

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

Quarterly report on the results for the fourth quarter ended 31.12.2008

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------|--------------------|---------------------|----------------------|---------------------|
| | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | QUARTER | CORRESPONDING | TO DATE | CORRESPONDING |
| | 31/12/2008 | QUARTER | 31/12/2008 | PERIOD |
| | RM'000 | 31/12/2007 | 31/12/2008 | 31/12/2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 70,810 | 15,424 # | 224,113 | 62,258 # |
| Cost of Sales | (64,022) | (11,790) | (191,612) | (48,942) |
| Gross Profit | <u>6,788</u> | <u>3,634</u> | <u>32,501</u> | <u>13,316</u> |
| Other Net Operating Income | 433 | 504 # | 924 | 951 # |
| Operating Expenses | (5,380) | (2,101) | (15,038) | (6,094) |
| Profit from operations | <u>1,841</u> | <u>2,037</u> | <u>18,387</u> | <u>8,173</u> |
| Finance Costs | (181) | (92) | (743) | (253) |
| Share of results of an associate | <u>12</u> | <u>637</u> | <u>640</u> | <u>637</u> |
| Profit before tax | 1,672 | 2,582 | 18,284 | 8,557 |
| Income tax expenses-Company | (1,393) | (613) | (5,600) | (1,523) |
| Income tax expenses-Associate | <u>9</u> | <u>(193)</u> | <u>(118)</u> | <u>(193)</u> |
| Net profit for the period | <u><u>288</u></u> | <u><u>1,776</u></u> | <u><u>12,566</u></u> | <u><u>6,841</u></u> |
| Attributable to : | | | | |
| Equity holders of the Company | 303 | 1,771 | 12,565 | 6,844 |
| Minority Interests | (15) | 5 | 1 | (3) |
| | <u><u>288</u></u> | <u><u>1,776</u></u> | <u><u>12,566</u></u> | <u><u>6,841</u></u> |
| Basic earnings per share (sen) | <u>0.06</u> | <u>0.60</u> | <u>3.36</u> | <u>2.93</u> |

Notes :

The Group completed its acquisition of CMT (Penang) Sdn Bhd on 15 July 2008 and accordingly, the Group's quarterly report for the fourth quarter ended 31 December 2008 covers the results of CMT (Penang) Sdn Bhd from 15 July 2008 to 31 December 2008.

The comparative amounts have been reclassified to conform with Audited Account's presentation.
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 31 DECEMBER 2008

Quarterly report on the results for the fourth quarter ended 31.12.2008

(The figures have not been audited)

| | UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2008 RM'000 | AUDITED AS AT END OF FINANCIAL YEAR 31/12/2007 RM'000 |
|--|--|---|
| Non Current Assets | | |
| Property, plant and equipment | 27,478 | 14,095 |
| Prepaid lease payment | 3,974 | 1,268 |
| Investment Property | 309 | - |
| Development expenditure | 132 | 204 |
| Investment in Associate Companies | 5,609 | 7,644 |
| Goodwill arising from consolidation | 58,296 | 48,199 |
| | 95,798 | 71,410 |
| Current Assets | | |
| Inventories | 27,613 | 9,668 |
| Trade receivables | 25,497 | 9,388 |
| Other receivables, deposits and prepaid expenses | 7,450 | 5,090 |
| Amount owing from associate company | - | 157 |
| Tax recoverable | 1,801 | 720 |
| Short term investments | 2,159 | 11,511 |
| Marketable securities | 306 | 463 |
| Fixed Deposits | 34,849 | 2,301 |
| Cash and bank balances | 8,792 | 3,050 |
| | 108,467 | 42,348 |
| Current Liabilities | | |
| Trade payables | 12,354 | 3,326 |
| Other payables and accrued expenses | 44,035 | 5,260 |
| Hire purchase payables | 380 | 323 |
| Tax payables | 1,623 | 138 |
| Bank borrowings (secured) | 11,110 | 734 |
| | 69,502 | 9,781 |
| Net Current Assets | 38,965 | 32,567 |
| | 134,763 | 103,977 |
| Financed by: | | |
| Issued share capital | 49,199 | 29,519 |
| Reserves | 63,944 | 71,751 |
| | 113,143 | 101,270 |
| Minority Interest | 125 | 17 |
| Non Current Liabilities | | |
| Deferred tax liabilities | 848 | 786 |
| Hire purchase payables | 900 | 355 |
| Other payables | 4,800 | 1,200 |
| Term loan | 14,947 | 349 |
| | 21,495 | 2,690 |
| | 134,763 | 103,977 |
| Net assets per share (sen) | 23.00* | 34.31 |

* Based on issued and paid up share capital of RM49,199,203 comprising of 491,992,028 ordinary shares of RM0.10 each
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 the results for the fourth quarter ended 31.12.2008

(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 |
| Acquisition of a subsidiary | - | - | 16 | 16 | (499) | (483) |
| Net profit for the period | - | - | 303 | 303 | (15) | 288 |
| Balance as at 31 December 2008 | 49,199 | 37,572 | 26,372 | 113,143 | 125 | 113,268 |

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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Quarterly report on the results for the fourth quarter ended 31.12.2008
(The figures have not been audited)

| | UNAUDITED CURRENT YEAR TO DATE 31/12/2008 RM'000 | AUDITED FOR THE YEAR ENDED 31/12/2007 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 18,284 | 8,364 |
| Adjustments for: | | |
| Share of results of an associate | (640) | (444) |
| Amortisation on development expenditure | 72 | 72 |
| Amortisation on prepaid land lease payments | 51 | 9 |
| Depreciation | 1,467 | 877 |
| Loss/(Gain) on disposal of properties, plant & equipment ("PPE") | (74) | 50 |
| Loss/(Gain) on disposal of marketable securities | 217 | (301) |
| Provision for diminution in investment in marketable securities | 349 | - |
| PPE written off | 44 | 3 |
| Bad debts written off | - | 87 |
| Dividend income | (26) | (5) |
| Interest expenses | 743 | 253 |
| Interest income | (734) | (400) |
| Unrealised foreign exchange (gain)/loss | (238) | 1 |
| Operating profit before working capital changes | 19,515 | 8,566 |
| Changes in working capital: | | |
| Net change in inventories | (7,270) | (1,906) |
| Net change in trade & other receivables | 44,380 | (186) |
| Net change in trade & other payables | (13,292) | 4,352 |
| Net change in amount owing from associate company | 157 | (157) |
| Cash from operations | 43,490 | 10,669 |
| Interest paid | (743) | (253) |
| Income tax paid | (6,044) | (2,573) |
| Net Cash From Operating Activities | 36,703 | 7,843 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of PPE | (11,038) | (1,195) |
| Proceeds from disposal of PPE | 268 | 39 |
| Acquisition of marketable securities | (863) | (4,863) |
| Acquisition of subsidiaries (Note 1) | (9,733) | (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 | 26 | 5 |
| Dividend paid | (683) | - |
| Interest received | 734 | 400 |
| Net Cash (Used in)/ From Investing Activities | (26,193) | 972 |

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Quarterly report on the results for the fourth quarter ended 31.12.2008
(The figures have not been audited)

| | UNAUDITED CURRENT YEAR TO DATE 31/12/2008 RM'000 | AUDITED FOR THE YEAR ENDED 31/12/2007 RM'000 |
|--|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of hire purchase payables | (56) | (313) |
| Change in trade facilities | 3,132 | (2,804) |
| Change in term loan | 15,352 | (155) |
| Net Cash From/(Used in) Financing Activities | 18,428 | (3,272) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 28,938 | 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 | 45,800 | 16,862 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR | | |
| Cash & bank balances | 8,792 | 3,050 |
| Fixed deposits with licenced banks | 34,849 | 2,301 |
| Short term investments | 2,159 | 11,511 |
| | 45,800 | 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"), CMT (Penang) Sdn Bhd ("CMT") and remaining 40% of Meridian Orbit Sdn Bhd ("MOSB") on 4 January 2008, 15 July 2008 and 18 November 2008 respectively. The fair value of assets acquired and liabilities assumed were as follows:

| | MOSB RM'000 | CCSB RM'000 | CMT RM'000 |
|---|----------------|----------------|---------------|
| Assets | | | |
| Property, plant and equipment | 2,174 | - | 7,078 |
| Inventories | 211 | - | 10,675 |
| Trade receivables | - | - | 60,211 |
| Other receivables | 16 | 2,035 | 1,134 |
| Cash & bank balances | 91 | 9 | 9,927 |
| Liabilities | | | |
| Trade payables | (2,324) | - | (24,583) |
| Other payables | - | (1,761) | (45,553) |
| Tax payable | - | - | (840) |
| Borrowings | - | - | (679) |
| Deferred taxation | - | - | (94) |
| Minority interest | (104) | - | (543) |
| Net assets acquired | 64 | 283 | 16,733 |
| Net Book Value @ 100%/55%/100% | 64 | 156 | 16,733 |
| Post acquisition reserves | 22 | - | (710) |
| Goodwill arising from consolidation | 102 | 227 | 10,335 |
| Total purchase consideration | 188 | 383 | 26,358 |
| Less: Portion paid during 60%/30% acquisition | (60) | - | (7,200) |
| Portion discharge by cash | 128 | 383 | 19,158 |
| Less: Cash & bank balances | - | (9) | (9,927) |
| Cash flow on acquisition, net of cash acquired | 128 | 374 | 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 remaining 40% of Meridian Orbit Sdn. Bhd., 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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividends paid

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

The Company is pleased to propose a final dividend of 3% less income tax of 25% in respect of the financial year ended 31 December 2008. These final dividend payable will be proposed for shareholders' approval at the forthcoming Annual General Meeting and the date payable will be announced at a later date.

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 RM'000 | Total RM'000 |
|--------------------------------|---------------------|-------------------|---------------------------------|-------------------|
| Revenue | 85,072 | 34,510 | 104,531 | 224,113 |
| Segment Results | 8,506 | 1,862 | 5,412 | 15,780 |
| Unallocated Results | | | | 2,607 |
| Profit from Operations | | | | 18,387 |
| Finance Costs | | | | (743) |
| Share of results of associates | | | | 640 |
| Profit Before Tax | | | | 18,284 |
| Taxation | | | | (5,718) |
| Profit After Tax | | | | 12,566 |
| Geographical Segment | | | | Revenue RM'000 |
| Malaysia | | | | 221,160 |
| Foreign Countries | | | | 2,953 |
| Consolidated | | | | 224,113 |

A9 Valuation of property, plant and equipment

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

A10 Subsequent Events

Save for Section B8, there were no material events subsequent to the current financial quarter ended 31 December 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 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.

A12 Contingent Assets and Contingent Liabilities

| | |
|---|------------------|
| Corporate guarantee given to licensed banks for banking facilities granted to its subsidiary as at 20 February 2009 | RM'000 14,617 |
|---|------------------|

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

A13 Capital commitments

| | |
|----------------------------------|-----------------|
| Contracted and not provided for: | RM'000 5,000 |
| Approved but not contracted for: | 3,564 |

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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 RM70.810 million for the quarter ended 31 December 2008, a significant increase of 359% from RM15.424 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. Nevertheless, the Group recorded a profit before taxation of RM1.672 million for the quarter ended 31 December 2008, which represents a 35% decrease over RM2.582 million profits before tax recorded for the corresponding quarter in the previous financial year. The decreased in PBT was due to lower contribution from oil & gas segment due to temporary shutdown of certain Petronas plants and reduced margin from polymer segment due to deteriorating economic conditions.

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved higher revenue of RM224.113 million for the financial year ended 31 December 2008, an increase of 260% from RM62.258 million recorded in the previous financial 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 RM18.284 million for the financial year ended 31 December 2008, which represents a 114% increase over RM8.557 million profits recorded in the previous financial 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 31/12/2008 | Quarter ended 30/9/2008 |
|-------------------|-----------------------------|----------------------------|
| | RM'000 | RM'000 |
| Revenue | 70,810 | 69,593 |
| Profit before tax | 1,672 | 3,747 |

For the fourth quarter ended 31 December 2008, the Group achieved higher revenue of RM70.810 million as compared to RM69.593 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 RM1.672 million for the current quarter as compared to approximately RM3.747 million in the preceding quarter, due to the significant reduction in the revenue from oil & gas segment, lower margins yield from technical services segment and higher provision for year end bonus.

B3 Prospects

Although the global economy is expected to be weakening significantly after being affected by the global financial crisis, the Board believes that the prospects for the DMB Group are positive in the coming years. The Board is of the view that the current negative outlook for the oil and gas industry is temporary. The proposed acquisition of the remaining 80% equity interest in Proffscorp Sdn. Bhd. ("Proffscorp") will enable DMB to fully consolidate its equity interest in Proffscorp, thereby meaningfully increasing the revenue base and profitability of the DMB Group.

The outlook of technical services division is expected to be satisfactory. Furthermore, the recent volatility in construction material prices are not expected to affect the performance of CMT due to the short-term nature of the projects entered.

The Board is of the view 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 31/12/2008 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM'000 | CURRENT YEAR TO DATE 31/12/2008 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM'000 |
| In respect of the current period: | | | | |
| Estimated current tax payable | <u>(1,384)</u> | <u>(806)</u> | <u>(5,718)</u> | <u>(1,716)</u> |

The effective tax rate for the quarter under review was higher than the statutory income tax rate mainly due to adjustment on underprovision of taxation in prior quarters by the subsidiaries of DMB Group, namely CMT and SDSB and additional deferred tax liabilities taken up in the final quarter of the year.

B6 Sale of unquoted investments and properties

There were no disposals of unquoted investments and properties during the quarter under review and financial year ended 31 December 2008.

B7 Quoted securities

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

| | INDIVIDUAL QUARTER | | PRECEDING YEAR | |
|-------------------------|--|--|--|---|
| | CURRENT YEAR QUARTER 31/12/2008 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM'000 | CURRENT YEAR TO DATE 31/12/2008 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM'000 |
| Purchases (at cost) | - | 948 | 672 | 4,568 |
| Disposal proceeds | - | 789 | 455 | 4,869 |
| (Loss)/Gain on disposal | <u>-</u> | <u>(159)</u> | <u>(217)</u> | <u>301</u> |

The investment in quoted securities as at 31 December 2008 are summarised below:

| | CURRENT YEAR TO DATE RM'000 |
|------------------------------------|--------------------------------|
| Total investment at cost | 655 |
| Total investment at carrying value | 306 |
| Total investment at market value | 306 |

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B8 Status of corporate proposals

The status of corporate proposals announced by the Company but not completed as at 20 February 2009, 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.

On 25 November 2008, the Board announced that Ministry of International Trade and Industry ("MITI") had, via its letter dated 24 November 2008 approved the Proposed Private Placement subject to the condition that the approvals of SC is obtained and compliance with the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests.

(ii) Proposed Acquisition of Proffscorp

On 18 December 2008, the Board announced that the Company proposed to acquire 1,320,000 ordinary shares of RM1.00 each representing 80% 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 RM22,800,000.

The shareholders of DMB had approved the Proposed Acquisition of Proffscorp at the extraordinary general meeting convened on 26 February 2009.

(iii) Proposed ESOS and Shares Buy-Back

On 22 December 2008, the Board announced that the Company has proposed to undertake the following:-
(i) Proposed establishment of an employees' share option scheme ("ESOS") for the eligible directors and employees of DMB and its subsidiary companies ("Proposed ESOS"); and

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

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

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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 31 December 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 | 4,543 | 2005-2009 | 1,957 | 30.11 (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 | 11,128 | | 1,957 | 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. On 8 January 2009, the Company has also obtained the approval from the SC on extension of time for the Company to fully utilise the balance unutilised IPO proceeds. Based on the said SC's letter, any further ext

(i) Actual utilisation incurred mainly in relation to the construction of second factory building. Due to the delay, current unfavourable market conditions, deteriorating market sentiment and the reduction in the Company's production, the Board has decided to put the expansion in production facility on hold (including the installation of a new semi-conductive compound line at the abovementioned factory building).

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

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 | 10,143 | - | 10,143 |
| Overdraft | - | - | - |
| Term loans | 967 | 14,947 | 15,914 |
| | <u>11,110</u> | <u>14,947</u> | <u>26,057</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 20 February 2009, 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 20 February 2009, 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. The fifth Defendant has filed an application to strike out the writ of summons and statement of claim, which is currently fixed for hearing on 2 April 2009.

A Mareva Injunction was obtained on an ex parte basis on 7 April 2008 to freeze the bank accounts of all the Defendants. The Injun

The solicitors of SDSB are of the opinion that SDSB has a good case.

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

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

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

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 is pleased to propose a final dividend of 3% less income tax of 25% in respect of the financial year ended 31 December 2008. These final dividend payable will be proposed for shareholders' approval at the forthcoming Annual General Meeting and the date payable will be announced at a later date.

B14 Earnings per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|--|--|
| | CURRENT YEAR QUARTER 31/12/2008 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM'000 | CURRENT YEAR TO DATE 31/12/2008 RM'000 | PRECEDING YEAR CORRESPON- DING PERIOD 31/12/2007 RM'000 |
| Net profit for the period/year attributable to ordinary equity holders of the company (RM'000) | 303 | 1,771 | 12,565 | 6,844 |
| Weighted average number of shares in issue ('000) | 491,992 | 295,195 | 373,914 | 233,881 |
| Basic earnings per share (sen) | <u>0.06</u> | <u>0.60</u> | <u>3.36</u> | <u>2.93</u> |

By Order of the Board

THAM WOOL LOON
Managing Director

Date: 27 February 2009