
6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT

6.1 Directors**6.1.1 Directors' Profile**

The profiles of the Directors of DMB are set out below:-

Kamalul Arifin bin Yusof, Malaysian, aged 45, was appointed as the Independent Non-Executive Chairman of DMB on 1 June 2005. He is also the Chief Executive Officer cum Managing Director of Aldwich Enviro-Management Sdn Bhd, a leading environmental management company. He started his career as an Environmental Control Officer in the Malaysian Department of Environment. Prior to joining the company, he held various positions at Dow Chemical Pacific Ltd with his last being the Product and Marketing Manager cum Business Operations Manager for Asia Pacific Liquid Separations Business. During his tenure at Dow Chemical Pacific Ltd, he was exposed to a broad range of industries including specialty plastics. He holds a Bachelor of Technical Science with Honours in Chemical Engineering and Fuel Technology from Sheffield University, United Kingdom and a Masters of Business Administration with merits from University of Bath, United Kingdom. He sits on the board of several private limited companies.

Tham Wooi Loon, Malaysian, aged 44, was appointed as the Managing Director of DMB on 30 May 2005. He is one of the co-founders of DPSB since 1994. He graduated from University of Waterloo in Ontario, Canada in 1984 with an Honours Degree in Mathematics double majors in Computer Science and Combinatorics and Optimisations. He started his career as a Marketing Executive in a trading company under the Inchcape Group in 1984. In 1986, he joined Hup Loong Food Products, a family business, and has been responsible for its business development and overall expansion until today. Presently, he also sits on the board of several private limited companies in Malaysia, China and Hong Kong.

Tham Jooi Loon, Malaysian, aged 39, was appointed as the Executive Director of DMB on 30 May 2005. He joined DPSB in 2003 as a Director. He graduated from McGill University in Montreal, Canada in 1988 with a Master of Business Administration specialising in corporate finance. He is also a qualified Chartered Financial Analyst. He started his career as a credit analyst with Chase Manhattan Bank in Kuala Lumpur in 1989. In 1995, he joined UBS Waburg (Union Bank of Switzerland) and later became its Executive Director responsible for Malaysian investment banking and Asia-Pacific Mergers and Acquisitions practices. Presently, he is a Director of Tradewinds Corporation Berhad (previously known as Pemas International Holdings Berhad) and several private companies in Malaysia, China, Hong Kong and British Virgin Islands.

Fazrin Azwar bin Md. Nor, Malaysian, aged 38, was appointed as the Independent Non-Executive Director of DMB on 1 June 2005. He graduated in 1990 from the University of Malaya with a Bachelor of Law (LLB) Honours Degree. He is an Advocate and Solicitor and a member of the Malaysian Bar, being called to the Bar in 1991. He was a Legal Assistant with Messrs. Adnan Sunda & Low until 1998. In 1999 until 2004, he was the Managing Partner of Messrs. Michael Chen, Gan, Muzafar & Azwar. In 2005, he became the Managing Partner of Messrs. Rashidah Muzafar & Azwar.

He holds directorship in both listed and non-listed companies. In 1999, he was appointed as an Independent Non-Executive Director of Tong Herr Resources Berhad. In 2000, he was appointed as the Independent Non-Executive Chairman of Mercury Industries Berhad. In 2003, he was appointed as an Independent Non-Executive Director of Ire-Tex Corporation Berhad. In 2004, he was appointed as a Non-Independent Non-Executive Director of Poh Kong Holdings Berhad and an Independent Non-Executive Director of DK Leather Corporation Berhad, DPS Resources Berhad and Englotechs Holding Berhad.

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

He is also the Independent Non-Executive Chairman of Galakan Corporation Berhad, a non-listed investment holding company.

6.1.2 Directors' Shareholdings

The shareholdings of the Directors in DMB before and after the Public Issue, based on their shareholdings as at 10 June 2005 are as follows:-

Name	No. of DMB Shares held before the Public Issue				No. of DMB Shares held after the Public Issue			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
Kamalul Arifin bin Yusof	-	-	-	-	250 ^(c)	0.13	-	-
Tham Wooi Loon	-	-	104,865 ^(a)	79.00	250 ^(c)	0.13	104,865 ^(a)	55.30
Tham Jooi Loon	-	-	11,947 ^(b)	9.00	250 ^(c)	0.13	11,947 ^(b)	6.30
Fazrin Azwar Bin Md. Nor	-	-	-	-	250 ^(c)	0.13	-	-

Notes:

^(a) Deemed interested through his shareholdings in DCSB and CNSB.

^(b) Deemed interested through his shareholdings in CNSB.

^(c) Assuming full subscription of their respective allocations of pink form Shares pursuant to the Public Issue.

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6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.1.3 Directors' Remuneration and Benefits

For the financial year ended 31 December 2004, the remuneration and fees paid to the Directors of DMB Group for their services rendered to the proforma DMB Group was RM174,720. For the financial year ending 31 December 2005, the estimated remuneration and fees to be paid to the Directors of DMB Group for their services rendered to DMB Group is RM218,400.

	Financial year ended/ending					
	31.12.2004			31.12.2005		
	Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total
RMI to RM19,999	-	-	-	-	-	-
RM20,000 to RM49,999	-	-	-	-	-	-
RM50,000 to RM199,999	2	-	2	2	-	2

6.1.4 Other Directorships and Substantial Shareholdings

Save as disclosed below, none of the Directors of DMB has other directorship and/or substantial shareholdings in other public corporations for the past (2) two years up to 10 June 2005.

Name of Director	Name of Company	Date of appointment and (resignation)	Shareholdings as at 10 June 2005			
			Direct '000	%	Indirect '000	%
Tham Jooi Loon	Tradewinds Corporation Bhd (formerly known as Pernas International Holdings Bhd)	20.01.2003	-	-	-	-
	THR Hotel (Selangor) Berhad (formerly known as PIHP (Selangor) Bhd)	18.08.2003	-	-	-	-
Fazrin Azwar bin Md Nor	Mercury Industries Bhd	07.08.2000	592	1.64	-	-
	Tong Herr Resources Bhd	20.07.1999	336	0.4	-	-
	Ire-Tex Corporation Bhd	02.12.2003	410	1.2	-	-
	Poh Kong Holdings Bhd	13.01.2004	1,500	1.8	-	-
	DK Leather Corporation Bhd	11.03.2004	1,000	0.4	-	-
	DPS Resources Bhd	01.06.2004	4,000	4.5	-	-
	Tek Seng Holdings Bhd	16.08.2004/ (01.02.2005)	-	-	-	-
Englotechs Holding Bhd	25.11.2004	-	-	-	-	

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.2 Substantial Shareholders

6.2.1 Details of the Substantial Shareholders

The details of the substantial shareholders of DMB (with 5% or more shareholdings, directly and indirectly) in the Company before and after the Public Issue, based on their shareholdings as at 10 June 2005 are as follows:-

Name	No. of DMB Shares held before the Public Issue				No. of DMB Shares held after the Public Issue			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
DCSB	92,918	70.00	-	-	92,918	49.00	-	-
DYM	18,584	14.00	-	-	18,584	9.80	-	-
CNSB	11,947	9.00	-	-	11,947	6.30	-	-
Song Tae Chin	9,292	7.00	-	-	9,542 ⁽⁵⁾	5.03	-	-
Tham Wooi Loon	-	-	104,865 ⁽¹⁾	79.00	250 ⁽⁵⁾	0.13	104,865 ⁽¹⁾	55.30
Sim Mui Hua	-	-	92,918 ⁽²⁾	70.00	-	-	92,918 ⁽²⁾	49.00
Song Ha Hyung	-	-	18,584 ⁽³⁾	14.00	250 ⁽⁵⁾	0.13	18,584 ⁽³⁾	9.80
Park Dong Ha	-	-	18,584 ⁽³⁾	14.00	-	-	18,584 ⁽³⁾	9.80
Tham Jooi Loon	-	-	11,947 ⁽⁴⁾	9.00	250 ⁽⁵⁾	0.13	11,947 ⁽⁴⁾	6.30
Tham Saloon	-	-	11,947 ⁽⁴⁾	9.00	-	-	11,947 ⁽⁴⁾	6.30

Notes:-

- (1) Deemed interested through his shareholdings in DCSB and CNSB.
(2) Deemed interested through his shareholdings in DCSB.
(3) Deemed interested through his shareholdings in DYM.
(4) Deemed interested through his shareholdings in CNSB.
(5) Assuming full subscription of their respective allocations of pink form Shares pursuant to the Public Issue.

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6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.2.2 Profile of Substantial Shareholders

DCSB

DCSB was incorporated in Malaysia under the Act on 24 November 1994 as a private limited company. As at 31 December 2004, the authorised share capital of DCSB was RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital was RM4,000,000 comprising of 4,000,000 ordinary shares of RM1.00 each.

DCSB is principally involved in investment holding.

The Directors and substantial shareholders of DCSB and their respective shareholdings as at 31 December 2004 are as follows:-

Name	Designation in DCSB	No of ordinary shares of RM1.00 each held in DCSB			
		Direct	%	Indirect	%
Directors					
Tham Wooi Loon	Director	800,000	20.00	-	-
Ng Eik Hock	Director	-	-	-	-
Ng Lean Thong	Director	-	-	-	-
Substantial shareholders					
Tham Wooi Loon	Director	800,000	20.00	-	-
Gan Chern Nee	Substantial Shareholder	400,000	10.00	-	-
Lee Lay Hong	Substantial Shareholder	400,000	10.00	-	-
Tan Chin Hoe	Substantial Shareholder	200,000	5.00	-	-
Lee Hong Len	Substantial Shareholder	200,000	5.00	-	-
Sim Mui Hua	Substantial Shareholder	1,200,000	30.00	-	-
Seow Siew Khoon	Substantial Shareholder	400,000	10.00	-	-
Tham Jooi Loon	Substantial Shareholder	400,000	10.00	-	-

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6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

DYM

DYM was incorporated in Korea on October 1992. As at 31 December 2004, the authorised share capital of DYM was Won1,800,000,000 comprising 180,000 ordinary shares of Won10,000 each. Its issued and paid-up share capital was Won900,000,000 comprising 90,000 ordinary shares of Won10,000 each.

DYM is principally involved in research, development and manufacturing of advanced materials.

The Directors and substantial shareholders of DYM and their respective shareholdings as at 31 December 2004 are as follows:-

Name	Designation in DYM	No of ordinary shares of Won 10,000 each held in DYM			
		Direct	%	Indirect	%
Directors & Substantial Shareholders					
Song Ha Hyung	Director	51,300	57.00	-	-
Park Dong Ha	Director	34,200	38.00	-	-

CNSB

CNSB was incorporated in Malaysia under the Act on 11 March 2003 as a private limited company. As at 31 December 2004, the authorised share capital of CNSB was RM10,000 comprising of 10,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital was RM1,000 comprising of 1,000 ordinary shares of RM1.00 each.

CNSB is principally involved in investment holding.

The Directors and substantial shareholders of CNSB and their respective shareholdings as at 31 December 2004 are as follows:-

Name	Designation in CNSB	No of ordinary shares of RM1.00 each held in CNSB			
		Direct	%	Indirect	%
Directors					
Tham Wooi Loon	Director	400	40.00	-	-
Choo Tye Lee	Director	-	-	-	-
Tham Jooi Loon	Director	400	40.00	-	-
Tham Saloon	Substantial Shareholder	200	20.00	-	-

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6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

Song Tae Chin

Song Tae Chin, aged 55, is a Korean businessman. He graduated from Kook-Min University, Korea with an Honours Degree in Economics. He is currently the President and Chief Executive Officer of Cominet Corporation, a company incorporated in Korea. Cominet Corporation specialised in developing and manufacturing of fiber optic transmission products like fiber optic link/multiplexer for the Close Circuit Television ("CCTV") security on the fiber optic system, surveillance markets such as Intelligent Transportation System ("ITS"), Freeway Traffic Management System ("FTMS") and Fiber to the Home/Curb etc ("FTTx") solutions. He also worked for Ssangyong Corporation, one of the largest general trading company in Korea for ten (10) years and another five (5) years in Tehran branch office in Iran before joining Cominet Corporation. His responsibility included handling of electronic and heavy electrical projects such as supplying of power/telecommunication cables and execution of turn-key project like substation and transmission line. Apart from that, he was also responsible for the buying of crude oil from the National Iranian Oil company and selling of lube oil/fertilizers to Iran.

Tham Wooi Loon

Please refer to Section 6.1.1 of this Prospectus for details on Tham Wooi Loon.

Sim Mui Hua

Sim Mui Hua, age 47, an entrepreneur and a businesswoman. She is a director of several private limited companies. Her forte is in construction development and estate planning where she has more than twenty (20) years of experience.

Song Ha Hyung

Please refer to Section 6.6.1 of this Prospectus for details on Song Ha Hyung.

Park Dong Ha

Park Dong Ha, Korean, aged 50, is a Technical Managing Director of DYM. He joined DYM as a Technical Director since 1994. He graduated from Dan Kook University, Korea in 1979 with a major in chemical engineering. He started his career as a R&D Researcher with Keuk Dong Cable Co. which specialised in rubber cable products in 1979. Prior to joining DYM, he was the Technical Director of Fine Material Co. and he has more than 25 years of working experience in the advanced materials and cable and wire industries.

Tham Jooi Loon

Please refer to Section 6.1.1 of this Prospectus for details on Tham Jooi Loon.

Tham Saloon

Tham Saloon, Malaysian, aged 41, is the General Manager of Huatai Life Insurance Company Limited in China. He graduated from the University of Waterloo in Ontario, Canada in 1988 with a Bachelor and Master of Mathematics. He started his career as an actuarial student with London Life Insurance Company in Ontario, Canada in 1989 and was promoted to a Product Manager in 1993. In 1996, he was an Assistant Vice President and an Actuary with New York Life Worldwide Holdings in New York, US. In 1996, he was an International Vice President, Actuarial & Finance Departments Head/Chief Actuary with New York Life & Annuity (Taiwan) Co. in Taipei, Taiwan. Prior to 2004, he held various positions with several international insurance companies with his last being the Executive Vice President & Deputy General Manager of New York Life Insurance Taiwan Corporation in Taipei, Taiwan.

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.2.3 Changes in the shareholdings of the Substantial Shareholders of DMB for the past three years

The changes in the substantial shareholdings of DMB for the past three (3) years up to 10 June 2005 are as follows:-

Name	As at incorporation date ⁽¹⁾				After Proposed Acquisition but before Public Issue ⁽¹⁾			
	No. of DMB Shares				No. of DMB Shares			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
Chai Churn Hwa	*	50.00	-	-	-	-	-	-
Honey Mok Swee Bee	*	50.00	-	-	-	-	-	-
DCSB	-	-	-	-	92,918	70.00	-	-
DYM	-	-	-	-	18,584	14.00	-	-
CNSB	-	-	-	-	11,947	9.00	-	-
Song Tae Chin	-	-	-	-	9,292	7.00	-	-

Notes:-

⁽¹⁾ Refers to ordinary shares of RM1.00 each.

* Represents RM1.00.

6.3 Promoters

6.3.1 Details of Promoters

The shareholdings of the Promoters in DMB before and after the Public Issue, based on their shareholdings as at 10 June 2005 are as follows:-

Name	No. of DMB Shares before the Public Issue				No. of DMB Shares after the Public Issue			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
DCSB	92,918	70.00	-	-	92,918	49.00	-	-
CNSB	11,947	9.00	-	-	11,947	6.30	-	-
Song Tae Chin	9,292	7.00	-	-	9,542*	5.03	-	-

Note:-

* Assuming full subscription of his allocation of pink form Shares pursuant to the Public Issue.

6.3.2 Profile of Promoters

The promoters of DMB are DCSB, CNSB and Song Tae Chin and their profiles are set out in Section 6.2.2.

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.3.3 Other Directorships and Substantial Shareholdings

None of the other Promoters of DMB has other directorship and/or substantial shareholdings in public corporations other than DMB for the past (2) two years up to 10 June 2005.

6.3.4 Changes in the shareholdings of the Promoters of DMB for the past three years

The changes in the shareholdings of the Promoters of DMB for the past three (3) years up to 10 June 2005 are as follows:-

Name	As at incorporation date ⁽¹⁾				After Proposed Acquisition but before Public Issue ⁽¹⁾			
	No. of DMB Shares		No. of DMB Shares		No. of DMB Shares		No. of DMB Shares	
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
Chai Churn Hwa	*	50.00	-	-	-	-	-	-
Honey Mok Swee Bee	*	50.00	-	-	-	-	-	-
DCSB	-	-	-	-	92,918	70.00	-	-
CNSB	-	-	-	-	11,947	9.00	-	-
Song Tae Chin	-	-	-	-	9,292	7.00	-	-

Notes:-

⁽¹⁾ Refers to ordinary shares of RM1.00 each.

* Represents RM1.00

6.4 Audit Committee

The Audit Committee comprises the following:-

Name	Designation	Directorship
Kamalul Arifin bin Yusof	Chairman	Independent Non-Executive Chairman
Tham Jooi Loon	Member	Executive Director
Fazrin Azwar bin Md. Nor	Member	Independent Non-Executive Director

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6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.5 Employees

As at 10 June 2005, the Group has approximately 59 full-time employees in the following categories:

Category	No. of Employees	Average Length of Service (Years)
Senior Management	6	6
Technical/Support Staff	15	5
Business Development	2	5
Skilled Employees	35	4
Unskilled Employees	1	8
Total	59	

The Group understands the need to maintain a high level of skilled and experienced workforce for future growth. In order to remain competitive, the Group continuously upgrades the skills of its employees to optimise their potential and minimise their skill gap. This is achieved through both in-house training and external seminars organised by outside institutions or consultants. The Group is committed to investing in its human resources to ensure that its employees have the relevant expertise to meet the Group's aggressive growth plans and the challenges ahead.

There has been no industrial dispute between the management and employees of the DMB Group since 1995. Further, none of the employees belong to any labour union and they enjoy a cordial relationship with the management.

6.6 Key Management

The profiles of the key management of DMB are set out below:-

6.6.1 Key Management's Profile

Song Ha Hyung, Korean, aged 62, is a Technical Director of DPSB. He joined DPSB as a Technical Director since 1994. He possesses an honour degree in Chemical Engineering from Han Yang University, Korea in 1967. He started his career as a R&D Manager in Dong Shin Chemical Co, Korea in 1967 which specialises in auto mobile tyres and tubes and other rubber products. He progressed his career to be the Plant Manager and later became the Managing Director in Dong Seon Material Co, Korea in 1981. The company specialised in developing Semicon. In October 1992, he founded DYM. He has 37 years of working experience in the advanced materials and chemical industries.

Ng Eik Hock, Malaysian, aged 43, is the General Manager of DPSB. He joined DPSB as a Chemical Engineer in 1995. He was trained in Korea and was a pioneer in the setting up of the company's production lines, quality control and R&D units. He was subsequently promoted to the position of Factory Manager and finally the present post in 1998. He graduated from Universiti Malaya in 1991 with an Honours Degree in Chemistry and presently he is undergoing a Master of Business Administration program at the Institute of Training and Development in Malaysia. He started his career as a Chemist with Taiko Bleaching Earth Sdn Bhd, a chemical manufacturer, in 1991. He has 16 years of working experience in polymer and chemical industries.

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

Cheong Boo Kheng, Malaysian, aged 39, is the Sales and Administration Manager and the first employee of DPSB. He joined the company in 1995. He started as a Purchasing and Administrative Executive and was responsible for the application of major licences, importation of raw materials and machinery, employees' recruitment, setting up administration office and company's procedure. Upon the completion of DPSB plant in early 1996, he started the marketing, promotion and sales of the company's products under the direct guidance of the Technical Director. He has 17 years of working experience in warehousing, purchasing and administration in both the manufacturing and service industry. He was promoted to the Sales and Administration Manager in 1998 and is now actively involved in both domestic and overseas sales & marketing activities. Presently, he is undergoing a Diploma in Management Program from the Malaysian Institute of Management.

Kok Wei Bee, Malaysian, aged 33, is the Accounts and Finance Manager of DPSB. She joined the company in 2003. She graduated from University of Malaya in 1996 with an Honours Degree in Accounting. She has been a member of the Malaysian Institute of Accountants since 1999. She has 8 years of working experience in auditing, accounting and finance industries. She started her career with Ernst & Young, a public accounting firm as Audit Assistant and was promoted to Audit Senior in 1999. Subsequently, she joined Perai Seagate Storage Products Sdn Bhd, a multinational company as an Accountant. In 2001, she was attached to Intel Technology Sdn Bhd as a Finance Analyst. She is currently responsible for the overall financial and accounting functions of the Group.

Cheah Lee San, Malaysian, aged 40, is the Assistant Production Manager of DPSB. He joined DPSB as a Production Superintendent in 1996. He was subsequently promoted to Production Engineer in 1998. He completed his Sijil Pelajaran Malaysia in 1983. Prior to joining DPSB, he worked with Chung Yang Rubber Sdn Bhd which specialises in rubber products and Alliance Rubber Sdn Bhd which specialises in glove manufacturing. He has 18 years of working experience in the plastic and rubber industries. In addition, he has in-depth knowledge and experience in the production planning and maintenance activities.

Zainudin Mat Rozhi, Malaysian, aged 28, is the R&D Quality Control Executive of DPSB. He joined DPSB as a Quality Control Executive in 2001. He obtained his Diploma in Rubber and Technology from Universiti Teknologi Mara and a Diploma in Natural Rubber Processing from the Malaysian Rubber Board in 1998. He pursued his Degree in Polymer Technology from Universiti Teknologi Mara and graduated in 2001. He gained additional knowledge and experience in the research and testing of rubber compounding and extrusion when he was having his practical training at the Malaysian Rubber Board as a Research Assistant. He has 4 years of working experience in the polymer industry. He is currently responsible for the overall quality control management and product development of DPSB.

Salina Mat Yusoff, Malaysian, aged 30, is the Human Resource and Government Liaison Officer of DPSB. She joined the company in 2001. She obtained her Diploma in Public Administration from Universiti Teknologi Mara in 1995. She has 9 years of working experience in administration and human resource industries. She started her career as an Administrative Clerk in a shipping company. She gained additional knowledge and experience in human resource management when she was employed by Winrank (M) Sdn Bhd and Pusat Teknologi Perabot Utara Sdn Bhd for 5 years.

6.6.2 Key Management's Shareholdings

Save for Song Ha Hyung's indirect shareholdings in DMB as disclosed in Section 6.2.1 of this Prospectus, none of the key management has any direct or indirect interests in DMB save for the shares in DMB offered to them pursuant to the Public Issue as stated in Section 2.2.

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (*Cont'd*)

6.7 Involvement of Executive Directors and Key Management in other Companies/Corporations

Save as disclosed below, all the other key management of DMB served on a full time basis in the Group.

- (i) Tham Wooi Loon, the Managing Director, is also a Director in several other private limited companies which are in investment holding and food manufacturing business. He is mainly responsible for the business development and overall expansion in these companies.
- (ii) Tham Jooi Loon, the Executive Director, is also a Director in Tradewinds Corporation Bhd (*formerly known as Pernas International Holdings Bhd, PIHP (Selangor) Bhd*), THR Hotel (Selangor) Bhd (*formerly known as PIHP (Selangor) Bhd*) and several other private limited companies. He is mainly involved in a financial advisory role in Tradewinds Corporation Bhd while his involvement in other companies are primarily supervisory.
- (iii) Song Ha Hyung, the Technical Director of DPSB, is also a Director in DYM, a company based in Korea and is mainly responsible for the R&D areas of this company.

Tham Wooi Loon and Tham Jooi Loon have represented that although they are unable to commit on a full time basis to the DMB Group, they have ensured that they have been and are able to fulfil their respective responsibilities to the DMB Group. Their involvement in companies mentioned above and other businesses has not jeopardised the performance of the Group.

Song Ha Hyung's involvement in the DMB Group is mainly restricted to attending quarterly meetings for the provision of technical assistance to DPSB and making regular visits to the customers' premises/factories for feedback on the technical aspects of the products of DPSB.

6.8 Declarations from the Directors, Key Management and R&D Personnel

As at the 10 June 2005, none of the directors or key management and R&D personnel is or has been involved in the following events (whether in or outside Malaysia):-

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key management/R&D personnel;
- (b) such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) such person was the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

6.9 Family Relationship

Save as disclosed herein, none of other members of the Board, substantial shareholders and key management is related to each other:-

- (a) Tham Wooi Loon, the Managing Director of DMB, is the brother of Tham Jooi Loon, who is an Executive Director of DMB and Tham Saloon, who is the substantial shareholder of DMB; and
- (b) Song Ha Hyung, the Technical Director of DMB, is the brother of Song Tae Chin, who is a shareholder and Promoter of DMB.

6. INFORMATION ON DIRECTORS, SUBSTANTIAL SHAREHOLDERS, PROMOTERS AND KEY MANAGEMENT (Cont'd)

6.10 Service Agreement

Save for the Technical Assistance Agreements and employment contracts containing ordinary terms of employment between the Directors or key management of DMB and/or its subsidiary company to provide services, there are no existing or proposed service contracts entered into between the Directors and/or the key management/R&D personnel of DMB and/or its subsidiary company as at the date of this Prospectus.

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7. SUMMARY OF THE FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN

7.1 Business Directions for the Next Five Years

The DMB Group will continue to concentrate and expand on its core competencies in the design and manufacture of advanced polymer materials for cable and other related industries. The Group believes that with its sustained emphasis on R&D and technological leadership, it will be able to tap into the opportunities offered by local and the international markets.

With progressive development and enhancement in products and designs, manufacturing technologies, technical expertise and distribution channels, coupled with a ready access to the capital markets, the DMB Group is expected to be in the forefront of advanced polymer materials industry. The DMB Group's principal strategies encompass:

(i) Product Development

The DMB Group's primary aim is to consolidate its position as a supplier of advanced materials of choice to the cable and wire manufacturers operating locally and overseas. The Group will focus in improving its production know-how in order to further lower operating costs and create technologically superior products. In addition, it intends to focus its R&D efforts towards developing and acquiring new technical capabilities to venture into other advanced polymer products, in particular for application in halogen-free flame-retardant cable and high-voltage power cable.

The Group's product milestone is set out below:

Year/ New Products	2005	2006	2007	2008
MV-XLPE	✓			
Flame Retardant Compound		✓		
Semicon compound for HV Cable			✓	
HV-XLPE				✓
Compounds for shipboard, subway and automotive cables				✓

Note:-

✓ indicates commercialisation

(ii) R&D

The Group will continue to focus on R&D activities. The Group has long-standing strategic alliance with its technical partner in Korea and a well-equipped R&D laboratory, which houses a broad range of compounding machines, physical testing and analytical equipment. In addition, the Group will also continue with its technical collaborations with USM to expand its R&D activities.

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7. SUMMARY OF THE FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)

The Group's new product development stages are as follows:-

New Products	Status of development
MV-XLPE	100% complete
Flame Retardant Compound	50% in progress
Semicon compound for HV Cable	Technology is ready, now making final market studies
HV-XLPE	To commence R&D in 2006
Compounds for shipboard, subway and automotive cables	To commence R&D in 2006

7.2 Product and Business Development Policy

The DMB Group intends to continue to enhance its domestic and export market. Its strategy is to strengthen and widen its distribution network and to broaden the revenue base.

The DMB Group's growth strategies would broadly be categorised into four approaches:

(i) Operational excellence

A key strategy of the Group is to develop new technologies to further strengthen its competitive market position. R&D efforts are concentrated at the laboratory housed within the production facility. They do not only facilitate the development of new and technologically superior products, but also help the Group achieves operational excellence through better manufacturing processes and improved cost efficiencies.

(ii) Product leadership and innovation

Armed with its competitive strengths and resources, the Group believes that it is well equipped to produce new and more advanced polymer products and customer segments. To develop a customer value proposition, the Group has positioned itself as the domestic market leader in the Semicon and XLPE compounds segments. To date, the Group has captured a major market share in the Semicon segment in the process of establishing a major foothold in the overseas markets.

(iii) Growth with existing customers

The Group believes that its existing pool of customers represents a significant potential market for future sales of its advanced polymer products. As the Group has already established a sound business relationship with its customers, the Group seeks to leverage on this relationship to move up the value chain of its customers. The Group intends to market newer products and venture into up-stream product development activities. The Group aims to give its customers superior after-sale services at all times. To help support this, it has well trained, multilingual technical sales team, who is responsive to customer queries and problems.

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7. SUMMARY OF THE FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)

(iv) Strategic marketing alliance

The Group is moving inroads into by approving pre-qualified distributors and agents for each potential export market. The use of strategic alliance with regional and international marketing agents has proven to be successful in establishing "DAYACOM" as a brand synonymous to product excellence. This is in line with the Group's strategy for image and brand enhancement.

The Group's new target markets are set out below: -

New Market	2004	2005
Indonesia	✓	
China	✓	
Thailand	✓	
Vietnam	✓	
Middle East	✓	
Philippines		✓
Indian Subcontinent		✓

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8. APPROVALS AND CONDITIONS

8.1 Approvals and Conditions

The Listing was approved by the MITI on 22 April 2004, SC (and approved under the guidelines on the acquisition of interest, takeovers and mergers by local and foreign interest) on 10 March 2005 and Bursa Securities on 11 March 2005. The conditions imposed by the aforesaid authorities and the status of compliance are as follows:-

Authority	Details of conditions imposed	Status of compliance
MITI	1) DMB is required to have at least 30% Bumiputera equity participation one (1) year after meeting the profit track record criteria for the Second Board of Bursa Securities or five (5) years after admission to the MESDAQ Market, whichever is earlier.	To be complied.
	2) To obtain SC's approval on the Listing.	Complied. Approval was obtained on 10 March 2005.
	3) To obtain Bursa Securities' approval on the Listing.	Complied. Approval was obtained on 11 March 2005.
SC	1) DMB to disclose the status of utilisation of listing proceeds in its quarterly and annual reports until the proceeds are fully utilised.	To be complied.
	2) DMB to meet the 30% Bumiputera equity requirement within 1 year after DMB has achieved the profit track record requirement for companies applying for listing on the Second Board of Bursa Securities or five (5) years after being listed on the MESDAQ Market of Bursa Securities, whichever is earlier, in which the shares should be allocated to Bumiputera investors to be approved by the MITI	To be complied.
	3) MIMB/DMB to submit a preliminary proposal to SC on how DMB will meet the Bumiputera equity condition six (6) months before the expiry date of compliance.	To be complied.
	4) MIMB/DMB to inform SC on its equity structure upon completion of the listing scheme.	To be complied.

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8. APPROVALS AND CONDITIONS (Cont'd)

Authority	Details of conditions imposed	Status of compliance
Bursa Securities	<p>1) DMB to make the following disclosures in its Prospectus:-</p> <p>(a) Risk pertaining to the termination of the Technical Assistance Agreements with DYM and Song Ha Hyung ("SHH") and the mitigating factors to overcome the risk;</p> <p>(b) The ability of the Group to sustain and continue with its business in the event of the termination of the Technical Assistance Agreements with DYM and SHH respectively in view of the non-competition clauses would be void;</p> <p>(c) Expansion on salient terms of the Technical Assistance Agreements in Section 9.1 of the Prospectus to include the non-competition clauses and expiry dates; and</p> <p>(d) To provide the mitigating factors on the risk of conflict of interest as SHH and DYM are involved in a similar business.</p> <p>2) DMB to inform Bursa Securities on the appointment of Independent Directors and to provide confirmation that they qualify as independent Directors as defined in the Listing Requirements.</p> <p>3) DMB to inform Bursa Securities on the appointment of Audit Committee and to provide confirmation that they qualify as Independent Directors as defined in the Listing Requirements.</p> <p>4) DMB to include a negative statement in its Prospectus on the exclusion of the profit forecast from its Prospectus and the reasons thereof.</p>	<p>Complied. Please refer to Section 4.17 of the Prospectus.</p> <p>Complied. Please refer to Section 4.18 of the Prospectus.</p> <p>Complied. Please refer to Section 9.1 of the Prospectus.</p> <p>Complied. Please refer to Section 4.18 of the Prospectus.</p> <p>Complied. DMB had on 8 June 2005 informed Bursa Securities on the appointment of Kamalul Arifin bin Yusof as the Independent Non-Executive Chairman and Fazrin Azwar bin Md. Nor as the Independent Non-Executive Director of the Company and has furnished Bursa Securities the necessary confirmations that they qualify as independent directors as defined in the Listing Requirements.</p> <p>Complied. DMB had on 8 June 2005 informed Bursa Securities on the appointment of Audit Committee and furnished confirmation that the members qualify as defined in the Listing Requirements.</p> <p>Complied. Please refer to Section 10.4 of the Prospectus.</p>

8. APPROVALS AND CONDITIONS (Cont'd)

The SC also noted the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in DMB will change arising from the implementation of the proposed floatation, as follows:-

Category	Before proposal %	After proposal %
Bumiputera	-	-
Non-Bumiputera	100.00	85.30
Foreign	-	14.70
	<u>100.00</u>	<u>100.00</u>

8.2 Moratorium on Disposal of Promoters' Shares

Bursa Securities has placed a moratorium on the shareholdings of the Promoters of DMB as follows:-

Shareholder	←-----After the Public Issue-----→			
	No. of DMB Shares directly held	%	No. of DMB Shares held under moratorium	%
DCSB	92,918,000	49.00	69,457,500	36.63
CNSB	11,946,600	6.30	8,930,250	4.71
Song Tae Chin	9,291,800*	4.90	6,945,750	3.66
	<u>114,156,400</u>	<u>60.20</u>	<u>85,333,500</u>	<u>45.00</u>

The Promoters, which own a total of 114,156,400 DMB Shares representing 60.20% of the enlarged issued and paid-up share capital of DMB upon Listing, have been imposed with a moratorium on the sale of their shares proportionately according to their respective shareholdings for one (1) year from the date of admission of DMB on the MESDAQ Market.

Thereafter, the Promoters may sell, transfer or assign up to a maximum of one third (1/3) of their respective shareholdings per annum on a straight line basis of their respective shareholdings under moratorium. Such permission to sell being cumulative so that the restriction on sale shall cease to apply upon expiry of the fourth (4th) year after the date of Listing of DMB on the MESDAQ Market.

The restriction, which has been fully accepted by the Promoters, is specifically endorsed on the share certificates of DMB representing the respective shareholdings of the aforesaid shareholders on which are the moratorium of disposal has been imposed to ensure that the MCD will not register any transfer which is not in compliance with the aforesaid restriction.

Note:-

* Excludes his allocation of pink form Shares pursuant to the Public Issue.

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9. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST

9.1 Related Party Transactions

Save as disclosed below, none of the Directors and substantial shareholders of the Company has an interest, direct or indirect, in the promotion of or in any material assets which have, within two (2) years preceding the date of this Prospectus, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to the Company or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiary company:-

- (i) Technical Assistance Agreement dated 19 November 1994 between DPSB and DYM wherein DYM agreed to grant to DPSB an exclusive right and licence to use the intellectual property rights and technical knowledge of DYM to manufacture and sell the Semicon and the LV-XLPE compound for a consideration of USD100,000.00.

DPSB can export the Semicon and the LV-XLPE manufactured to any country outside of Malaysia except the Republic of Korea. Advance conference is required if and when DPSB makes such export sale to any of DPSB's affiliate (which shall have the same meaning as Section 6 of the Act). The sales of the Semicon and the LV-XLPE shall be handled by DPSB and during the continuance of the technical assistance agreement, DYM shall not compete, either on its own or through its affiliates or agents, or facilitate the competition in sales in respect of any of the Semicon and the LV-XLPE manufactured by DPSB in Malaysia.

The technical assistance agreement has no expiry dates but it is terminable upon the occurrence of, inter-alia, one or more of the following events and the giving of notice in writing in respect thereof:-

- (a) by any party, if the other party shall commit a breach of any of its obligations under the technical assistance agreement which it shall fail to be remedied within sixty (60) days from written notice being sent requiring that the breach be remedied;
- (b) by any party, if the other party shall be or become incapable for a period of one hundred and eighty (180) days of performing any of its obligations under this technical assistance agreement because of force majeure;
- (c) by any party, if the other party thereto or its creditors shall file for that party's dissolution or liquidation, or if that party is unable to pay any debts as they become due, or if the creditors of that party have taken over its management or if the relevant financial institutions have suspended that party's banking facilities, or if any material or significant part of that party's undertaking, property or assets shall be expropriated by action of any government;
- (d) by the parties thereto, if any agreement entered into for the purpose of implementing the joint venture by setting up DPSB, is terminated by any reason, or its renewal is not approved by the relevant authorities.
- (ii) Technical Assistance Agreement dated 1 July 2002 between DPSB and Song Ha Hyung wherein Song Ha Hyung agreed to grant to DPSB an exclusive right and licence to use the intellectual property rights and technical knowledge of Song Ha Hyung to manufacture and sell the one-step LV-XLPE and MV-XLPE for a consideration of USD50,000.00. In addition, Song Ha Hyung shall be entitled to royalty payment from 1 September 2002 until 31 December 2005 at the following rates:
- (a) One-Step LV-XLPE – 0.5% of Total Net Sales
- (b) MV-XLPE – 1.0% of Total Net Sales.

9. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST *(Cont'd)*

Song Ha Hyung and his affiliates (which shall have the same meaning as Section 6 of the Act) undertake not to provide any kind of technical assistance to any third party, form any partnership, joint venture and business relationship of any nature within the ASEAN countries which may compete directly or indirectly with DPSB. The non-competition shall extend for a period until 31 December 2005.

- (iii) Purchase of raw materials by DPSB from Cominet Corporation, a related party, for the sum of RM1,318,147 for the period between 1 January 2004 to 31 December 2004.
- (iv) Purchase of raw materials by DPSB from Cominet Corporation, a related party, for the sum of RM1,283,527 for the period between 1 January 2003 to 31 December 2003.
- (v) Purchase of raw materials by DPSB from DYM, a related party, for the sum of RM293,974.30 for the period between 1 January 2003 to 31 December 2003.
- (vi) Purchase of machineries by DPSB from Cominet Corporation, a related party, for the sum of RM7,990.50 for the period between 1 January 2003 to 31 December 2003.
- (vii) Sales to LCIB and UCMB by DPSB, a related party, for the sum of RM5,025,395 and RM3,187,295 respectively for the period between 1 January 2003 to 31 December 2003.
- (viii) Sales to LCIB and UCMB by DPSB, a related party, for the sum of RM5,006,730 and RM6,571,120 respectively for the period between 1 January 2004 to 31 December 2004.
- (ix) Insurance premium payable to Leader Agency Sdn Bhd, a related party, for the sum of RM66,418 for the period between 1 January 2004 to 31 December 2004.
- (x) Insurance premium payable to Leader Agency Sdn Bhd, a related party, for the sum of RM66,070 for the period between 1 January 2003 to 31 December 2003.

There is no amount of outstanding loan (including guarantees of any kind) that has been made by DMB or any of its subsidiaries or substantial shareholders, to or for the benefit of any Director, substantial shareholders as defined under Section 122A of the Act, as at 10 June 2005, being the latest practicable date prior to the issuance of the prospectus.

The transactions as per item (iii) to (x) above with related parties, are of revenue in nature, which are required for the Group's day-to day operations. The Directors and/or the substantial shareholders of DMB have provided an undertaking that all the business transactions between the Group, the Directors and/or substantial shareholders and persons connected to them and the key management of DMB, shall have been and shall be based on an arm's length basis and on commercial terms and shall not disadvantage the Group.

To ensure the continuation of such transactions, the shareholders have granted to the Directors of DMB by way of resolutions passed on 7 June 2005, the shareholders' mandate for the Group to enter into the abovementioned transactions.

9.2 Material Interest in Contracts or Arrangements

None of the Directors and/or the substantial shareholders and/or key management of DMB and its subsidiary company, any persons connected to them has any material interest, directly or indirectly, in any contract or arrangement which is unusual in their nature or conditions in relation to the business of the Group and/or subsisting at the date of this Prospectus.

9. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST (Cont'd)

9.3 Interest in Similar Business

Save as disclosed below, none of the Directors nor substantial shareholders of the Company have any interest, direct or indirect, in any business carrying on a similar trade as the Company, which is not quoted on a recognised stock exchange:-

- (i) DYM, one of the substantial shareholders of DMB, is principally involved in research, development and manufacturing of advanced materials such as HV Semicon and Halogen Free Flame Retardant Compounds.
- (ii) Song Ha Hyung, the Technical Director of DPSB, is one of the Directors and substantial shareholders of DYM, which is principally involved in research, development and manufacturing of advanced materials such as HV Semicon and Halogen Free Flame Retardant Compounds.
- (iii) Park Dong Ha is one of the Directors and substantial shareholders of DYM, which is principally involved in research, development and manufacturing of advanced materials such as HV Semicon and Halogen Free Flame Retardant Compounds.

9.4 Declaration by the Advisers

MIMB hereby confirms that there is no conflict of interest in its capacity as the Adviser, Sponsor and Joint Managing Underwriter for the Public Issue.

EON Bank Berhad, the holding company of MIMB, has extended a term loan, overdraft, letter of credit, trust receipt, bankers' acceptance, shipping guarantee, bank guarantee and foreign exchange contract line facilities of up to RM5,030,000 to DMB Group. EON Bank Berhad has further extended a temporary letter of credit, trust receipt, bankers' acceptance, shipping guarantee and banker guarantee facilities of RM1,000,000 which is expiring on 6 July 2005.

Messrs. Ghazi & Lim confirm that there is no conflict of interest in its capacity as the Solicitors for the Public Issue.

Messrs. Ernst & Young confirm that there is no conflict of interest in their capacity as Auditors and Reporting Accountants for the Public Issue.

Rahim & Co Chartered Surveyors (Penang) Sdn Bhd confirm that there is no conflict of interest in their capacity as the Valuer in relation to the Public Issue.

Frost & Sullivan (M) Sdn Bhd confirm that there is no conflict of interest in its capacity as the Independent Market Research Consultant for the Public Issue.

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10. FINANCIAL INFORMATION

10.1 Proforma Consolidated Financial Results

The following is the summary of the proforma consolidated financial results of DMB for the past five (5) financial years ended 31 December 2004. This summary has been prepared based on the assumption that the current structure of the Group has been in existence throughout the years under review. The proforma consolidated financial results of DMB have been prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section 11 of this Prospectus.

	<-----FYE 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	9,522	15,541	21,111	22,990	31,034
EBITDA	1,748	3,547	4,208	4,517	4,743
Depreciation and amortisation	(380)	(534)	(670)	(528)	(570)
Interest expense	(244)	(217)	(162)	(86)	(238)
Interest income	8	13	2	25	10
PBT	1,132	2,809	3,378	3,928	3,945
Taxation	(183)	(441)	(769)	(1,054)	(932)
PAT	949	2,368	2,609	2,874	3,013

Basic EPS

No. of DMB Shares assumed in issue ('000) ⁽²⁾	132,740	132,740	132,740	132,740	132,740
Gross EPS (sen)	0.85	2.12	2.54	2.96	2.97
Net EPS (sen)	0.71	1.78	1.97	2.17	2.27

Fully diluted EPS

No. of DMB Shares assumed in issue ('000) ⁽³⁾	189,630	189,630	189,630	189,630	189,630
Gross EPS (sen)	0.60	1.48	1.78	2.07	2.08
Net EPS (sen)	0.50	1.25	1.38	1.52	1.59

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10. FINANCIAL INFORMATION (Cont'd)

Notes:-

- (1) *There were no extraordinary, exceptional items and minority interest during the years under review.*
- (2) *The number of DMB Shares assumed in issue is based on the issued and paid-up share capital of DMB after the acquisition of DPSB.*
- (3) *Based on the enlarged issued and paid-up share capital of 189,630,000 DMB Shares.*

10.2 Financial Analysis**(i) Revenue and Profitability****(a) Financial Year Ended 31 December 2000**

During the financial year ended 31 December 2000, the Group recorded a 6% increase in revenue. This was mainly due to the change in sales mix whereby the Group sold more Semicon which fetched a higher selling price as compared to financial year ended 31 December 1999.

Except for products such as one grade of Semicon and LV-XLPE whose sales volumes decreased by 30% and 21% respectively, all other products showed an increase in sales volume from 24% to more than 100%. The Group also reduced its selling prices for all the Semicon during the year since the exchange rate between USD and RM had then been stabilized.

There was no material fluctuation noted in the profit before tax margin.

The effective tax rate for the financial year ended 31 December 2000 was lower than the statutory tax rate as the subsidiary was granted pioneer status, whereby the subsidiary's pioneer profit was 70% tax exempt for a period of 5 years commencing from February 1996 for the manufacture of Semicon and LV-XLPE and also due to the utilisation of unabsorbed capital allowances brought forward.

(b) Financial Year Ended 31 December 2001

The Group recorded a 63% increase in revenue during the financial year ended 31 December 2001. This was mainly due to an increase of 87% in sales of Semicon as a result of an increase in demand for the products during the year from two of the subsidiary's main customers, namely Federal Power Sdn. Bhd. and Olympic Cable Company Sdn.Bhd., where sales increased from RM1,663,860 and RM1,491,650 respectively in the financial year ended 31 December 2000 to RM3,474,810 and RM2,910,930 respectively in the financial year ended 31 December 2001.

Profit before taxation margin increased by approximately 6% due to the higher increase in sales of 63% as compared to the 58% increase in cost of sales and an increase in other income during the financial year ended 31 December 2001.

The effective tax rate for the financial year ended 31 December 2001 was lower than the statutory tax rate due primarily to reinvestment allowance incentives claimed by the subsidiary.

10. FINANCIAL INFORMATION (Cont'd)**(c) Financial Year Ended 31 December 2002**

The Group recorded an increase of 36% in revenue during the financial year ended 31 December 2002. The increase was mainly due to the increase in the sales volume of products, a direct result of an increase in market demand. Sales to one of its main customers, LCIB increased significantly from RM2,154,460 in the financial year ended 31 December 2001 to RM6,901,095 in financial year ended 31 December 2002. Due to stiff competition, the Group reduced its selling price of one of its core products, XLPE compound, in order to maintain its market share. This reduction was met by an increase in sales orders, hence higher revenue was recorded during the financial year.

Profit before taxation margin decreased by approximately 2% mainly due to the higher cost of sales during the financial year ended 31 December 2002.

The effective tax rate for the financial year ended 31 December 2002 was lower than the statutory tax rate due primarily to reinvestment allowance incentives claimed by the subsidiary.

(d) Financial Year Ended 31 December 2003

The increase in revenue was mainly due to the increase in trading sale of specialty chemicals and related polymer compounds which more than offset the drop in sale of its manufactured products. Trading sale of specialty chemicals and related polymer compounds for the year amounted to RM4,629,187 as compared to RMNil in 2002.

Sale of its manufactured products dropped during the year mainly due to a decrease in sales volume. Sales volume of XLPE compounds decreased due to the reconfiguration of its production lines and installation of new machinery and the subsequent testing and trial run which took approximately nine months. As such, there were minimal sales of XLPE. During the year, the Group has also aggressively trying to export its products overseas to countries such as Vietnam and Indonesia. This has resulted in export sales contributing approximately RM730,000 or 4% of the total sales of manufactured goods during the year.

There was no material fluctuation noted in the profit before tax margin.

The effective tax rate for the financial year ended 31 December 2003 was lower than the statutory tax rate due primarily to reinvestment allowance incentives claimed by the subsidiary.

(e) Financial Year Ended 31 December 2004

The Group recorded an increase of 35% in revenue during the financial year ended 31 December 2004. This was mainly due to a significant increase in the volume of XLPE compound sold coupled with the increase in the average selling price which more than offset the drop in the quantity of Semicon compound sold during the year. The increase in revenue was also due to the increase of 55% in trading sale of specialty chemicals.

Profit before tax margin decreased by approximately 4% mainly because the Group was not able to increase the selling price in tandem with the increase in the cost of raw material price due to the persistent increase in oil price.

The effective tax rate for the financial year ended 31 December 2004 was lower than the statutory tax rate due primarily to reinvestment allowance incentives claimed by the subsidiary.

10. FINANCIAL INFORMATION (Cont'd)**(ii) Segmental Analysis**

The following table demonstrate the breakdown of the Group's revenue according to the category of products manufactured/traded:-

	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Semicon	7,284	13,601	16,805	17,071	16,705
LV-XLPE	2,238	1,940	4,267	1,290	7,147
MV-XLPE	-	-	-	-	-
Specialty chemicals and other polymers	-	-	39	4,629	7,182
	9,522	15,541	21,111	22,990	31,034

10.3 Directors' Declaration on Financial Performance

As at 10 June 2005, save as disclosed in this Prospectus, the financial performance, position and operation of the Group are not materially affected by the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Company reasonably expects to have a material favourable or unfavourable impact on financial performance, position and operations of the DMB Group;
- (ii) material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the DMB Group; and the extent to which the financial performance, position and operations of the DMB Group was so affected;
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position; and
- (v) save for the substantial increase in revenue which was attributable to the factors as disclosed in Section 10.2 (i) in the previous page, there are no other known factors which had affected the revenue of the Group.

10.4 Future Financial Information

Due to the uncertain nature and inherent risks in the business of the Company, no future financial forecast are included in this Prospectus. Please refer to Section 4.0 for further details.

10.5 Working Capital, Borrowings, Material Litigation, Material Capital Commitments and Contingent Liabilities**10.5.1 Working Capital**

The Directors of DMB are of the opinion that, after taking into account the funds generated from its existing operations and the amount to be raised from the Public Issue, the DMB Group has sufficient working capital for a period of (12) months from the date of issue of prospectus.

10. FINANCIAL INFORMATION (Cont'd)**10.5.2 Borrowings**

As at 16 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group has total bank borrowings amounting to RM4,345,429. These borrowings are interest-bearing and consist of the following:-

	Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	Total Outstanding RM'000
Bank overdraft	-	-	-
Bankers' acceptances	1,366	-	1366
Term loan	155	736	891
Trust receipts	2,088	-	2,088
Total	3,609	736	4,345

The Directors of DMB Group confirm that there has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the last FYE 31 December 2004 and up to 10 June 2005.

10.5.3 Material Litigation

As at 16 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), neither the Company nor its subsidiary company is engaged in any material litigation or arbitration, either as plaintiff or defendant which has a material effect on the financial position or business of the DMB Group, and the Directors do not know of any proceedings pending or threatened against the DMB Group or of any fact likely to give rise to any proceedings which might materially or adversely affect the financial position or business of the DMB Group.

10.5.4 Material Capital Commitments

As at 16 June 2005, being the latest practicable date prior to the issuance of this Prospectus, material commitments incurred or known to be incurred by the Company or its subsidiary company which may have a material impact on the result or the financial position of the DMB Group is as follows:-

	RM'000
Approved but not contracted for	3,114

10.5.5 Contingent Liabilities

As at 16 June 2005, being the latest practicable date prior to the issuance of this Prospectus, there are no contingent liabilities which upon materialisation would have a material impact on the profit or the net assets of the DMB Group, other than those incurred in the ordinary course of business.

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10. FINANCIAL INFORMATION (Cont'd)**10.6 Proforma Consolidated Balance Sheets**

The proforma consolidated balance sheets as set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheets of DMB as at 31 December 2004 had the acquisition of DPSB and the Public Issue been effected on that date.

	As at 31.12.2004 RM'000	Proforma I After acquisition of DPSB RM'000	Proforma II After Proforma I and Public Issue RM'000	Proforma III After Proforma II and net of listing expenses RM'000
NON CURRENT ASSETS				
Property, plant and equipment	-	8,255	8,255	8,255
Research & Development	-	199	199	199
	-	8,454	8,454	8,454
CURRENT ASSETS				
Inventories	-	2,393	2,393	2,393
Trade receivables	-	12,176	12,176	12,176
Other receivables	465	504	504	504
Fixed deposits	-	14	14	14
Cash and bank balances	-	153	13,238	11,738
	465	15,240	28,325	26,825
CURRENT LIABILITIES				
Trade payables	-	1,775	1,775	1,775
Other payables	471	690	690	690
Taxation	-	16	16	16
Bank borrowings (secured)	-	3,567	3,567	3,567
	471	6,048	6,048	6,048
NET CURRENT (LIABILITIES)/ASSETS	(6)	9,192	22,277	20,777
	(6)	17,646	30,731	29,231
FINANCED BY:				
Share Capital	*	13,274	18,963	18,963
Reserve	(6)	3,008	3,008	3,008
Share Premium	-	-	7,396	5,896
Shareholders' equity	(6)	16,282	29,367	27,867
Deferred taxation	-	550	550	550
Term loan (secured)	-	814	814	814
NON CURRENT LIABILITIES	-	1,364	1,364	1,364
	(6)	17,646	30,731	29,231
Net tangible assets per share (RM)	+(3,000)	+0.12	++0.15	++0.15

Note:-

* Denotes 2 ordinary shares of RM1.00 each

+ Par value of share of RM1.00 each

++ Par value of share of RM0.10 each

10. FINANCIAL INFORMATION (Cont'd)**NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

1. The Proforma Consolidated Balance Sheets prepared for illustrative purposes only, have been prepared based on the audited balance sheet of DMB as at 31 December 2004 and on accounting principles and bases consistent with those previously adopted in the preparation of the financial statements, with the assumption that the following have been effected on that date:

(i) Proforma I

Proforma I incorporates the acquisition of the entire issued and paid up share capital of DPSB comprising of 6,000,000 ordinary shares of RM1.00 each for a total consideration of RM13,273,998 to be satisfied by the issue of 13,273,998 DMB ordinary shares of RM1.00 each at par;

(ii) Proforma II

Proforma II incorporates the transactions in Proforma I, the proposed share split involving the subdivision of the par value of DMB ordinary shares of RM1.00 to RM0.10 and proposed Public Issue of 56,890,000 new ordinary shares of RM0.10 each at an issue price of RM0.23 per share; and

(iii) Proforma III

Proforma III incorporates the transactions in Proforma I and II and the writing off of the estimated listing expenses of RM1,500,000 against the share premium account.

(iv) The movements in the number of ordinary shares of RM0.10 each in DMB are as follows:

	Par value RM	No of ordinary shares
Balance at 31 December 2004	1.00	2
Issued pursuant to the acquisition of DPSB	1.00	13,273,998
Subdivision of every ordinary shares of RM1.00 each into 10 ordinary shares of RM0.10 each	0.10	119,466,000
Public Issue	0.10	56,890,000
		<u>189,630,000</u>

(v) The movement in the share premium account are as follows:

Balance at 31 December 2004	RM -
Public Issue	7,395,700
Listing expenses written off	(1,500,000)
	<u>5,895,700</u>

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10. FINANCIAL INFORMATION (Cont'd)

10.7 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)



AF: 0039

■ Chartered Accountants
22nd Floor, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang, Malaysia.

■ Phone : (04) 264 1878
(04) 263 0033
Fax : (04) 262 1812
(04) 263 0099
www.ey.com/my

Mail Address:
P.O. Box 148,
10710 Penang, Malaysia.

Reporting Accountants' Report on Proforma Consolidated Balance Sheets
(prepared for inclusion in the Prospectus to be dated 30 JUN 2005)

20 JUN 2005

The Board of Directors
Daya Materials Berhad
Suite 18.01, 18th Floor, MWE Plaza
8 Lebuhr Farquhar
10200 Penang

Dear Sirs,

**DAYA MATERIALS BERHAD – PROFORMA CONSOLIDATED BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2004**

We report on the proforma balance sheets set out in the accompanying statement (which we have stamped for the purpose of identification), which have been prepared for illustrative purpose only, to provide information about how the balance sheets of Daya Materials Berhad and Daya Polymer Sdn. Bhd. as at 31 December 2004 that have been presented might have been affected by the following schemes had the schemes been completed on that date:

- (a) acquisition by Daya Materials Berhad ("DMB") of the entire issued and paid up share capital of Daya Polymer Sdn. Bhd. ("DPSB") for a total consideration of RM13,273,998 as agreed between the shareholders of DPSB and DMB and after taking into consideration DPSB's audited net tangible assets of RM13,273,824 as at 31 December 2003. The purchase consideration is to be satisfied by the issue of 13,273,998 new ordinary shares in DMB of RM1.00 each at a price of RM1.00 per share;
- (b) the subdivision of 1 DMB ordinary share of RM1.00 each into 10 DMB ordinary shares of RM0.10 each;
- (c) public issue of 56,890,000 new ordinary shares of RM0.10 each at an issue price of RM0.23 per share; and
- (d) listing and quotation of the entire enlarged issued and paid up share capital of DMB comprising 189,630,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad ("BMSB").

It is the responsibility solely of the directors of Daya Materials Berhad to prepare the proforma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

A Member of Ernst & Young Global

10. FINANCIAL INFORMATION (Cont'd)



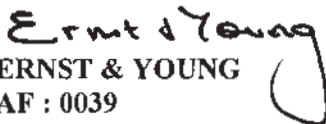
It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with the responsible officers of Daya Materials Berhad. Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements that included the audited balance sheets of DMB and DPSB as at 31 December 2004, on which we reported to the members of the Company as of the date of our report.

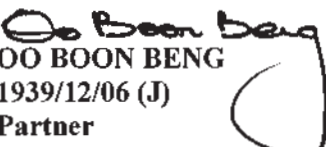
In our opinion:

- (a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the Acquisition and the Public Issue:
 - (i) such bases are consistent with the accounting policies of the Daya Materials Berhad; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.

The accompanying proforma consolidated balance sheets and this letter have been prepared for inclusion in the Prospectus in connection with the above schemes. This letter should not be reproduced, referred to in any other document, or used for any other purpose without prior written consent.

Yours faithfully,


ERNST & YOUNG
AF : 0039
Chartered Accountants
Penang, Malaysia


OO BOON BENG
1939/12/06 (J)
Partner

10. FINANCIAL INFORMATION (Cont'd)



AF: 0039

1. Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets as set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheets of DMB as at 31 December 2004 had the acquisition of DPSB and the Public Issue been effected on that date. The proforma consolidated balance sheets have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated balance sheets set out in Section 10.6 of this Prospectus.

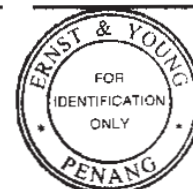
	As at 31.12.2004 RM'000	Proforma I After acquisition of DPSB RM'000	Proforma II After Proforma I and Public Issue RM'000	Proforma III After Proforma II and net of listing expenses RM'000
NON CURRENT ASSETS				
Property, plant and equipment	-	8,255	8,255	8,255
Research and development	-	199	199	199
	-	8,454	8,454	8,454
CURRENT ASSETS				
Inventories	-	2,393	2,393	2,393
Trade receivables	-	12,176	12,176	12,176
Other receivables	465	504	504	504
Fixed deposits	-	14	14	14
Cash and bank balances	-	153	13,238	11,738
	465	15,240	28,325	26,825
CURRENT LIABILITIES				
Trade payables	-	1,775	1,775	1,775
Other payables	471	690	690	690
Taxation	-	16	16	16
Bank borrowings (secured)	-	3,567	3,567	3,567
	471	6,048	6,048	6,048
NET CURRENT (LIABILITIES)/ASSETS				
	(6)	9,192	22,277	20,777
	(6)	17,646	30,731	29,231
FINANCED BY:				
Share capital	*	13,274	18,963	18,963
Reserve	(6)	3,008	3,008	3,008
Share premium	-	-	7,396	5,896
Shareholders' equity	(6)	16,282	29,367	27,867
Deferred taxation	-	550	550	550
Term loan (secured)	-	814	814	814
NON CURRENT LIABILITIES				
	-	1,364	1,364	1,364
	(6)	17,646	30,731	29,231
Net tangible assets per share (RM)	+ (3,000)	+ 0.12	++ 0.15	++ 0.15

Note:-

* Denotes 2 ordinary shares of RM1.00 each.

+ Par value of share of RM1.00 each

++ Par value of share of RM0.10 each



10. FINANCIAL INFORMATION (Cont'd)

- 2 The Proforma Consolidated Balance Sheets prepared for illustrative purposes only, have been prepared based on the audited balance sheet of DMB as at 31 December 2004 and on accounting principles and bases consistent with those previously adopted in the preparation of the financial statements, with the assumption that the following have been effected on that date:

(i) Proforma I

Proforma I incorporates the acquisition of the entire issued and paid up share capital of DPSB comprising of 6,000,000 ordinary shares of RM1.00 each for a total consideration of RM13,273,998 to be satisfied by the issue of 13,273,998 DMB ordinary shares of RM1.00 each at par;

(ii) Proforma II

Proforma II incorporates the transactions in Proforma I, the proposed share split involving the subdivision of the par value of DMB ordinary shares of RM1.00 to RM0.10 and proposed Public Issue of 56,890,000 new ordinary shares of RM0.10 each at an issue price of RM0.23 per share; and

(iii) Proforma III

Proforma III incorporates the transactions in Proforma I and II and the writing off of the estimated listing expenses of RM1,500,000 against the share premium account.

- (iv)** The movements in the number of ordinary shares of RM0.10 each in DMB are as follows:

	Par Value RM	No. of ordinary shares
Balance at 31 December 2004	1.00	2
Issued pursuant to the acquisition of DPSB	1.00	13,273,998
Subdivision of every ordinary share of RM1.00 each into 10 ordinary shares of RM0.10 each	0.10	119,466,000
Public Issue	0.10	56,890,000
		<u>189,630,000</u>

- (v)** The movements in the share premium account are as follows:

	RM
Balance at 31 December 2004	-
Public Issue	7,395,700
Listing expenses written off	(1,500,000)
	<u>5,895,700</u>

