

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED INCOME STATEMENT

Quarterly report on the results for the second quarter ended 30.6.2008

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2007 RM'000	CURRENT YEAR TO DATE 30/6/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2007 RM'000
Revenue	56,101	7,316	83,710	17,472
Cost of Sales	(42,870)	(5,890)	(64,922)	(13,924)
Gross Profit	<u>13,231</u>	<u>1,426</u>	<u>18,788</u>	<u>3,548</u>
Other Net Operating Income	141	148	226	310
Operating Expenses	(4,438)	(515)	(6,215)	(1,238)
Profit from operations	<u>8,934</u>	<u>1,059</u>	<u>12,799</u>	<u>2,620</u>
Finance Costs	(179)	(29)	(333)	(70)
Share of results of an associate	<u>267</u>	<u>-</u>	<u>399</u>	<u>-</u>
Profit before tax	9,022	1,030	12,865	2,550
Income tax expenses-Company	(2,377)	(68)	(3,417)	(211)
Income tax expenses-Associate	<u>(68)</u>	<u>-</u>	<u>(113)</u>	<u>-</u>
Net profit for the period	<u><u>6,577</u></u>	<u><u>962</u></u>	<u><u>9,335</u></u>	<u><u>2,339</u></u>
Attributable to :				
Equity holders of the Company	6,534	962	9,355	2,339
Minority Interests	43	-	(20)	-
	<u><u>6,577</u></u>	<u><u>962</u></u>	<u><u>9,335</u></u>	<u><u>2,339</u></u>
Basic earnings per share (sen)	<u>2.21</u>	<u>0.51</u>	<u>3.17</u>	<u>1.23</u>

Notes :

The Group completed its acquisition of Clarimax Consolidated Sdn Bhd on 4 January 2008 and accordingly, the Group's quarterly report for the second quarter ended 30 June 2008 covers the results of Clarimax Consolidated Sdn Bhd from 4 January 2008 to 30 June 2008.

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

DAYA MATERIALS BERHAD

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

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

Quarterly report on the results for the second quarter ended 30.6.2008

(The figures have not been audited)

	UNAUDITED AS AT END OF CURRENT QUARTER 30/6/2008 RM'000	AUDITED AS AT END OF FINANCIAL YEAR 31/12/2007 RM'000
Non Current Assets		
Property, plant and equipment	20,687	14,095
Prepaid lease payment	1,257	1,268
Development expenditure	168	204
Investment in Associate Companies	7,930	7,644
Finance lease receivables	-	-
Goodwill arising from consolidation	48,325	48,199
	78,367	71,410
Current Assets		
Inventories	24,677	9,668
Trade receivables	13,360	9,388
Other receivables, deposits and prepaid expenses	5,574	5,090
Amount owing from associate company	3,076	157
Tax recoverable	1,818	720
Short term investments	2,808	11,511
Marketable securities	1,041	463
Fixed Deposits	40	2,301
Cash and bank balances	14,883	3,050
	67,277	42,348
Current Liabilities		
Trade payables	4,620	3,326
Other payables and accrued expenses	19,389	5,260
Hire purchase payables	246	323
Tax payables	2,952	138
Bank borrowings (secured)	6,437	734
	33,644	9,781
Net Current Assets	33,633	32,567
	112,000	103,977
Financed by:		
Issued share capital	29,519	29,519
Reserves	81,106	71,751
	110,625	101,270
Minority Interest	60	17
Non Current Liabilities		
Deferred tax liabilities	786	786
Hire purchase payables	258	355
Other payables	-	1,200
Term loan	271	349
	1,315	2,690
	112,000	103,977
Net assets per share (sen)	37.48	34.31

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Quarterly report on the results for the second quarter ended 30.6.2008

(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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Quarterly report on the results for the second quarter ended 30.6.2008
(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/6/2008 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,865	8,364
Adjustments for:		
Share of results of an associate	(399)	(444)
Amortisation on development expenditure	36	72
Amortisation on prepaid land lease payments	11	9
Depreciation	568	877
Loss on disposal of properties, plant & equipment ("PPE")	-	50
Gain on disposal of marketable securities	-	(301)
Provision for diminution in investment in marketable securities	253	
PPE written off	4	3
Bad debts written off	-	87
Dividend income	(15)	(5)
Interest expenses	333	253
Interest income	(115)	(400)
Unrealised foreign exchange gain	-	1
Operating profit before working capital changes	13,541	8,566
Changes in working capital:		
Net change in inventories	(15,009)	(1,906)
Net change in trade & other receivables	(3,382)	(186)
Net change in trade & other payables	13,422	4,352
Net change in amount owing from associate company	(2,920)	(157)
Cash from operations	5,652	10,669
Interest paid	(333)	(253)
Income tax paid	(1,697)	(2,573)
Net Cash From Operating Activities	3,622	7,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Listing Expenditure	-	-
Purchase of PPE	(7,164)	(1,195)
Proceeds from disposal of PPE	-	39
Acquisition of marketable securities	(831)	(4,863)
Acquisition of subsidiaries (Note 1)	(358)	(2,827)
Acquisition of associate company	-	(7,200)
Proceeds from disposal of marketable securities	-	4,882
Proceeds from issuance of shares	20	11,731
Dividend received	15	5
Interest received	115	400
Net Cash (Used in)/ From Investing Activities	(8,203)	972

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Quarterly report on the results for the second quarter ended 30.6.2008

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30/6/2008 RM'000	AUDITED FOR THE YEAR ENDED 31/12/2007 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(175)	(313)
Change in trade facilities	5,703	(2,804)
Change in term loan	(78)	(155)
Net Cash From/(Used in) Financing Activities	5,450	(3,272)
NET INCREASE IN CASH AND CASH EQUIVALENTS	869	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	17,731	16,862
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash & bank balances	14,883	3,050
Fixed deposits with licenced banks	40	2,301
Short term investments	2,808	11,511
	17,731	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 on 4 January 2008. The fair value of assets acquired and liability assumed were as follows:

<i>Assets</i>	RM'000
Other receivables	2,035
Cash & bank balances	9
<i>Liabilities</i>	
Other payables	(1,761)
Net assets acquired	283
Net Book Value @ 55%	156
Goodwill arising from consolidation	211
Total purchase consideration	367
Portion discharge by cash	367
Less : Cash of Clarimax Consolidated Sdn Bhd	(9)
Cash flow on acquisition, net of cash acquired	358

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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. However, MASB has yet to determine the effective date for FRS 139.

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

A2 Qualification of Annual Financial Statements

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

A3 Seasonal or cyclical factors

The Group's interim operations were not subject to any seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5 Changes in estimates, significant accounting estimates and judgements

There were no changes in the nature and estimates of amounts reported which have a material effect on the results in the quarter under review.

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

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

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	Others RM'000	Total RM'000
Revenue	65,408	17,727	575	83,710
Segment Results	9,233	1,159	-	10,392
Unallocated Results				2,407
Profit from Operations				12,799
Finance Costs				(333)
Share of results of associates				399
Profit Before Tax				12,865
Taxation				(3,530)
Profit After Tax				9,335
Geographical Segment				Revenue RM'000
Malaysia				80,984
Foreign Countries				2,726
Consolidated				83,710

A9 Valuation of property, plant and equipment

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

A10 Subsequent Events

Save for Section B8, there were no material events subsequent to the current financial quarter ended 30 June 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

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

A12 Contingent Assets and Contingent Liabilities

RM'000

Corporate guarantee given to licensed banks for banking facilities granted to its subsidiary as at 22 August 2008

8,345

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

A13 Capital commitments

RM'000

Contracted and not provided for:

936

Approved but not contracted for:

3,331

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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 RM56.101 million for the quarter ended 30 June 2008, a significant increase of 667% from RM7.316 million recorded in the previous year corresponding quarter. The significant revenue growth was mainly attributed to the oil & gas sales segment contributed by Seca Dyme Sdn Bhd ("SDSB"). The Group recorded a profit before taxation of RM9.022 million for the quarter ended 30 June 2008, which represents a 776% increase over RM1.030 million profits before tax recorded for the corresponding quarter in the previous financial year. The improved performance was largely due to the profit contributed by oil & gas sector and share of profits from acquired associates company, CMT(Penang) Sdn Bhd ("CMT").

Current Year-to-Date versus Preceding Year Corresponding Period

The Group achieved higher revenue of RM83.710 million for the six months ended 30 June 2008, an increase of 379% from RM17.472 million recorded in the first six months of the previous year. The significant revenue growth was mainly attributed to the improvement in the oil & gas sales segment, i.e. its newly acquired subsidiary, SDSB and improvement in the polymer sales segment. The Group recorded a profit before taxation of RM12.865 million for the period ended 30 June 2008, which represents a 405% increase over RM2.550 million profits recorded for the corresponding quarter in the previous year. The improved performance is in correspondence with the significant growth in oil & gas sales segment contributed by SDSB and share of profits from CMT.

B2 Variation of results against preceding quarter

	Quarter ended 30/6/2008	Quarter ended 31/3/2008
	RM'000	RM'000
Revenue	56,101	27,609
Profit before tax	9,022	3,843

For the second quarter ended 30 June 2008, the Group achieved higher revenue of RM56.101 million as compared to RM27.609million recorded in the preceding quarter. The higher revenue was mainly attributed to the increase in revenue from the oil & gas sales segment. As a result, the Group recorded a higher profit before taxation of approximately RM9.022 million for the current quarter as compared to approximately RM3.843 million in the preceding quarter, represent an increase of 135%.

B3 Prospects

The Board expects the positive financial performance of the Group to continue for the coming financial years after taking into consideration the Group's current level of operations and prevailing market conditions. The advanced polymer business is expected to continue to contribute positively in 2008 with the introduction of a new product, medium-voltage cross-linkable polyethylene ("MV-XLPE") compounds and our planned expansion of a new semi-conductive line which will add another 130MT per month of production capacity.

In addition, the oil & gas division together with the technical services division will continue to contribute significantly to our operating positive growth in revenue and earnings in the coming years. Since acquisition, SDSB has emerged as one of the largest downstream chemical players in the country, and will be targeting to secure larger supply contracts with most of the oil majors operating in Malaysia.

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

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B4 Profit forecast

Not applicable.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2007 RM'000	CURRENT YEAR TO DATE 30/6/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2007 RM'000
In respect of the current period:				
Estimate current tax payable	<u>2,445</u>	<u>68</u>	<u>3,530</u>	<u>211</u>

The effective tax rate for the quarter under review was slightly higher than the statutory income tax rate mainly due to certain expenses which are not deductible for tax purposes.

B6 Sale of unquoted investments and properties

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

B7 Quoted securities

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

	INDIVIDUAL QUARTER		PRECEDING QUARTER	
	CURRENT YEAR QUARTER 30/6/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2007 RM'000	CURRENT YEAR TO DATE 30/6/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2007 RM'000
Purchases (at cost)	-	1,566	-	-
Disposal proceeds	-	1,768	-	-
Gain on disposal	<u>-</u>	<u>202</u>	<u>-</u>	<u>-</u>

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

	CURRENT YEAR TO DATE RM'000
Total investment at cost/carrying value	1,295
Total investment at market value	1,042

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B8 Status of corporate proposals

(i) Bonus Issue

The status of corporate proposals announced by the Company and completed on 8 July 2008 is summarised below:

On 28 February 2008, the Board announced that the Company proposed to undertake a bonus issue of 196,796,811 new ordinary shares of RM0.10 each in DMB ("Bonus Shares") to be credited as fully paid-up, on the basis of two (2) Bonus Shares for every three (3) ordinary shares of RM0.10 each in DMB held by shareholders of DMB whose names appear in the Record of Depositors of the Company at the close of business on a date to be determined and announced later. The bonus issue shall be capitalised from the Company's share premium account. The bonus issue will not have any impact on the percentage shareholdings of the substantial shareholders as the bonus shares will be allotted proportionately to all shareholders of the Company.

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

The status of corporate proposals announced by the Company and completed on 15 July 2008 is summarised below:

On 25 April 2008, the Board announced that the Company proposed to acquire 1,750,000 ordinary shares of RM1.00 each representing remaining 70% of the issued and paid-up share capital of CMT from Goo Bak Hoo @ Goh Bak Hoe, Bong Hock Kim, Chan Thiam Fook, Chin Choon Guan and Chen Soon Loy for a cash consideration of RM19,000,000.

(iii) Incorporation of Subsidiary - DMB International Limited

On 14 August 2008, the Board announced that the Company had on 13 August 2008 incorporated a limited liability company known as DMB International Limited Company in Hong Kong ("DMB International").

The status of corporate proposals announced by the Company but not completed as at 26 August 2008, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report is summarised below:

(i) Proposed Acquisition of Proffscorp Sdn Bhd ("Proffscorp")

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

(ii) 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.

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B9 Status of utilisation of proceeds

Initial Public Offering

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

As at 30 June 2008, the Company has utilised approximately 80% 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	4,404	2005-2008	2,096	32.25 (i)
Investment in R&D and new product development	1,700	1,300	815	2005-2008	485	37.31 (ii)
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	10,504		2,581	19.72

* On 20 December 2005, the Board of Directors ("Board") had resolved to reduce the earlier allocation of proceeds of RM8.5 million for the expansion of production facility of the Group as disclosed in the DMB's Prospectus dated 30 June 2005 to RM6.5 million. The difference of RM2.0 million was allocated for working capital purposes of the Group. On 21 November 2006, the Board had also resolved to reallocate the unutilised proceeds for listing expenses amounting to approximately RM63,000 to be utilised for working capital purposes. On 17 January 2008, the Company has obtained the approval from the Securities Commission ("SC") to reduce the earlier allocation of proceeds of RM1.7 million for the investment in R&D and new product of the Group as disclosed in the DMB's Prospectus dated 30 June 2005 to RM1.3 million. The difference of RM0.4 million was allocated for working capital purposes of the Group. On the same date, the Company has also obtained the approval from the SC on extension of time from end 2007 to end 2008 for the Company to fully utilise the balance unutilised IPO proceeds.

- (i) Actual utilisation incurred mainly in relation to the construction of second factory building. The deviation is mainly due to the delay in securing approvals from the regulatory authorities, namely Majlis Perbandaran Seberang Perai and other relevant authorities for the construction of the new factory building. The approval has been obtained on 19 January 2007. The balance unutilised proceeds are expected to be used by end of 2008.
- (ii) Actual utilisation incurred mainly in relation to the development costs of new products. The deviation is mainly due to the delay in procuring of R&D processing equipment. The balance unutilised proceeds are expected to be used by end of 2008.

Private placement completed on 1 August 2007

As at 30 June 2008, the Company has fully utilised the total gross proceeds raised and the status of the utilisation of proceeds is as follows:-

	Proceeds from Placement Shares RM'000	Actual Utilisation RM'000	Intended Time Frame For Utilisation	Deviation Amount RM'000	Deviation %
Expansion in production facility	1,000	1,000	within 12 months	-	-
Investment in tanks and tank cleaning/repair activities	1,500	1,500	within 24 months	-	-
Working capital & future investments*	8,517	8,517	within 24 months	-	-
Estimated expenses	753	753	within 6 months	-	-
Total	11,770	11,770		-	-

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

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B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
Trade facilities	6,282	-	6,282
Overdraft	-	-	-
Term loans	155	271	426
	<u>6,437</u>	<u>271</u>	<u>6,708</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 ;
- 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 26 August 2008, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

B12 Material litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2007 to 26 August 2008, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

Seca Dyme Sdn Bhd ("SDSB") has brought a civil suit against (i) Mohd Akbar B Hj. Johari, (ii) AJ Premier Holdings Sdn Bhd, (iii) Aims Mission Sdn Bhd, (iv) Global Max Trading Sdn Bhd and (v) Azrul Bin Mohd Nasir trading as Rasa Indah Trading ("Defendants") vide KL High Court Civil Suit No. D3-22-380-2008. SDSB is suing against the Defendants (i), (ii) and (iii) on fraudulent misrepresentation and/or fraud perpetrated in conspiracy with the other Defendants, and alternatively for monies had and received. SDSB is suing against Defendants (iv) and (v) on fraud perpetrated in conspiracy with the other Defendants. The amount claimed is RM1,942,000.00 with interest at 8% p.a. thereupon from judgment to settlement, and the legal costs of the proceedings. The writ of summons was filed on 25 March 2008. The writ of summons and statement of claim have been served on all the Defendants. A Mareva Injunction was obtained on an ex parte basis on 7 April 2008 to freeze the bank accounts of all the Defendants. During the hearing that took place on 23 April 2008, the Court had ordered that the Mareva Injunction continued subject to certain variations, where the Defendants (i), (ii) and (v) are entitled to withdraw fixed amount of money every month from the relevant accounts for the expenses respectively. The Mareva Injunction has been extended on an ad interim basis until the next hearing date on 19th September 2008 when the inter partes application will be heard. The fifth Defendant has filed an application to strike out the Writ and Statement of Claim – this is also fixed for hearing on the same date. The third defendant was permitted to make a one time withdrawal of RM10,000 to appoint lawyers, and they have done so. In conclusion the Mareva Injunction is still in force whilst waiting for the inter partes hearing. The solicitors of SDSB are of the opinion that SDSB has a good case.

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

B13 Proposed Dividends

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

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

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
	RM'000	RM'000	RM'000	RM'000
Net profit for the period (RM'000)	6,534	962	9,355	2,339
Weighted average number of shares in issue ('000)	295,195	189,630	295,195	189,630
Basic earnings per share (sen)	<u>2.21</u>	<u>0.51</u>	<u>3.17</u>	<u>1.23</u>

By Order of the Board

THAM WOOL LOON
Managing Director

Date: 27 August 2008