

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

Quarterly report on the results for the third quarter ended 30.9.2008

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30/9/2008	QUARTER	30/9/2008	PERIOD
	RM'000	30/9/2007	RM'000	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Revenue	69,593	29,362	153,303	46,834
Cost of Sales	(62,668)	(23,228)	(127,590)	(37,152)
Gross Profit	6,925	6,134	25,713	9,682
Other Net Operating Income	265	137	491	447
Operating Expenses	(3,443)	(2,755)	(9,658)	(3,993)
Profit from operations	3,747	3,516	16,546	6,136
Finance Costs	(229)	(91)	(562)	(161)
Share of results of an associate	229	-	628	-
Profit before tax	3,747	3,425	16,612	5,975
Income tax expenses-Company	(790)	(699)	(4,207)	(910)
Income tax expenses-Associate	(14)	-	(127)	-
Net profit for the period	2,943	2,726	12,278	5,065
Attributable to :				
Equity holders of the Company	2,907	2,734	12,262	5,073
Minority Interests	36	(8)	16	(8)
	2,943	2,726	12,278	5,065
Basic earnings per share (sen)	0.71	1.05	3.67	2.38

Notes :

The Group completed its acquisition of CMT (Penang) Sdn Bhd on 15 July 2008 and accordingly, the Group's quarterly report for the third quarter ended 30 September 2008 covers the results of CMT (Penang) Sdn Bhd from 15 July 2008 to 30 September 2008.

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

Quarterly report on the results for the third quarter ended 30.9.2008

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2008 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31/12/2007 RM'000
Non Current Assets		
Property, plant and equipment	29,816	14,095
Prepaid lease payment	1,251	1,268
Development expenditure	150	204
Investment in Associate Companies	5,589	7,644
Goodwill arising from consolidation	58,660	48,199
	95,466	71,410
Current Assets		
Inventories	33,714	9,668
Trade receivables	27,357	9,388
Other receivables, deposits and prepaid expenses	3,077	5,090
Amount owing from associate company	-	157
Tax recoverable	1,278	720
Short term investments	1,003	11,511
Marketable securities	366	463
Fixed Deposits	18,417	2,301
Cash and bank balances	25,906	3,050
	111,118	42,348
Current Liabilities		
Trade payables	17,697	3,326
Other payables and accrued expenses	62,508	5,260
Hire purchase payables	428	323
Tax payables	1,464	138
Bank borrowings (secured)	6,915	734
	89,012	9,781
Net Current Assets	22,106	32,567
	117,572	103,977
Financed by:		
Issued share capital	49,199	29,519
Reserves	63,625	71,751
	112,824	101,270
Minority Interest	639	17
Non Current Liabilities		
Deferred tax liabilities	881	786
Hire purchase payables	502	355
Other payables	-	1,200
Term loan	2,726	349
	4,109	2,690
	117,572	103,977
Net assets per share (sen)	22.93	34.31

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 the results for the third quarter ended 30.9.2008

(The figures have not been audited)

<-----Attributable to Equity Holders of the Company----->

	Share capital RM'000	Non- Distributable - Share premium RM'000	Distributable reserve / Unappropriated profit RM'000	Total	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 Jan 2007	18,963	5,959	7,655	32,577	-	32,577
Net profit for the period	-	-	1,377	1,377	-	1,377
Balance as at 31 Mar 2007	18,963	5,959	9,032	33,954	-	33,954
Net profit for the period	-	-	962	962	-	962
Balance as at 30 June 2007	18,963	5,959	9,994	34,916	-	34,916
Issued as consideration for the acquisition of the subsidiary	8,356	41,782	-	50,138	20	50,158
Private placement	2,200	9,570	-	11,770	-	11,770
Listing expenses	-	(59)	-	(59)	-	(59)
Net profit for the period	-	-	2,734	2,734	(8)	2,726
Balance as at 30 Sept 2007	29,519	57,252	12,728	99,499	12	99,511
Net profit for the period	-	-	1,771	1,771	5	1,776
Balance as at 31 Dec 2007	29,519	57,252	14,499	101,270	17	101,287
Balance as at 1 Jan 2008	29,519	57,252	14,499	101,270	17	101,287
Acquisition of a subsidiary	-	-	-	-	63	63
Net profit for the period	-	-	2,821	2,821	(63)	2,758
Balance as at 31 Mar 2008	29,519	57,252	17,320	104,091	17	104,108
Net profit for the period	-	-	6,534	6,534	43	6,577
Balance as at 30 June 2008	29,519	57,252	23,854	110,625	60	110,685
Acquisition of a subsidiary	-	-	(25)	(25)	543	518
Bonus issue	19,680	(19,680)	-	-	-	-
Dividend paid	-	-	(683)	(683)	-	(683)
Net profit for the period	-	-	2,907	2,907	36	2,943
Balance as at 30 September 2008	49,199	37,572	26,053	112,824	639	113,463

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Quarterly report on the results for the third quarter ended 30.9.2008
(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/9/2008 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,612	8,364
Adjustments for:		
Share of results of an associate	(628)	(444)
Amortisation on development expenditure	54	72
Amortisation on prepaid land lease payments	17	9
Depreciation	969	877
Loss/(Gain) on disposal of properties, plant & equipment ("PPE")	(190)	50
Loss/(Gain) on disposal of marketable securities	217	(301)
Provision for diminution in investment in marketable securities	256	-
PPE written off	12	3
Bad debts written off	-	87
Dividend income	(15)	(5)
Interest expenses	563	253
Interest income	(344)	(400)
Unrealised foreign exchange gain	91	1
Operating profit before working capital changes	17,614	8,566
Changes in working capital:		
Net change in inventories	(13,371)	(1,906)
Net change in trade & other receivables	45,138	(186)
Net change in trade & other payables	718	4,352
Net change in amount owing from associate company	157	(157)
Cash from operations	50,256	10,669
Interest paid	(563)	(253)
Income tax paid	(4,279)	(2,573)
Net Cash From Operating Activities	45,414	7,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE	(10,291)	(1,195)
Proceeds from disposal of PPE	858	39
Acquisition of marketable securities	(831)	(4,863)
Acquisition of subsidiaries (Note 1)	(9,589)	(2,827)
Acquisition of associate company	(5,379)	(7,200)
Proceeds from disposal of marketable securities	455	4,882
Proceeds from issuance of shares	20	11,731
Dividend received	15	5
Dividend paid	(683)	-
Interest received	344	400
Net Cash (Used in)/ From Investing Activities	(25,081)	972

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Quarterly report on the results for the third quarter ended 30.9.2008
(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/9/2008 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2007 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(369)	(313)
Change in trade facilities	6,073	(2,804)
Change in term loan	2,427	(155)
Net Cash From/(Used in) Financing Activities	8,131	(3,272)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,464	5,543
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	16,862	11,319
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	45,326	16,862
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash & bank balances	25,906	3,050
Fixed deposits with licenced banks	18,417	2,301
Short term investments	1,003	11,511
	45,326	16,862

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

Note 1: The Group completed its acquisition of Clarimax Consolidated Sdn Bhd ("CCSB") and CMT (Penang) Sdn Bhd ("CMT") on 4 January 2008 and 15 July 2008 respectively. The fair value of assets acquired and liabilities assumed were as follows:

	CCSB RM'000	CMT RM'000
Assets		
Property, plant and equipment	-	7,078
Inventories	-	10,675
Trade receivables	-	60,211
Other receivables	2,035	1,134
Cash & bank balances	9	9,927
Liabilities		
Trade payables	-	(24,583)
Other payables	(1,761)	(45,553)
Tax payable	-	(840)
Borrowings	-	(679)
Deferred taxation	-	(94)
Minority interest	-	(543)
Net assets acquired	283	16,733
Net Book Value @ 55%/100%	156	16,733
Post acquisition reserves	-	(710)
Goodwill arising from consolidation	211	10,335
Total purchase consideration	367	26,358
Less: Portion paid during 30% acquisition	-	(7,200)
Portion discharge by cash	367	19,158
Less : Cash & bank balances	(9)	(9,927)
Cash flow on acquisition, net of cash acquired	358	9,231

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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 2007. 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 July 2007:

FRS 107	Cash Flows Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 128 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economics
IC Interpretation 8	Scope of FRS 2

FRS 139, Financial Instruments : Recognition and Measurement has been issued by MASB and will be effective on 1 January 2010.

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, save for the completion of the acquisition of CMT, 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.

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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:-

On 9 July 2008, 196,796,811 new ordinary shares of RM0.10 each in DMB ("DMB Shares") were listed pursuant to the bonus issue of 196,796,811 DMB Shares ("Bonus Shares") , on the basis of two (2) Bonus Shares for every three (3) DMB Shares held by shareholders of DMB whose names appear in the Record of Depositors of the Company at the close of business at 5.00 p.m. on 8 July 2008 ("Bonus Issue"). The Bonus Issue does not have any impact on the percentage shareholdings of the substantial shareholders as the Bonus Shares were allotted proportionately to all shareholders of the Company.

A7 Dividends paid

The Board of Directors ("Board") has not recommended any payment of dividend for the quarter under review.

The Company had already on 24 July 2008 paid a final dividend of 2.465% less income tax of 26% amounting to RM538,465.60 and a final tax exempt dividend of 0.49% amounting to RM144,645.66 in respect of the financial year ended 31 December 2007 as approved by the shareholders at the Fifth Annual General Meeting.

A8 Segment information

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

Business Segment	Oil & Gas RM'000	Polymer RM'000	Technical Services	Total RM'000
			Technical Services RM'000	
Revenue	81,512	27,736	44,055	153,303
Segment Results	9,298	1,959	2,280	13,537
Unallocated Results				3,009
Profit from Operations				16,546
Finance Costs				(562)
Share of results of associates				628
Profit Before Tax				16,612
Taxation				(4,334)
Profit After Tax				12,278
Geographical Segment				Revenue RM'000
Malaysia				150,350
Foreign Countries				2,953
Consolidated				153,303

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 30 September 2008 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

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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:-

(i) Acquisition of CMT (Penang) Sdn Bhd ("CMT")

On 15 July 2008, the Company completed the acquisition of 1,750,000 ordinary shares of RM1.00 each representing remaining 70% of the issued and paid-up share capital of CMT from Goo Bak Hoo @ Goh Bak Hoe, Bong Hock Kim, Chan Thiam Fook, Chin Choon Guan and Chen Soon Loy for a cash consideration of RM19,000,000.

The effect of the Acquisition of CMT on the financial results of the Group from 15 July 2008 to 30 September 2007 is as follows:-

	RM'000
Revenue	44,565
Profit after tax	<u>2,134</u>

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

	Fair value RM'000	Carrying Value RM'000
Property, plant and equipment	7,078	4,062
Inventories	10,675	10,675
Trade receivables	60,211	60,211
Other receivables	1,134	1,134
Cash & bank balances	9,927	9,927
Trade payables	(24,583)	(24,583)
Other payables	(45,553)	(45,553)
Tax payable	(840)	(840)
Borrowings	(679)	(679)
Deferred taxation	(94)	(94)
Minority interest	(543)	(543)
Post acquisition reserves	(710)	-
Goodwill arising on acquisition	10,334	-
	<u>26,357</u>	<u>13,717</u>

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

	RM'000
Purchase consideration satisfied by cash for 100% acquisition	26,200
Cost attributable to the acquisition, paid in cash	158
Purchase consideration satisfied by cash, during 30% acquisition	(7,200)
Cash and cash equivalents of subsidiaries acquired	<u>(9,927)</u>
Net cash out flow of the Group	<u>9,231</u>

(ii) Incorporation of Subsidiary - DMB International Limited

On 13 August 2008, DMB International Limited Company ("DMB International"), a wholly-owned subsidiary was incorporated in Hong Kong.

(iii) Acquisition of Proffscorp Sdn Bhd ("Proffscorp")

On 16 September 2008, the Company acquired 330,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of Proffscorp from Husin bin Ibrahim, Noordin bin Abas and Razak bin Ab Rani for a cash consideration of RM5,379,000.

A12 Contingent Assets and Contingent Liabilities

	RM'000
Corporate guarantee given to licensed banks for banking facilities granted to its subsidiary as at 18 November 2008	19,552

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

A13 Capital commitments

	RM'000
Contracted and not provided for:	-
Approved but not contracted for:	2,774

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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 RM69.593 million for the quarter ended 30 September 2008, a significant increase of 137% from RM29.362 million recorded in the previous year corresponding quarter. The significant revenue growth was mainly attributed to technical services segment by the newly acquired subsidiary, CMT. The Group recorded a profit before taxation of RM3.747 million for the quarter ended 30 September 2008, which represents a 9% increase over RM3.425 million profits before tax recorded for the corresponding quarter in the previous financial year. The improved performance was largely due to the profit contributed by technical services segment.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved higher revenue of RM153.303 million for the nine months ended 30 September 2008, an increase of 227% from RM46.834 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 and technical services segment i.e, Seca Dyme Sdn Bhd ("SDSB") and its newly acquired subsidiary, CMT respectively. The Group recorded a profit before taxation of RM16.612 million for the period ended 30 September 2008, which represents a 178% increase over RM5.975 million profits recorded for the corresponding quarter in the previous year. The improved performance is in correspondence with the significant growth in the oil & gas sales segment contributed by SDSB and technical segment contributed by CMT.

B2 Variation of results against preceding quarter

	Quarter ended 30/9/2008 RM'000	Quarter ended 30/6/2008 RM'000
Revenue	69,593	56,101
Profit before tax	3,747	9,022

For the third quarter ended 30 September 2008, the Group achieved higher revenue of RM69.593 million as compared to RM56.101 million recorded in the preceding quarter. The higher revenue was mainly attributed to the contribution in revenue from its newly acquired subsidiary, CMT. Nevertheless, the Group recorded a lower profit before taxation of approximately RM3.747 million for the current quarter as compared to approximately RM9.022 million in the preceding quarter, due to the significant reduction in the revenue from oil & gas segment which has a higher profit margin.

B3 Prospects

The global economy is expected to grow at a slow momentum after being affected by the United States financial crisis and inflationary pressures. The Group's oil & gas division is forecasting a slowdown in terms of sales of chemicals and catalysts due to the reduction of productions or even temporary shut down of the petrochemical plants in Malaysia. Most of these plants are major customers of our oil and gas segment and may have an impact on our earnings in the coming quarters. An opportunity however arises for our associate company, Proffscorp, which is engaged in ownership and hiring of forklifts, cranes and heavy machineries and related manpower services in the onshore and offshore oil & gas industry, as the plants that go for early shutdowns will require crane services.

The technical services division is expected to be satisfactory in view of its order book in hand now. The recent volatile in construction material prices are not expected to affect the performance of CMT due to the short-term projects it entered.

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

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B4 Profit forecast

Not applicable.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2007 RM'000	CURRENT YEAR TO DATE 30/9/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2007 RM'000
In respect of the current period:				
Estimated current tax payable	<u>804</u>	<u>699</u>	<u>4,334</u>	<u>910</u>

The effective tax rate for the quarter under review was slightly lower than the statutory income tax rate mainly due to the anticipated tax benefits principally the reinvestment allowances incentives pertaining to the expansion of facilities.

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		CURRENT YEAR TO DATE 30/9/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2007 RM'000
	CURRENT YEAR QUARTER 30/9/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2007 RM'000		
Purchases (at cost)	672	619	672	3,620
Disposal proceeds	455	699	455	4,080
(Loss)/Gain on disposal	<u>(217)</u>	<u>80</u>	<u>(217)</u>	<u>460</u>

The investment in quoted securities as at 30 September 2008 are summarised below:

	CURRENT YEAR TO DATE RM'000
Total investment at cost	622
Total investment at carrying value	366
Total investment at market value	366

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B8 Status of corporate proposals

(i) Acquisition of Proffscorp

The status of a corporate proposal announced by the Company and completed on 16 September 2008 is summarised below:

On 24 June 2008, the Board announced that the Company proposed to acquire 330,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of Proffscorp from Husin bin Ibrahim, Noordin bin Abas and Razak bin Ab Rani for a cash consideration of RM5,379,000.

The status of corporate proposals announced by the Company but not completed as at 18 November 2008, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report is summarised below:

(i) Proposed Private Placement

On 15 August 2008, the Board announced that the Company proposed to issue new ordinary shares of RM0.10 each in DMB ("DMB Shares") not exceeding ten percent (10%) of the issued and paid-up share capital of the Company through a private placement exercise.

On 21 October 2008, the Board announced that the Securities Commission ("SC") had, vide its letter dated 20 October 2008 approved the Proposed Private Placement which is subject to certain conditions.

On 31 October 2008, the Board announced that the application to Bursa Malaysia for the listing of the placement shares in respect of the Proposed Private Placement has been approved.

(i) Proposed Acquisition of Meridian Orbit Sdn Bhd ("MOSB")

On 18 November 2008, the Board announced that the Company acquired 40,000 ordinary shares of RM1.00 each representing 40% of the issued and paid-up share capital of MOSB from Yeap Teik Ee for a cash consideration of RM675,071.25.

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B9 Status of utilisation of proceeds

Initial Public Offering ("IPO")

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

As at 30 September 2008, the Company has utilised approximately 85% of the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

	Utilisation schedule per prospectus RM'000	Revised Utilisation Schedule* RM'000	Actual Utilisation RM'000	Intended Time Frame For Utilisation Year	Deviation Amount RM'000	Deviation %
Expansion in production facility	8,500	6,500	4,542	2005-2008	1,958	30.12 (i)
Investment in R&D and new product development	1,700	1,300	1,300	2005-2008	-	
Working capital	1,385	3,848	3,848	2005-2008	-	
Listing expenses	1,500	1,437	1,437	2005-2007	-	
Total	13,085	13,085	11,127		1,958	14.96

* On 20 December 2005, the 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. On 17 January 2008, the Company has obtained the approval from the SC to reduce the earlier allocation of proceeds of RM1.7 million for the investment in R&D and new product of the Group as disclosed in the DMB's Prospectus dated 30 June 2005 to RM1.3 million. The difference of RM0.4 million was allocated for working capital purposes of the Group. On the same date, the Company has also obtained the approval from the SC on extension of time from end 2007 to end 2008 for the Company to fully utilise the balance unutilised IPO proceeds.

(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 approval has been obtained on 19 January 2007. The balance unutilised proceeds are expected to be used by end of 2008.

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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	6,652	-	6,652
Overdraft	-	-	-
Term loans	263	2,726	2,989
	<u>6,915</u>	<u>2,726</u>	<u>9,641</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 ("DPSB");
- corporate guarantee by DMB;
- a debenture over all assets of DPSB;
- joint and several guarantee by two of the SDSB's director; and
- a pledge on the subsidiaries' fixed deposits.

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 18 November 2008, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

B12 Material litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2007 to 18 November 2008, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

Seca Dyme Sdn Bhd ("SDSB") 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. SDSB 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. SDSB 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 was filed on 25 March 2008. The writ of summons and statement of claim have been served on all the Defendants. A Mareva Injunction was obtained on an ex parte basis on 7 April 2008 to freeze the bank accounts of all the Defendants. 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) are 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 next hearing date on 21 November 2008 when the inter partes application will be heard. The fifth Defendant has filed an application to strike out the Writ and Statement of Claim – this is also fixed for hearing on the same date. In conclusion, the Mareva Injunction is still in force whilst waiting for the inter partes hearing. The solicitors of SDSB are of the opinion that SDSB has a good and arguable case.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B13 Proposed Dividends

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

The Company had already on 24 July 2008 paid a final dividend of 2.465% less income tax of 26% amounting to RM538,465.60 and a final tax exempt dividend of 0.49% amounting to RM144,645.66 in respect of the financial year ended 31 December 2007 as approved by the shareholders at the Fifth Annual General Meeting.

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2007 RM'000	CURRENT YEAR TO DATE 30/9/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2007 RM'000
Net profit for the period (RM'000)	2,907	2,734	12,262	5,073
Weighted average number of shares in issue ('000)	410,706	259,624	334,122	213,218
Basic earnings per share (sen)	<u>0.71</u>	<u>1.05</u>	<u>3.67</u>	<u>2.38</u>

By Order of the Board

THAM WOUI LOON
Managing Director

Date: 21 November 2008