



DAYA MATERIALS BERHAD

Company No. 636357-W
(Incorporated in Malaysia)

Quarterly Report 30 June 2011

DAYA MATERIALS BERHAD

(Company No: 636357-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(The figures have not been audited)

	UNAUDITED CURRENT YEAR TO DATE 30.6.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,475	22,733
Adjustments for:		
Share of results of joint ventures	-	(311)
Discount on convertible loan notes	27	114
Amortisation on intangible assets	-	60
Depreciation on property, plant and equipment	2,399	4,037
Depreciation on investment property	7	15
Gain on disposal of property, plant & equipment	(1,430)	(1,206)
Property, plant and equipment written off	24	33
Gain on disposal of a subsidiary	-	(89)
Fair value gain on marketable securities	(35)	(19)
Bad debts written off	-	160
Dividend income	-	(1)
Finance costs	2,036	3,149
Interest income	(510)	(787)
Unrealised foreign exchange (gain) / loss	(6)	272
Allowance for impairment	-	1,598
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Operating profit before working capital changes	12,987	29,759
Changes in working capital:		
Net change in inventories	(157)	(4,801)
Net change in trade and other receivables	(24,759)	(27,409)
Other current assets	(3,128)	4,036
Net change in trade and other payables	8,343	1,263
Provisions	(921)	1,653
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Cash generated from operations	(7,635)	4,502
Finance cost paid	(2,036)	(3,149)
Income tax paid	(2,554)	(8,017)
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Net Cash Used In Operating Activities	(12,225)	(6,664)
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CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,633)	(30,867)
Proceeds from disposal of property, plant and equipment	1,396	1,436
Purchase of marketable securities	-	(110)
Acquisition of subsidiaries	-	(26,284)
Proceeds from disposal of a subsidiary	-	202
Decrease / (Increase) in pledged deposits placed with licensed banks	(1,264)	(8,765)
Distribution of profits from a jointly controlled entity	250	-
Dividend received	-	1
Interest received	510	787
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Net Cash Generated From / (Used In) Investing Activities	(1,741)	(63,599)
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	UNAUDITED CURRENT YEAR TO DATE 30.6.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(2,926)	(9,782)
Proceeds from loans and borrowings	10,508	37,338
Proceeds from issuance of shares	18,425	16,936
Transaction costs paid for issuance of bonus shares	-	(1,079)
Issuance of shares to non-controlling interests	80	-
Dividends paid	-	(2,268)
Net Cash Generated From Financing Activities	26,087	41,145
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
	12,121	(29,118)
Effect of exchange rate fluctuations on cash held	(17)	192
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	14,358	43,284
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	26,462	14,358
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		
Cash and bank balances	25,152	10,615
Fixed deposits with licenced banks	21,410	21,115
Short term investments	1,537	2,422
Bank overdraft	(2,770)	(2,192)
	45,329	31,961
Less: Deposits pledged	(18,867)	(17,603)
	26,462	14,358

- (i) In previous year, the Group had, on 18 August 2010 announced the completion of the disposal of 1,800 ordinary shares of RM1.00 each in OCI Energy Services Sdn. Bhd. ("OCIES") representing 100% of the issued and paid-up share capital of OCIES by Daya OCI Sdn. Bhd. (formerly known as OCI Energy Sdn. Bhd.) ("DOCI"), a direct wholly owned subsidiary of Daya Materials Berhad, Kamalukhair Bin Abdullah and Zaidi Bin Ayub to Ombak Marine Group Sdn. Bhd. for a total cash consideration of RM201,529.

The assets and liabilities of the disposed subsidiary are as follows:

	UNAUDITED CURRENT YEAR TO DATE 30.6.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
Property, plant and equipment	-	4
Trade and other receivables	-	1,000
Tax recoverable	-	200
Trade and other payables	-	(1,000)
Deferred tax liabilities	-	(1)
	-	203
Less: Non-controlling interests	-	(90)
	-	113
Gain on disposal of a subsidiary	-	89
Consideration received, satisfied in cash / Net cash inflows	-	202

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- (ii) In previous year, the Group had, on 14 June 2010 acquired 5,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of DOCI for a cash consideration of RM28,000,000.

The assets and liabilities arising from the acquisition of the subsidiaries are as follows:

	UNAUDITED CURRENT YEAR TO DATE 30.6.2011 RM'000	AUDITED FOR THE YEAR ENDED 31.12.2010 RM'000
Property, plant and equipment	-	3,715
Investment property	-	937
Investment in joint venture	-	750
Trade and other receivables	-	6,645
Cash and cash equivalents	-	4,054
Trade and other payables	-	(5,470)
Tax payables	-	(448)
Loans and borrowings	-	(1,778)
Deferred tax liabilities	-	(1)
Fair value of net assets	-	8,404
Less: Non-controlling interests	-	(96)
	-	8,308
Goodwill on acquisitions	-	22,030
Consideration paid, satisfied in cash	-	30,338
Cash and cash equivalents acquired	-	(4,054)
Net cash outflows	-	26,284

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

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B16 Realised and Unrealised Profits/Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	CUMULATIVE QUARTER	
	AS AT	AS AT
	30.6.2011	31.12.2010
	RM'000	RM'000
Total retained earnings of DMB and its subsidiaries:		
- Realised profits	93,079	84,534
- Unrealised profits	158	396
	<u>93,237</u>	<u>84,930</u>
Less: Consolidated adjustments	(29,448)	(28,561)
Total group retained earnings as per consolidated accounts	<u>63,789</u>	<u>56,369</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B17 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 was unqualified.

By Order of the Board

DATO' MAZLIN BIN MD JUNID
VICE CHAIRMAN

Date: 23 August 2011