DELLOYD VENTURES BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

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 2009**. 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 2009**.

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 2009 except for adoption of the following new/revised/amendments to Financial Reporting Standards ("FRSs") and Interpretations effective for the financial period from 1 January 2010.

FRSs / IC Interpretations		**Effective for financial periods beginning on or after**
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
Revised FRS 101 (2009)	Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009)	Borrowing Costs	1 January 2010
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9		1 January 2010

2. **Changes in accounting policies (Cont'd)**

FRSs / IC Interpretations		**Effective for financial periods beginning on or after**
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2	Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Annual Improvements to FRSs	(2009)	1 January 2010
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Revised FRS 1 (2010)	First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010)	Business Combinations	1 July 2010
Revised FRS 127 (2010)	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2	Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 138	Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction Of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010

Other than the effects discussed below, the adoption of the above FRSs, Amendments and Interpretations do not have any significant financial impact on the Group's results.

2. Changes in accounting policies (Cont'd)

(a) FRS 101 : Presentation of Financial Statements

FRS 101 (revised in 2009) has introduced changes in terminology used, format and contents of financial statements. Amongst others, components of interim financial statements presented now consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity are required to be presented in statement of comprehensive income and components of comprehensive income are not permitted to be presented in the statement of changes in equity.

(b) FRS 139 : Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognition and measurement of financial instruments. A financial asset or a financial liability shall be recognised in its statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is recorded at fair value upon initial recognition plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Assets

Subsequent to initial recognition, financial assets are classified as 'financial assets at fair value through profit or loss', 'held-to-maturity investments', 'loans and receivables', 'available for sale financial assets' or derivatives designated as hedging instruments, as appropriate.

The group financial assets include trade and other receivables (exclude prepayments), cash and short-term deposits, which are categorised as 'loans and receivables'.

'Loans and Receivables' – Prior to adoption of FRS 139, loans and receivables were stated at cost less allowance for doubtful debts. Under FRS 139, financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest methods. Gains or losses arising from amortisation process, impairment, or derecognition of loans and receivables are recognised in profit or loss.

Financial Liabilities

After initial recognition, financial liabilities are classified as 'fair value through profit or loss', 'amortised cost' or 'derivatives designated as hedging instruments', as appropriate.

The group financial liabilities include borrowings, trade and other payables, amount due to related parties and derivative instruments. Accordingly, the group assessed its derivatives and designated its derivatives arising from forward exchange contract and interest rate swap agreement as fair value hedge.

2. <u>Changes in accounting policies (Cont'd)</u>

(b) FRS 139 : Financial Instruments : Recognition and Measurement (Cont'd)

Financial Liabilities (Cont'd)

Prior to adoption of FRS 139, payables (including the amounts owing by holding company, subsidiaries, fellow subsidiaries, related companies, associates, joint venture, other related parties etc.) and borrowings were previously recognised at their cost which is the fair value of the consideration to be paid in the future for, goods, services and loans received.

To qualify for the hedge accounting, the group is required to document prospectively the hedging relationship of the hedge instrument, the hedged item and nature of the risk being hedged. Besides, it also required to demonstrate the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value on an ongoing basis to ensure that the hedge has been highly effective throughout the financial reporting periods for which the hedge was designated.

Marketable Securities

Prior to the adoption of FRS 139, investment in equity securities, other than investments in subsidiaries and associates were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as fair value through profit or loss.

The Group has an investment in unquoted shares that are not traded in an active market but are classified as AFS financial assets and stated at cost because the directors consider that the fair value could not be reliably measured.

Transitional Provisions

In accordance with the transitional provisions for first-time adoption of FRS 139, retrospective application is not permitted and any adjustment of the previous carrying amount, arising from re-measurement of the financial instruments as at 1 January 2010, shall be recognised as an adjustment of the opening balance of retained earnings or other appropriate category of reserves, Hence, comparative figures are not restated.

In accordance with the transitional provisions of FRS 139, the derivatives, financial assets and financial liabilities of the Group as at 1 January 2010 have been identified and re-measured in accordance with the provisions of FRS 139. The difference between the re-measured amount and the previous carrying amount has been recognised as a adjustment to the opening retained earnings at 1 January 2010 as follows:

2. **Changes in accounting policies (Cont'd)**

(b) FRS 139 : Financial Instruments : Recognition and Measurement (Cont'd)

Transitional Provisions (Cont'd)

Group	**Retained Earnings in RM'000**
Retained profits as at 31 December 2009, previously reported	220,804
- re-measurement of MTNs using amortised cost method	176
- fair value loss on investments in quoted club membership	(32)
- fair value gain on amount due to a related party	4,339
- re-measurement of long term payable using amortised cost method	52
Retained profits as at 1 January 2010, restated	225,339
Reversal of fair value gain on amount due to a related party due to change in basis and assumption in current quarter	(3,614)
Retained profits as at 1 January 2010, restated	221,725

The following FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group and the Company:-

FRSs / IC Interpretations		**Effective for financial periods beginning on or after**
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011

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

The auditors' report of the previous financial year ended **31 December 2009** 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 September 2010.

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**

During the current financial quarter, the Company repurchased 282,800 ordinary shares of its issued share capital for a total consideration of RM823,908. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 30 September 2010 is 2,131,500 ordinary shares.

8. **Dividends paid**

On 1 July 2010, the Company paid a final dividend of 6% (tax exempt) for the financial year ended 31 December 2009 amounting to RM5,456,343.

9. **Segmental Information**

	3 months ended Current Quarter Ended		Cumulative Quarter 9 Months Cumulative	
	30/09/10	30/09/09	30/09/10	30/09/09
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Automotive Components	73,245	53,322	203,106	158,967
Plantation	16,071	11,618	36,703	32,102
Vehicle Distribution	9,167	3,767	28,171	12,523
Others	623	649	1,662	1,241
Group Revenue	99,106	69,356	269,642	204,833
Segment Results				
Automotive Components	10,394	7,532	32,605	21,796
Plantation	5,643	1,934	10,447	6,802
Vehicle Distribution	223	(116)	229	(475)
Others	(1,038)	(1,240)	(4,048)	(3,585)
	15,222	8,110	39,233	24,538
Unrealised gain/(loss) on foreign exchange	(1,874)	3,021	(1,606)	7,553
Effects of FRS 139	(720)	-	(1,659)	-
	12,628	11,131	35,968	32,091
Share of profit less losses in associated companies (net of tax)	851	1,300	2,730	1,886
	13,479	12,431	38,698	33,977

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

There was 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 September 2010.

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

There were no significant changes in the composition of the Group during the financial period ended 30 September 2010.

13. **Changes in contingent liabilities or contingent assets**

Contingent liabilities of the Group as at 23 November 2010 amounted to **RM69.8 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 Third Quarter ended 30 September 2010 compared with Third Quarter ended 30 September 2009

The Group posted earnings of RM15.2 million against RM8.1 million registering an increase of RM7.1 million (87.7%) and recorded revenue of RM99.1 million from RM69.4 million, an increase of RM29.7 million (42.8%).

The impressive performance of this quarter stems from the automotive and plantation sectors. Demand remains strong in the automotive sector. FFB output increased and further fueled by the high CPO prices, the plantation sector was able to achieve healthy growth.

The current quarter saw an unrealised loss on foreign exchange arising mainly from the conversion of inter-company balances, attributable to the strengthening of the Ringgit against the Rupiah.

The effects of FRS 139 resulted from the fair value adjustment of an advance from a related party.

1.2 9 months ended 30 September 2010 compared with 9 months ended 30 September 2009

All sectors show improvement in revenue for the 9 months period, from RM204.8 million to RM269.6 million, an increase of 31.6%.

Both the automotive and plantation sectors provided the catalyst for the upward trend with increases in profit of 50% and 54% respectively.

1.3 Third Quarter ended 30 September 2010 against preceding quarter ended 30 June 2010

Group revenue remains higher at RM99.1 million against RM90.1 million and profit rose from RM12.5 million to RM15.2 million. The plantation sector contributed to the improved results due to strong CPO price and higher FFB output especially for the plantation in Indonesia.

2. **Prospects**

The country's improved market sentiments has brought about a positive growth in the sale of new cars year-to-date October 2010. Despite the prevailing market situation which has seen recent fuel price hike, increase in interest rates and the year end seasonal trend, the Group anticipates that its automotive components sector's results for the last quarter of the year will be satisfactory.

Palm oil prices are currently trading at good levels and in recent months CPO and Palm Kernel prices have increased to around RM3,000 and RM2,000 per metric tonne respectively. Due to the increase in yield in the Group's oil palm plantation in Indonesia, and coupled with the strong CPO price, this sector has produced substantially higher profits for the period under review. With the increase in the acreage of matured areas in the plantation in Indonesia resulting from newly matured plantings, the gradual increase in the production of CPO from the oil mill there and CPO prices expected to remain firm, the outlook for the Group's plantation sector is very encouraging.

3. **Profit Forecast**

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

4. **Taxation**

	3 months ended		Year To Date	
	30/09/10	30/09/09	30/09/10	30/09/09
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	2,844	736	9,261	5,569
- Overseas	106	259	320	281
	2,950	995	9,581	5,850
Deferred Tax	(105)	-	(314)	38
	2,845	995	9,267	5,888

The income tax charge is due to certain profitable subsidiary companies of the Group which are subjected to tax at the applicable statutory tax rate. The effective tax rate of the Group for the current quarter is lower than the statutory tax rate mainly due to the availability of tax losses brought forward for set-off of certain profitable subsidiary companies.

The deferred tax credit arose from the reversal of the deferred tax liability of its revaluation reserves.

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) There were no purchases or disposals of quoted securities for the current quarter under review.

b) Investments in quoted securities as at 30 September 2010 are as follows:

	RM'000
At cost	926
At book value	782
At market value	782

7. **Status of corporate proposals**

There were no corporate proposals announced but not completed as at 23 November 2010.

8. **Group borrowings and debt securities**

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

	30/09/2010 *RM'000*
Current	
Secured	24,928
Non Current	
Secured	54,410
	79,338

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	23,981
Indonesian Rupiah	6,810
	30,791

9. **Disclosure of Derivatives**

With the adoption of FRS 139, there are currently no off balance sheet financial instruments. The nature and values of outstanding derivatives as at 30 September 2010 are as follows:-

	Contracted Amount	Fair Value
	RM'000	RM'000
Foreign Exchange Contracts		
- Less than 1 year	756	759

Foreign exchange forward contracts are entered into to protect the Group from exposure to currency movements in exchange rates.

The fair value of forward exchange contract is determined using forward market rates at the end of the reporting period and changes in the fair value is recognised in profit and loss. The subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss.

	Contract / Notional Value	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Interest Rate Swap Agreement		
- 5 years	37,990	(428)

The Company entered into an Interest Rate Swap (IRS) with a licensed financial institution to swap its floating rate into fixed rate in order to minimise the exposure from the fluctuation of interest rate.

As at 30 September 2010, the Company had entered into IRS with a notional contract of RM38.0 million, fixed for contractual period expiring in 2015 at a rate of 3.9% against 3 month KLIBOR.

The fair value of the swap contracts are determined by using the market rates at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

The above financial instruments are subject to credit risks arising from the possibility of default of the counter parties in meeting their contractual obligations in which the group has a gain in the contract. This, however, is minimised as the financial instruments are executed with creditworthy financial institutions in Malaysia.

The group has set aside the cash required in meeting the above liabilities when they fall due or in tandem with the settlement of the underlying hedged items.

10. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	1,247
- Construction of oil mill	4,187
	5,434

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 September 2010.

13. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 September 2010 of **RM10.738 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 90,094,750 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 September 2010 of **RM10.738 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 90,922,163 shares.

14. **Other Matters**

The Company changed its financial year end from 31 December to 31 March and the current financial period shall be from 1 January 2010 to 31 March 2011.

By Order of The Board

Ng Say Or
Company Secretary
29 November 2010