

# DAYA MATERIALS BERHAD

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

## CONDENSED CONSOLIDATED INCOME STATEMENT

Quarterly report on results for the third quarter ended 30.09.2007

(The figures have not been audited)

|                                | INDIVIDUAL QUARTER |                | CUMULATIVE QUARTER |                |
|--------------------------------|--------------------|----------------|--------------------|----------------|
|                                | CURRENT YEAR       | PRECEDING YEAR | CURRENT YEAR       | PRECEDING YEAR |
|                                | QUARTER            | CORRESPONDING  | TO DATE            | CORRESPONDING  |
|                                | 30/09/2007         | QUARTER        | 30/09/2007         | PERIOD         |
|                                | RM'000             | 30/09/2006     | RM'000             | 30/09/2006     |
|                                | RM'000             | RM'000         | RM'000             | RM'000         |
| Revenue                        | 29,362             | 7,295          | 46,834             | 21,277         |
| Cost of Sales                  | (23,228)           | (5,679)        | (37,152)           | (16,563)       |
| Gross Profit                   | 6,134              | 1,616          | 9,682              | 4,714          |
| Other Net Operating Income     | 137                | 41             | 447                | 156            |
| Operating Expenses             | (2,755)            | (623) #        | (3,993)            | (1,767) #      |
| Profit from operations         | 3,516              | 1,034          | 6,136              | 3,103          |
| Finance Costs                  | (91)               | (17) #         | (161)              | (56) #         |
| Profit before tax              | 3,425              | 1,017          | 5,975              | 3,047          |
| Income tax expenses            | (699)              | (140)          | (910)              | (393)          |
| Net profit for the period      | 2,726              | 877            | 5,065              | 2,654          |
| Attributable to :              |                    |                |                    |                |
| Equity holders of the Company  | 2,734              | 877            | 5,073              | 2,662          |
| Minority Interests             | (8)                | -              | (8)                | (8)            |
|                                | 2,726              | 877            | 5,065              | 2,654          |
| Basic earnings per share (sen) | 1.05               | 0.46           | 2.38               | 1.40           |

Notes :

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

The Group completed its acquisition of Seca Dyme Sdn Bhd and its subsidiaries on 1 August 2007 and accordingly, the Group's quarterly report for the quarter ended 30 September covers the results of Seca Dyme Sdn Bhd and its subsidiaries from 1 August 2007 to 30 September 2007.

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

# DAYA MATERIALS BERHAD

(Company No: 636357-W)  
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## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 September 2007

(The figures have not been audited)

|  | UNAUDITED<br>AS AT END OF<br>CURRENT QUARTER<br>30/09/2007<br>RM'000 | AUDITED<br>AS AT END OF<br>FINANCIAL YEAR<br>31/12/2006<br>RM'000 |
|--|--|---|
| <b>Non Current Assets</b>                        |  |   |
| Property, plant and equipment                    | 14,189   | 10,861  |
| Development expenditure                          | 222  | 276   |
| Finance lease receivables                        | 1,069  | 1,048   |
| Goodwill arising from consolidation              | 16,578   |   |
|  | <u>32,058</u>  | <u>12,185</u>   |
| <b>Current Assets</b>                            |  |   |
| Inventories                                      | 9,501  | 3,570   |
| Trade receivables                                | 10,312   | 9,219   |
| Other receivables, deposits and prepaid expenses | 4,001  | 3,205   |
| Finance lease receivables                        | 31   | 58  |
| Tax recoverable                                  | 1,099  | 0   |
| Short term investments                           | 14,342   | 9,359   |
| Marketable securities                            | 1,359  | 181   |
| Fixed Deposits                                   | 21   | 37  |
| Cash and bank balances                           | 8,143  | 1,924   |
|  | <u>48,809</u>  | <u>27,553</u>   |
| <b>Current Liabilities</b>                       |  |   |
| Trade payables                                   | 4,082  | 1,436   |
| Other payables and accrued expenses              | 2,672  | 903   |
| Hire purchase payables                           | 193  | -   |
| Tax payables                                     | 1,079  | 108   |
| Bank borrowings (secured)                        | 3,328  | 3,538   |
|  | <u>11,354</u>  | <u>5,985</u>  |
| <b>Net Current Assets</b>                        | 37,455   | 21,568  |
|  | <u>69,513</u>  | <u>33,753</u>   |
| <b>Financed by:</b>                              |  |   |
| Issued share capital                             | 29,519   | 18,963  |
| Reserves   | 38,372   | 13,619  |
|  | <u>67,891</u>  | <u>32,582</u>   |
| Minority Interest                                | 12   | -   |
| <b>Non Current Liabilities</b>                   |  |   |
| Deferred tax liabilities                         | 679  | 667   |
| Hire purchase payables                           | 544  | -   |
| Term loan  | 387  | 504   |
|  | <u>1,610</u>   | <u>1,171</u>  |
|  | <u>69,513</u>  | <u>33,753</u>   |
| <b>Net assets per share (sen)</b>                | 23.00  | 17.18   |

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

# DAYA MATERIALS BERHAD

(Company No: 636357-W)  
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Quarterly report on results for the third quarter ended 30.09.2007

(The figures have not been audited)

|  | Share capital<br>RM'000 | Non-<br>Distributable -<br>Share premium<br>RM'000 | Distributable<br>reserve /<br>Unappropriated<br>profit<br>RM'000 | Minority Interest<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|--|--|-----------------------------|-----------------|
| Balance as at 1 Jan 2006   | 18,963                  | 5,959  | 4,710  | -                           | 29,632          |
| Net profit for the period  | 0                       | 0  | 971  | -                           | 971             |
| Balance as at 31 Mar 2006  | 18,963                  | 5,959  | 5,681  | -                           | 30,603          |
| Net profit for the period  | 0                       | 0  | 806  | -                           | 806             |
| Balance as at 30 June 2006                                       | 18,963                  | 5,959  | 6,487  | -                           | 31,409          |
| Net profit for the period  | 0                       | 0  | 877  | -                           | 877             |
| Balance as at 30 Sept 2006                                       | 18,963                  | 5,959  | 7,364  | -                           | 32,286          |
| Net profit for the period  | 0                       | 0  | 296  | -                           | 296             |
| Balance as at 31 Dec 2006  | 18,963                  | 5,959  | 7,660  | -                           | 32,582          |
| Balance as at 1 Jan 2007   | 18,963                  | 5,959  | 7,660  | -                           | 32,582          |
| Net profit for the period  | 0                       | 0  | 1,377  | -                           | 1,377           |
| Balance as at 31 Mar 2007  | 18,963                  | 5,959  | 9,037  | -                           | 33,959          |
| Net profit for the period  | 0                       | 0  | 962  | -                           | 962             |
| Balance as at 30 June 2007                                       | 18,963                  | 5,959  | 9,999  | -                           | 34,921          |
| Issued as consideration for the<br>acquisition of the subsidiary | 8,356                   | 10,863   | 0  | 20                          | 19,239          |
| Private placement  | 2,200                   | 9,570  | 0  | 0                           | 11,770          |
| Listing expenses   | 0                       | (753)  | 0  | 0                           | (753)           |
| Net profit for the period  | 0                       | 0  | 2,734  | (8)                         | 2,726           |
| Balance as at 30 September 2007                                  | 29,519                  | 25,639   | 12,733   | 12                          | 67,903          |

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

# DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

|   | UNAUDITED<br>CURRENT YEAR TO<br>DATE<br>30/09/2007<br>RM'000 | AUDITED<br>PRECEDING YEAR<br>FOR THE YEAR<br>ENDED<br>31/12/2006<br>RM'000 |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>     |  |  |
| Profit before tax                               | 5,975  | 4,028  |
| Adjustments for:                                |  |  |
| Amortisation on development expenditure         | 54   | 72   |
| Depreciation                                    | 527  | 472  |
| Gain on disposal of PPE                         | 15   | 0  |
| Gain on disposal of investment                  | (460)  | (62)   |
| PPE written off                                 | 3  | 8  |
| Provision for doubtful debts                    | 87   | 95   |
| Interest expenses                               | 161  | 85   |
| Interest income                                 | (380)  | (356)  |
| Unrealised foreign exchange gain                | (29)   | (11)   |
|   | <hr/>  | <hr/>  |
| Operating profit before working capital changes | 5,953  | 4,331  |
| Changes in working capital:                     |  |  |
| Net change in inventories                       | (1,739)  | 82   |
| Net change in trade & other receivables         | (111)  | (3,420)  |
| Net change in trade & other payables            | 2,825  | (2,012)  |
|   | <hr/>  | <hr/>  |
| Cash used in operations                         | 6,928  | (1,019)  |
| Interest paid                                   | (161)  | (85)   |
| Income tax paid                                 | (1,499)  | (1,039)  |
|   | <hr/>  | <hr/>  |
| <b>Net Cash Used in Operating Activities</b>    | 5,268  | (2,143)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>     |  |  |
| Development expenditure                         | 0  | 0  |
| Listing Expenditure                             | (753)  | 0  |
| Purchase of PPE                                 | (721)  | (1,460)  |
| Proceeds from disposal of PPE                   | 158  | 0  |
| Acquisition of marketable securities            | (4,811)  | (181)  |
| Acquisition of subsidiaries (Note 1)            | (2,133)  | (5,030)  |
| Proceeds from disposal of investment            | 4,093  | 5,092  |
| Proceeds from issuance of shares                | 11,790   | 0  |
| Dividend paid                                   | 0  | 0  |
| Interest received                               | 380  | 356  |
|   | <hr/>  | <hr/>  |
| <b>Net Cash From Investing Activities</b>       | 8,003  | (1,223)  |

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

|   | UNAUDITED<br>CURRENT YEAR TO<br>DATE<br>30/09/2007<br>RM'000 | AUDITED<br>PRECEDING YEAR<br>FOR THE YEAR<br>ENDED<br>31/12/2006<br>RM'000 |
|---|--|--|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |  |  |
| Repayment of hire purchase payables                         | (254)  | -  |
| Change in trade facilities                                  | (1,715)  | 1,515  |
| Change in term loan   | (116)  | (155)  |
| <b>Net Cash From Financing Activities</b>                   | <b>(2,085)</b>   | <b>1,360</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>            | <b>11,186</b>  | <b>(2,006)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b> | <b>11,320</b>  | <b>13,326</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>       | <b>22,506</b>  | <b>11,320</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>       |  |  |
| Cash & bank balances  | 8,143  | 1,924  |
| Fixed deposits with licenced banks                          | 21   | 37   |
| Short term investments                                      | 14,342   | 9,359  |
| Bank overdraft  | 0  | 0  |
|   | <b>22,506</b>  | <b>11,320</b>  |

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

Note 1: During the period, the Group acquired Seca Dyme Sdn Bhd. The fair value of assets acquired and liability assumed were as follows:

|   | RM'000       |
|---|--------------|
| <b>Assets</b>   |              |
| Property, plant and equipment                         | 2,772        |
| Inventories   | 4,192        |
| Trade receivables                                     | 1,388        |
| Other receivables                                     | 698          |
| Cash & bank balances                                  | 2,647        |
| <b>Liabilities</b>                                    |              |
| Trade payables  | (1,511)      |
| Other payables  | (71)         |
| Amount due to directors                               | (8)          |
| Tax payable   | (714)        |
| Borrowings  | (1,959)      |
| Deferred taxation                                     | (12)         |
| Net assets acquired                                   | 7,422        |
| Goodwill arising from consolidation                   | 16,578       |
| Total purchase consideration                          | 24,000       |
| Less: Portion discharged by issuance of<br>DMB shares | (19,220)     |
| Portion discharge by cash                             | 4,780        |
| Less : Cash of Seca Dyme Sdn Bhd                      | (2,647)      |
| Cash flow on acquisition, net of cash acquired        | <b>2,133</b> |

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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 except for the adoption of the following new/revised FRSs effective for the financial period which are relevant to its operations:

|         |  |
|---------|--|
| FRS 107 | Cash Flows Statements                                    |
| FRS 112 | Income Taxes   |
| FRS 118 | Revenue  |
| FRS 134 | Interim Financial Reporting                              |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |

FRS 139, Financial Instruments : Recognition and Measurement has been issued by MASB. However, MASB has yet to determine the effective date for FRS 139.

The adoption of the new/revised FRSs did not result in substantial changes to the Group's accounting policies.

### 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

Save for the below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

- 1) 83,565,217 new ordinary shares of RM0.10 each issued pursuant to the Acquisition of Seca Dyrme Sdn Bhd; and
- (2) 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.

### 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            | Oil & Gas<br>RM'000 | Polymer<br>RM'000 | Total<br>RM'000            |
|-----------------------------|---------------------|-------------------|----------------------------|
| External Revenue            | 19,326              | 27,508            | 46,834                     |
| Segment Results             | 1,978               | 2,852             | 4,830                      |
| Unallocated Results         |                     |                   | 1,306                      |
| Profit from Operations      |                     |                   | 6,136                      |
| Finance Costs               |                     |                   | (161)                      |
| Profit Before Tax           |                     |                   | 5,975                      |
| Taxation                    |                     |                   | (910)                      |
| Profit After Tax            |                     |                   | 5,065                      |
| <b>Geographical Segment</b> |                     |                   |                            |
|                             |                     |                   | External Revenue<br>RM'000 |
| Malaysia                    |                     |                   | 44,286                     |
| Foreign Countries           |                     |                   | 2,548                      |
| Consolidated                |                     |                   | 46,834                     |

## 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 September 2007 up to the date of this report which is likely to substantially affect the results of the operations of the Company:-

The 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. ("Acquisition of CMT")

The Acquisition of CMT had been duly completed on 31 October 2007.

## 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.

(a) The Group had, on 1 August 2007, acquired the entire issued and paid up share capital of Seca Dyme Sdn Bhd ("SDSB"), comprising of 1,008,000 ordinary shares of RM1.00 each, for a purchase consideration of RM24,000,000 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, thereafter making SDSB, a wholly-owned subsidiary of DMB ("Acquisition of SDSB").

The effect of the Acquisition of SDSB on the financial results of the Group from 1 August 2007 to 30 September 2007 is as follows:-

|                  |              |
|------------------|--------------|
| Revenue          | RM'000       |
| Profit after tax | 19,326       |
|                  | <u>1,437</u> |

## DAYA MATERIALS BERHAD

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The assets and liabilities arising from the Acquisition of SDSB are as follows:-

|                                 | Fair value | Carrying Value |
|---------------------------------|------------|----------------|
|                                 | RM'000     | RM'000         |
| Property, plant and equipment   | 2,772      | 2,772          |
| Inventories                     | 4,192      | 4,192          |
| Trade receivables               | 1,388      | 1,388          |
| Other receivables               | 698        | 698            |
| Cash & bank balances            | 2,647      | 2,647          |
| Trade payables                  | (1,511)    | (1,511)        |
| Other payables                  | (71)       | (71)           |
| Amount due to directors         | (8)        | (8)            |
| Tax payable                     | (714)      | (714)          |
| Borrowings                      | (1,959)    | (1,959)        |
| Deferred taxation               | (12)       | (12)           |
| Goodwill arising on acquisition | 16,578     | 16,578         |
|                                 | 24,000     | 24,000         |

The cash out flow arising from the Acquisition of SDSB are as follows:-

|  |         |
|--|---------|
| Purchase consideration satisfied by cash           | RM'000  |
| Cash and cash equivalents of subsidiaries acquired | 4,760   |
| Net cash out flow of the Group                     | (2,600) |
|  | 2,180   |

(b) The Company had on 29 August 2007 acquired six (6) ordinary shares of RM1.00 each in Meridian Orbit Sdn. Bhd. ("MOSB"), representing 60% of the issued and paid-up share capital for a total cash consideration of RM6.00. Subsequently, MOSB increased its paid up share capital to RM50,000 on 14 September 2007. Consequently, DMB further subscribe for 29,994 shares for a consideration of RM29,994.

### 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 |
|   | 1,268  |

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

### A13 Capital commitments

|                                  |        |
|----------------------------------|--------|
| Approved but not contracted for: | RM'000 |
|                                  | 2,986  |



# DAYA MATERIALS BERHAD

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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 RM29.362 million for the quarter ended 30 September 2007, a increase of 302% from RM7.295 million recorded in the previous year corresponding quarter. The significant revenue growth was mainly attributed to the oil & gas sales segment contributed by the newly acquired subsidiary, Seca Dyme Sdn Bhd("SDSB") and improvement in the polymer sales segment. The Group recorded a profit before taxation of RM3.425 million for the quarter ended 30 September 2007, which represents a 237% increase over RM1.017 million profits recorded for the corresponding quarter in the previous financial year. The improved performance was largely due to the profit contributed by oil & gas sector and higher margins derived from the significant growth in polymer sales 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 RM46.834 million for the nine months ended 30 September 2007, an increase of 120% from RM21.277 million recorded in the first nine months of the previous year. The significant revenue growth was mainly attributed to the improvement in the oil & gas sales segment, i.e.its newly acquired subsidiary, SDSB and improvement in the polymer sales segment. The Group recorded a profit before taxation of RM5.975 million for the period ended 30 September 2007, which represents a 96% increase over RM3.047 million profits recorded for the corresponding quarter in the previous year. The improved performance is in correspondence with the significant growth in oil & gas sales segment contributed by SDSB and polymer sales segment which is predominantly in the sales of Semicon and LV-XLPE.

### B2 Variation of results against preceding quarter

|                   | Quarter ended<br>30/09/2007 | Quarter<br>ended<br>30/06/2007 |
|-------------------|-----------------------------|--------------------------------|
|                   | RM'000                      | RM'000                         |
| Revenue           | 29,362                      | 7,316                          |
| Profit before tax | 3,425                       | 1,030                          |

For the third quarter ended 30 September 2007, the Group achieved higher revenue of RM29.362 million as compared to RM7.316 million recorded in the preceding quarter. The higher revenue was mainly attributed to the increase in revenue from the oil & gas sales segment, i.e.its newly acquisition subsidiary, SDSB and improvement in the polymer sales segment. As a result, the Group recorded a higher profit before taxation of approximately RM3,425 million for the current quarter as compared to approximately RM1,030 million in the preceding quarter, represent an increase of 232%.

### 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, like most of the polymer compounding manufacturers worldwide, has continued to experience unprecedented increases in raw material prices due to the hike in crude oil prices which has, to a certain extent, affected the financial performance of the Group. In line with this, the Group is constantly taking steps to improve its efficiency in terms of manufacturing cost structure and also to pass on the costs increases to its customers by increasing its selling price, even though there was a time lag to increase the selling price.

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<br>30/09/2007<br>RM'000 | PRECEDING YEAR CORRESPONDING QUARTER<br>30/09/2006<br>RM'000 | CURRENT YEAR TO DATE<br>30/09/2007<br>RM'000 | PRECEDING YEAR CORRESPONDING PERIOD<br>30/09/2006<br>RM'000 |
| In respect of the current period: |  |  |  |   |
| Estimated current tax payable     | 699  | 140  | 910  | 393   |

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                               |   |
|---------------------|--|--|--|---|
|                     | CURRENT YEAR QUARTER<br>30/09/2007<br>RM'000 | PRECEDING YEAR CORRESPONDING QUARTER<br>30/09/2006<br>RM'000 | CURRENT YEAR TO DATE<br>30/09/2007<br>RM'000 | PRECEDING YEAR CORRESPONDING PERIOD<br>30/09/2006<br>RM'000 |
| Purchases (at cost) | 619  | -  | 3,620  | -   |
| Disposal proceeds   | 699  | -  | 4,080  | -   |
| Gain on disposal    | 80   | -  | 460  | -   |

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

|   | CURRENT YEAR TO DATE<br>RM'000 |
|---|--------------------------------|
| Total investment at cost/carrying value | 1,359                          |
| Total investment at market value        | 1,198                          |

# DAYA MATERIALS BERHAD

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

## B8 Status of corporate proposals

### Acquisition of CMT (Penang) Sdn Bhd

The status of corporate proposals announced by the Company on 6 August 2007 and completed on 31 October 2007 is summarised below:-

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 Clarimax Consolidated Sdn Bhd

The status of corporate proposals announced by the Company on 7 September 2007 but not completed as at the date of this quarterly report is summarised below:-

Proposed acquisition by Meridian Orbit Sdn Bhd, a 60% owned subsidiary of DMB, of 275,000 ordinary shares of RM1.00 each representing 55% of the issued and paid-up share capital of Clarimax Consolidated Sdn Bhd ("CCSB") from Mr Ishar Singh Gill S/O Jiwa Singh Gill, a Singaporean, for a cash consideration of RM366,667 ("Proposed Acquisition of CCSB")

## B9 Status of utilisation of proceeds

### 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 September 2007, the Company has utilised approximately 74% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

| Purpose                                       | Proposed Utilisation*<br>RM'000 | Actual Utilisation<br>RM'000 | Intended Time Frame<br>For Utilisation<br>Year | Deviation<br>Amount<br>RM'000 | Deviation<br>% |
|---|---------------------------------|------------------------------|--|-------------------------------|----------------|
| Expansion in production facility              | 6,500                           | 4,097                        | 2005-2007                                      | 2,403                         | 36.97 (i)      |
| Investment in R&D and new product development | 1,700                           | 699                          | 2005-2007                                      | 1,001                         | 58.88 (ii)     |
| Working capital                               | 3,448                           | 3,448                        | 2005-2007                                      | -                             |                |
| Listing expenses                              | 1,437                           | 1,437                        | 2005-2007                                      | -                             |                |
| <b>Total</b>                                  | <b>13,085</b>                   | <b>9,681</b>                 |  | <b>3,404</b>                  | <b>26.01</b>   |

\* 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.

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Private placement completed on 1 August 2007

As at 30 September 2007, the Company has utilised approximately 29% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

| Purpose  | Proposed<br>Private Placement<br>RM'000 | Proceeds from<br>Placement<br>Shares<br>RM'000 | Actual<br>Utilisation<br>RM'000 | Intended<br>Time Frame<br>For Utilisation | Deviation<br>Amount<br>RM'000 | Deviation<br>% |
|--|---|--|---------------------------------|---|-------------------------------|----------------|
| Expansion in production facility                           | 1,000                                   | 1,000  | -                               | within 12 months                          | 1,000                         | 100.00         |
| Investment in tanks and tank<br>cleaning/repair activities | 1,500                                   | 1,500  | 100                             | within 24 months                          | 1,400                         | 93.33          |
| Working capital & future investments*                      | 8,870                                   | 8,420  | 2,550                           | within 24 months                          | 5,870                         | 69.71          |
| Estimated expenses   | 850                                     | 850  | 753                             | within 6 months                           | 97                            | 11.41          |
| <b>Total</b>   | <b>12,220</b>                           | <b>11,770</b>                                  | <b>3,403</b>                    |   | <b>8,367</b>                  | <b>71.09</b>   |

\* Any variations to the total proceeds raised will result in an adjustment to the amount allocate for utilisation as working capital and vice versa.

## B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

|                  | Payable within<br>12 months<br>RM'000 | Payable after<br>12 months<br>RM'000 | Total<br>Outstanding<br>RM'000 |
|------------------|---------------------------------------|--------------------------------------|--------------------------------|
| Trade facilities | 3,173                                 | 0                                    | 3,173                          |
| Overdraft        | 0                                     | 0                                    | 0                              |
| Term loans       | 155                                   | 387                                  | 542                            |
|                  | <u>3,328</u>                          | <u>387</u>                           | <u>3,715</u>                   |

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

- legal charges over the freehold land and building of the wholly owned subsidiary company, Daya Polymer Sdn Bhd ;
- a corporate guarantee by Daya Materials Berhad;
- a debenture over all assets of Daya Polymer Sdn Bhd;
- joint and several guarantee by two of the Seca Dyme Sdn Bhd's director; and
- fixed deposit placement of RM2 million with banks.

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<br>30/09/2007<br>RM'000 | PRECEDING YEAR CORRESPONDING QUARTER<br>30/09/2006<br>RM'000 | CURRENT YEAR TO DATE<br>30/09/2007<br>RM'000 | PRECEDING YEAR CORRESPONDING PERIOD<br>30/09/2006<br>RM'000 |
| Net profit for the period (RM'000)                | 2,726  | 877  | 5,065  | 2,654   |
| Weighted average number of shares in issue ('000) | 259,624                                      | 189,630  | 213,218                                      | 189,630   |
| Basic earnings per share (sen)                    | <u>1.05</u>                                  | <u>0.46</u>  | <u>2.38</u>                                  | <u>1.40</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 Panchar, 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 WOOL LOON  
Managing Director

Date: 27 November 2007