,171
	36,337	33,753
Net assets per share (sen)	18.42	17.18

The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Quarterly report on results for the 2nd quarter ended 30.06.2007

(The figures have not been audited)

	Share capital RM'000	Share premium RM'000	Non-Distributable - Merger Relief Reserve/(Merger Deficit) RM'000	Distributable reserve / Unappropriated profit RM'000	Total RM'000
Balance as at 1 Jan 2006	18,963	5,959	0	4,710	29,632
Net profit for the period	0	0	0	971	971
Balance as at 31 Mar 2006	18,963	5,959	0	5,681	30,603
Net profit for the period	0	0	0	806	806
Balance as at 30 June 2006	18,963	5,959	0	6,487	31,409
Net profit for the period	0	0	0	877	877
Balance as at 30 Sept 2006	18,963	5,959	0	7,364	32,286
Net profit for the period	0	0	0	296	296
Balance as at 31 Dec 2006	18,963	5,959	0	7,660	32,582
Balance as at 1 Jan 2007	18,963	5,959	0	7,660	32,582
Net profit for the period	0	0	0	1,377	1,377
Balance as at 31 Mar 2007	18,963	5,959	0	9,037	33,959
Net profit for the period	0	0	0	962	962
Balance as at 30 June 2007	18,963	5,959	0	9,999	34,921

The accompanying notes form an integral part of, and should be read in conjunction with this interim report.

DAYA MATERIALS BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/06/2007 RM'000	AUDITED PRECEDING YEAR FOR THE YEAR ENDED 31/12/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,550	4,028
Adjustments for:		
Amortisation on development expenditure	36	72
Depreciation	270	472
Gain on disposal of PPE	0	0
Gain on disposal of investment	(380)	(62)
PPE written off	3	8
Provision for doubtful debts	87	95
Interest expenses	70	85
Interest income	(286)	(356)
Unrealised foreign exchange gain	(1)	(11)
Operating profit before working capital changes	2,349	4,331
Changes in working capital:		
Net change in inventories	(1,115)	82
Net change in trade & other receivables	3,489	(3,420)
Net change in trade & other payables	(192)	(2,012)
Cash used in operations	4,531	(1,019)
Interest paid	(70)	(85)
Income tax paid	(595)	(1,039)
Net Cash Used In Operating Activities	3,866	(2,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	0	0
Listing Expenditure	0	0
Purchase of PPE	(585)	(1,460)
Proceeds from disposal of PPE	0	0
Acquisition of marketable securities	(3,786)	(181)
Acquisition of bond	0	(5,030)
Proceeds from disposal of investment	3,394	5,092
Proceeds from issuance of shares	0	0
Dividend paid	0	0
Interest received	286	356
Net Cash From Investing Activities	(691)	(1,223)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/06/2007 RM'000	AUDITED PRECEDING YEAR FOR THE YEAR ENDED 31/12/2006 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(42)	-
Change in trade facilities	(3,190)	1,515
Change in term loan	(77)	(155)
Net Cash From Financing Activities	(3,309)	1,360
NET INCREASE IN CASH AND CASH EQUIVALENTS	(134)	(2,006)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	11,320	13,326
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,186	11,320
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash & bank balances	2,809	1,924
Fixed deposits with licenced banks	37	37
Short term investments	8,340	9,359
Bank overdraft	0	0
	11,186	11,320

The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006. 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 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2006.

A2 Qualification of Annual Financial Statements

The preceding year annual audited financial statements were not subject to any qualification.

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

During the quarter under review, 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.

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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividends paid

The Board has not recommended any payment of dividend for the period under review.

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A8 Segment information

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

Business Segment	Trading RM'000	Manufacturing RM'000	Total RM'000
External Revenue	-	17,472	17,472
Segment Results	-	1,955	1,955
Unallocated Results			665
Profit from Operations			2,620
Finance Costs			(70)
Profit Before Tax			2,550
Taxation			(211)
Profit After Tax			2,339
Geographical Segment			External Revenue RM'000
Malaysia			15,678
Foreign Countries			1,794
Consolidated			17,472

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 the below and as disclosed under Section B8, there were no material events subsequent to the current financial quarter ended 30 June 2007 up to the date of this report which is likely to substantially affect the results of the operations of the Company:-

- 83,565,217 new ordinary shares of RM0.10 each issued pursuant to the Acquisition of Seca Dyme Sdn Bhd; and
- 22,000,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement,

were listed on Bursa Malaysia Securities Berhad on 1 August 2007.

A11 Changes in the composition of the Group

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

A12 Contingent Assets and Contingent Liabilities

Corporate guarantee given to licensed banks for banking facilities granted to its subsidiary as at 21 August 2007	RM'000
	2,565

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

A13 Capital commitments

Approved but not contracted for:	RM'000
	3,117

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET

B1 Review of performance

Current Year Quarter versus Preceding Year Corresponding Quarter

The Group achieved higher revenue of RM7.316 million for the quarter ended 30 June 2007, an increase of 8% from RM6.781 million recorded in the previous year corresponding quarter. The revenue growth was attributed to the improvement in the manufacturing sales segment. The Group recorded a profit before taxation of RM1.030 million for the quarter ended 30 June 2007, which represents a 10% increase over RM0.936 million profits recorded for the corresponding quarter in the previous financial year. The improved performance was largely due to the higher margins derived from the significant growth in manufacturing segment, predominantly in the sales of Semicon and LV-XLPE.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved higher revenue of RM17.472 million for the six months ended 30 June 2007, an increase of 25% from RM13.982 million recorded in the first six months of the previous year. The revenue growth is attributed to the improvement in the manufacturing sales segment, which in turn, is offset by the reduction in trading sales. The Group recorded a profit before taxation of RM2.550 million for the period ended 30 June 2007, which represents a 26% increase over RM2.030 million profits recorded for the corresponding quarter in the previous year. The improved performance is in correspondence with the significant growth in manufacturing segment which is predominantly in the sales of Semicon and LV-XLPE.

B2 Variation of results against preceding quarter

	Quarter ended 30/06/2007 RM'000	Quarter ended 31/03/2007 RM'000
Revenue	7,316	10,156
Profit before tax	1,030	1,520

For the second quarter ended 30 June 2007, the Group achieved lower revenue of RM7.316 million as compared to RM10.156 million recorded in the preceding quarter. The lower revenue was mainly attributed to the decrease in revenue from the manufacturing sales segment. As a result, the Group recorded a lower profit before taxation of approximately RM1.030 million for the current quarter as compared to approximately RM1,520 million in the preceding quarter, represent a decrease of 32%.

B3 Prospects

The Board expects the positive financial performance of the Group to continue for the current financial year after taking into consideration the Group's current level of operations and prevailing market conditions.

The Group believes the outlook of the cable and wire business in Malaysia, which is the major markets served by the Group's customers, as a whole is encouraging. The good progress in the Ninth Malaysia Plan (9MP) projects may boost the power industries which in turn will bode well for the polymer industry.

The Group will continue to focus on its core activities to improve its competitiveness and coupled with the acquisition of Seca Dyme Sdn Bhd("SDSB"), the Group is expecting positive performance in the financial year ending 31 December 2007. The merged business of the Group and the newly acquired subsidiaries will further enhance the market strength and market position of the Group in the petrochemical industries, in particular, the oil and gas sector.

The Board is optimistic that the Group's operational results for the financial year ending 31 December 2007 will be satisfactory, barring any unforeseen circumstances.

B4 Profit forecast

Not applicable.

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B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
In respect of the current period:				
Estimated current tax payable	<u>68</u>	<u>129</u>	<u>211</u>	<u>253</u>

The effective tax rate for the quarter under review was lower than the statutory income tax rate. This is attributed to the anticipated tax benefits principally the reinvestment allowances incentives pertaining to the new factory building which was in used partly as a warehouse in the first half of year 2007.

B6 Sale of unquoted investments and properties

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

B7 Quoted securities

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

	INDIVIDUAL QUARTER			PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	
Purchases (at cost)	1,434	-	3,000	-
Disposal proceeds	<u>1,612</u>	<u>-</u>	<u>3,380</u>	<u>-</u>
Gain on disposal	<u>178</u>	<u>-</u>	<u>380</u>	<u>-</u>

The investment in quoted securities as at 30 June 2007 are summarised below:

	CURRENT YEAR TO DATE RM'000
Total investment at cost/carrying value	953
Total investment at market value	961

B8 Status of corporate proposals

The status of corporate proposals announced by the Company on 23 August 2006 and completed as at the date of this quarterly report is summarised below:

Acquisition of Seca Dyme Sdn Bhd

1) Acquisition of 1,008,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Seca Dyme Sdn Bhd ("SDSB") from Dato' Mazlin Bin Md Junid and Dato' Muhammad Junid Bin Muhammad Yusof ("SDSB Vendors") for a purchase consideration of RM24,000,000 to be satisfied via issuance of 83,565,217 new ordinary shares of RM0.10 each in DMB ("DMB shares") at an issue price of RM0.23 per new DMB share and cash consideration of RM4,780,000 ("Acquisition of SDSB").

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2) Private placement of up to 26,000,000 new DMB Shares representing up to 13.70% of the existing issued and paid-up share capital of DMB to Bumiputera investors to be identified at an issue price to be determined at a later date ("Private Placement").

3) Increase in the authorised share capital of DMB from RM25,000,000 comprising of 250,000,000 DMB shares to RM50,000,000 comprising 500,000,000 DMB shares.

(hereinafter will be referred to as "the Proposals")

MIMB Investment Bank Berhad (formerly known as Malaysian International Merchant Bankers Berhad) ("MIMB") has been appointed as the Adviser in respect of the above Proposals.

The Company had on 12 September 2006 submitted an application to Securities Commission ("SC") and also to SC pursuant to Foreign Investment Committee's ("FIC") Guidelines and Ministry of International Trade and Industry respectively for the above Acquisition of SDSB and Private Placement.

MIMB had on the following dates, on behalf of the Company, announced the following approvals:-

Date of Announcement	Approving authorities
10 November 2006	Approval of the SC and the SC on behalf of FIC via its letter dated 9 November 2006 on the Acquisition of SDSB and Private Placement subject to several conditions
24 January 2007	Approval of MITI on the Acquisition of SDSB and Private Placement via its letter dated 22 January 2007 subject to confirmation of several conditions
9 March 2007	Amendment from SC via its letter dated 9 March 2007 on its earlier approval letter dated 9 November 2006.
9 April 2007	Approval of MITI via its letter dated 5 April 2007 the revision to its condition (imposed via its approval dated 22 January 2007).
4 June 2007	Approval of SC via its letter dated 1 June 2007 the extension of time of three (3) months period up to 9 August 2007 in order to complete the implementation of the Proposals and the revision to its condition (imposed via its approval dated 9 November 2006).
6 July 2007	The Proposals have been approved by the shareholders at an extraordinary general meeting convened on 6 July 2007. Further the shareholders of DMB have also approved certain modification to the Ordinary Resolution 2 relating to the Private Placement. In addition, the Board had on 6 July 2007 resolved to fix the issue price of RM0.535 per new ordinary share of RM0.10 each in DMB ("Placement Share(s)) to be issued pursuant to the Private Placement.
16 July 2007	The acceptance of the offer in respect of the Private Placement amounting to an aggregate number of 22,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.535 to the allocated places.
20 July 2007	Approval of Bursa Malaysia via its letter dated 19 July 2007 in-principle the listing of up to 109,565,217 new ordinary shares of RM0.10 each to be issued pursuant to the Acquisition of SDSB and Private Placement.
2 August 2007	The Acquisition of SDSB and Private Placement had been duly completed on 1 August 2007.

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Proposed Acquisition of CMT (Penang) Sdn Bhd

The status of corporate proposals announced by the Company on 6 August 2007 but not completed as at the date of this quarterly report is summarised below:-

Proposed acquisition of 750,000 ordinary shares of RM1.00 each representing 30% of the issued and paid-up share capital of CMT (Penang) Sdn Bhd ("CMT") from Goo Bak Hoo @ Goh Bak Hoe, Bong Hock Kim, Chan Thiam Fook, Chin Choon Guan and Chen Soon Loy (collectively "CMT Vendors") for a cash consideration of RM7,200,000 ("Proposed Acquisition of CMT")

B9 Status of utilisation of proceeds from Initial Public Offering

The Public Issue of 56,890,000 new ordinary shares of RM0.10 each at an issue price of RM0.23 per share which was implemented on 25 July 2005, raised a total gross proceeds of approximately RM13.085 million.

As at 30 June 2007, the Company has utilised approximately 73% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

Purpose	Proposed Utilisation* RM'000	Actual Utilisation RM'000	Intended Time Frame Utilisation Year	Deviation Amount RM'000	Deviation %	Explanations
Expansion in production facility	6,500	3,973	2005-2007	2,527	38.88	(i)
Investment in R&D and new product development	1,700	657	2005-2007	1,043	61.35	(ii)
Working capital	3,448	3,448	2005-2007	-		
Listing expenses	1,437	1,437	2005-2007	-		
Total	13,085	9,515		3,570	27.28	

* On 20 December 2005, the Board of Directors ("Board") had resolved to reduce the earlier allocation of proceeds of RM8.5 million for the expansion of production facility of the Group as disclosed in the DMB's Prospectus dated 30 June 2005 to RM6.5 million. The difference of RM2.0 million was allocated for working capital purposes of the Group. On 21 November 2006, the Board had also resolved to reallocate the unutilised proceeds for listing expenses amounting to approximately RM63,000 to be utilised for working capital purposes.

- (i) Actual utilisation incurred mainly in relation to the construction of second factory building. The deviation is mainly due to the delay in securing approvals from the regulatory authorities, namely Majlis Perbandaran Seberang Perai and other relevant authorities for the construction of the new factory building. The balance unutilised proceeds are expected to be used by end of 2007.
- (ii) Actual utilisation incurred mainly in relation to the development costs of new products. The deviation is mainly due to the delay in procuring of R&D processing equipment. The balance unutilised proceeds are expected to be used by end of 2007.

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	193	0	193
Overdraft	0	0	0
Term loans	155	426	581
	<u>348</u>	<u>426</u>	<u>774</u>

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

- (a) legal charges over the freehold land and building of the wholly owned subsidiary company, Daya Polymer Sdn Bhd ;
(b) a corporate guarantee by Daya Materials Berhad; and
(c) a debenture over all assets of Daya Polymer Sdn Bhd.

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

B11 Off balance sheet financial instruments

There were no off-balance sheet financial instruments as at the date of this quarterly report.

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B12 Material litigations

There were no material litigations involving the Group since the last financial year ended 31 December 2006 and pending as at the date of this quarterly report.

B13 Dividends

The Board has not recommended any payment of dividend for the period under review.

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2006 RM'000	CURRENT YEAR TO DATE 30/06/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2006 RM'000
Net profit for the period (RM'000)	962	806	2,339	1,777
Weighted average number of shares in issue ('000)	189,630	189,630	189,630	189,630
Basic earnings per share (sen)	<u>0.51</u>	<u>0.43</u>	<u>1.23</u>	<u>0.94</u>

B15 Other corporate development

The SC had via its letter dated 27 June 2006 approved the proposed extension of time of one (1) year until 30 June 2007 for the Company to procure the certificate of fitness for occupation ("CF") for its new factory constructed at No. 1744, Jalan Industri Dua, Taman Industri Bukit Panchor, Nibong Tebal, Penang. On 26 January 2007, the Group announced that they have obtained the above mentioned CF on 19 January 2007.

By Order of the Board

THAM WOUI LOON
Managing Director

Date: 23 August 2007