DELLOYD VENTURES BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements for the year ended **31 December 2007**. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended **31 December 2007**.

2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new / revised Financial Reporting Standards ("FRS") and new Interpretations effective for financial periods beginning on or after 1 January 2008.

FRSs, Amendment and Interpretations

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Govt Grants & Disclosure of Govt Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation.
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 129, Financial Reporting in Hyperinflationary Economies.
IC Interpretation 8	Scope of FRS 2.

The adoption of the above FRSs, Amendment to FRS and Interpretations have no significant impact on the unaudited interim financial report for the period ended 30 June 2008.

FRS 139 Financial Instruments : Recognition and Measurement has been deferred and has not been adopted by the Group.

3. **Auditors' report on the preceding annual financial statements**

The auditors' report of the previous financial year ended **31 December 2007** was not subject to any qualification.

4. **Seasonal or cyclical factors**

The operations of the Group are not affected by any significant seasonal or cyclical factors other than the plantation sector, which is dependent on the selling prices of crude palm oil and the production of fresh fruit bunches.

5. **Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter ended 30 June 2008.

6. **Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

7. **Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

8. **Dividends paid**

There was no dividend payment during the current financial quarter.

9. **Segmental Information**

	3 months ended		Cumulative Quarter	
	Current Quarter Ended		6 Months Cumulative	
	30/06/08	30/06/07	30/06/08	30/06/07
	RM'000	*RM'000*	*RM'000*	*RM'000*
Segment Revenue				
Automotive Components	59,911	40,911	115,560	77,495
Vehicle Distribution	5,882	6,013	11,558	12,706
Plantation	11,879	5,346	24,281	8,826
Others	3,451	1,199	4,320	2,397
Elimination of inter segment sales	(7,784)	(4,764)	(12,690)	(8,429)
Group Revenue	73,339	48,705	143,029	92,995
Segment Results				
Automotive Components	6,419	2,236	12,902	6,221
Vehicle Distribution	(243)	(478)	(548)	(946)
Plantation	3,328	(271)	6,880	(2,915)
Others	(1,359)	(1,120)	(2,716)	(2,150)
	8,145	367	16,518	210
Share of profits less losses in associated companies	1,283	1,735	2,058	2,162
	9,428	2,102	18,576	2,372

10. **Valuation of property, plant and equipment**

There were no valuation of property, plant and equipment during the current financial quarter.

11. **Material events subsequent to the balance sheet date**

There were no material events subsequent to the end of the financial period ended 30 June 2008 that have not been reflected in the financial statements.

12. **Changes in the composition of the Group**

On 12 February 2008, Magnavision Auto Services (M) Sdn Bhd, a wholly-owned subsidiary of Delloyd Industries (M) Sdn Bhd (DISB), changed its name to Delloyd Corporation Sdn Bhd (DCSB).

On 3 March 2008, DCSB entered into a Subscription and Joint Venture Agreement to subscribe for 5,100 ordinary shares of Rp 1,000,000 each representing 51% equity interest in PT Asian Auto International, a company incorporated in the Republic of Indonesia for a total cash consideration of Rp 5,100,000,000.

This transaction was completed on 31 March 2008.

On 3 April 2008, DISB, a wholly-owned subsidiary transferred to the Company its investment in DCSB comprising 10 ordinary shares of RM 1 each, representing the entire issued and paid-up share capital of DCSB. Consequently, DCSB became a wholly-owned subsidiary of the Company.

13. **<u>Changes in contingent liabilities or contingent assets</u>**

Contingent liabilities of the Group as at 21 August 2008 amounted to **RM 19.7 million** which are in respect of corporate guarantees given to licensed banks for banking facilities granted to subsidiaries.

B. ADDITIONAL INFORMATION AS REQUIRED UNDER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

1. Review of performance

1.1 Second Quarter ended 30 June 2008 compared with Second Quarter ended 30 June 2007

Group revenue grew by 50.5% from RM 48.7m to RM 73.3m. Operating profit advanced from RM 2.1m to RM 9.4m. The significant improvement in the Group's revenue and profit before tax was mainly due to contributions from both the automotive and plantation sectors.

The automotive sector's revenue recorded an increase of 46.4% from RM 40.9m to RM 59.9m due to higher sales of automotive components as a result of the increase in industry vehicle sales in 2008 compared to 2007.

The plantation sector continued to enjoy strong CPO prices and with the increase in FFB output in both the local and Indonesian plantations, this sector was able to achieve a profit of RM 3.3m compared to a loss of RM 0.2m previously.

As the vehicle distribution sector sales continued to dip, this sector managed to reduce losses by consolidation of its operations and cost cutting measures instituted.

1.2 Second Quarter ended 30 June 2008 against previous quarter ended 31 March 2008

The Group posted a higher revenue of RM 73.3m compared with RM 69.7m in the preceding quarter . Group profit before tax was also slightly higher at RM 9.4m against RM 9.1m.

The current quarter performance for the Group remains satisfactory due to high automotive sales and strong CPO prices.

2. Prospects

Heightening inflationary pressures coupled with concerns over global economic slowdown are likely to affect the automotive sector in the second half of 2008. As a result of the recent fuel hike, consumers now opt for more fuel-efficent vehicles and may favour compact cars for its fuel-efficiency and low pricing.

The current operating environment is further aggravated by rising direct costs and operating expenses brought about by sharp increases in raw materials and fuel prices. The impact of the price hike of steel and resins as well as energy costs shall be more reflective in the ensuing months of the year. The outlook for the Group's automotive sector is indeed very challenging.

Falling crude oil prices have dragged down CPO and other commodities prices recently. However, with the expectation of an increase in output for both the local and Indonesian plantations due to the approaching peak season and rehabilitated Indonesian oil palms, we are optimistic that this sector's performance will continue to be satisfactory.

In anticipating a volatile market with possibility of further price escalation of materials and energy costs, the Group endeavours to face the increasing challenges with greater focus on plant efficiency, productivity improvements and marketing efforts to enhance its competitiveness and to achieve positive results for the remaining quarters of the year.

3. **Profit Forecast**

There was no profit forecast or profit guarantee made during the financial period under review.

4. **Taxation**

	3 months ended		Year To Date	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM'000	*RM'000*	*RM'000*	*RM'000*
Income tax				
- Local	3,072	1,032	5,261	2,565
- Overseas	109	201	424	305
	3,181	1,233	5,685	2,870
- Deferred	-	-	-	-
	3,181	1,233	5,685	2,870

The income tax charge is attributed to certain profitable subsidiary companies of the Group which are subjected to tax at the applicable statutory tax rate.

5. **Unquoted investments and properties**

There were no purchases or disposal of unquoted investments and / or properties during the current financial quarter.

6.. **Purchase / disposal of quoted securities**

a) Purchase and disposal of quoted securities for the financial period ended 30 June 2008 are as follows:

	RM'000
Total purchases	-
Disposal proceeds	4,235
Gain / (loss) on disposal	(1)

b) Investments in quoted securities as at 30 June 2008 are as follows:

	RM'000
At cost	5,808
At book value	5,627
At Market value	5,910

7. **Status of corporate proposals**

There were no corporate proposals announced but not completed as at 21 August 2008.

8. **Group borrowings and debt securities**

Details of the Group's borrowings as at the end of the current quarter are as follows:

	30/06/2008	30/06/2007
	RM'000	*RM'000*
Short Term (secured)		
Bills Payable	3,164	-
Hire purchase payables	398	369
Revolving credit	841	-
Term Loan	93	-
Long Term (secured)		
Hire purchase payables	829	1,316
Term Loan	1,279	1,318
Medium Term Notes	50,000	50,000
	56,604	53,003

9. **Off balance sheet financial instruments**

The contracted amount and fair value of financial instruments not recognized in the balance sheet as at 30 June 2008.

	Contracted Amount	Fair Value
	RM'000	*RM'000*
Forward foreign exchange contract	3,397	3,345

10. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
– Property, plant and equipment	11,415

11. **Material litigation**

There was no material litigation or pending material litigation involving the Group as at the date of this announcement.

12. **Dividend**

No dividend has been declared for the current quarter ended 30 June 2008.

13. **Earnings per share**

The basic earnings per share is derived based on the net profit attributable to ordinary shareholders for the period ended 30 June 2008 of **RM 6.4 million** divided by the outstanding number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 88,070,750 shares.

By Order of The Board

Ng Say Or
Company Secretary
27 August 2008