DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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. **<u>Changes in accounting policies (Cont'd)</u>**

(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. **<u>Auditors' report on the preceding annual financial statements</u>**

The auditors' report of the previous financial year ended **31 December 2009** was not subject to any qualification.

4. **<u>Seasonal or cyclical factors</u>**

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 31 December 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 222,000 ordinary shares of its issued share capital for a total consideration of RM704,965. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 31 December 2010 is 2,353,500 ordinary shares.

8. **Dividends paid**

On 18 November 2010, the Company paid an interim dividend of 3% (single tier) for the financial period ending 31 March 2011 amounting to RM2,726,483.

9. **Segmental Information**

	3 months ended Current Quarter ended		12 months ended Cumulative Quarter ended	
	31/12/10	31/12/09	31/12/10	31/12/09
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Automotive Components	95,158	62,673	298,264	221,640
Plantation	18,259	11,713	54,962	43,815
Vehicle Distribution	12,026	6,231	40,197	18,754
Others	1,011	821	2,673	2,062
Group Revenue	126,454	81,438	396,096	286,271
Segment Results				
Automotive Components	10,765	7,791	43,370	29,587
Plantation	11,142	1,057	21,589	7,859
Vehicle Distribution	217	(148)	446	(623)
Others	(498)	(1,058)	(4,546)	(4,643)
	21,626	7,642	60,859	32,180
Unrealised gain/(loss) on foreign exchange	(898)	1,090	(2,504)	8,643
Effects of FRS 139	(499)	-	(2,158)	-
	20,229	8,732	56,197	40,823
Share of profit less losses in associated companies (net of tax)	1,272	1,508	4,002	3,394
	21,501	10,240	60,199	44,217

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 31 December 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 31 December 2010.

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

Contingent liabilities of the Group as at 18 February 2011 amounted to **RM67.9 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 Fourth Quarter ended 31 December 2010 compared with Fourth Quarter ended 31 December 2009

The Group recorded an increase of 55.4% in revenue from RM81.4 million to RM126.5 million spurred by the good performance in all its sectors. Profit before tax surged by 184% from RM7.6 million to RM21.6 million mainly boosted by the plantation sector which had been on an upward trend since early 2010.

1.2 12 months ended 31 December 2010 compared with 12 months ended 31 December 2009

The continuing global economic recovery, favourable market demand and increasing trend of CPO prices provided the impetus for the improved results of the year 2010 compared to 2009. Overall, all the sectors performed better with the automotive and plantation sectors contributing significantly.

Revenue stood at RM396.1 million against RM286.3 million, up by 38.4%. Profit before tax almost doubled from RM32.2 million to RM60.9 million, equally contributed by the automotive and plantation sectors.

During the year 2010, the rupiah weakened against the Ringgit and US dollar resulting in an unrealised loss on foreign exchange on conversion of inter-company balances.

1.3 Fourth Quarter ended 31 December 2010 against preceding quarter ended 30 September 2010

Group revenue climbed 27.6% to RM126.5 million from RM99.1 million. Revenue for the automotive sector rose by RM21.9 million for the current quarter mainly attributable to the completion and delivery of 25 units of bus chassis in Indonesia only in December 2010.

Group profit registered an increase of 42.1% from RM15.2 million to RM21.6 million. The higher profit in the plantation sector resulted from the increased yield in the plantation in Indonesia due to the peak season and steadily rising CPO prices. During the quarter, the lower cultivation cost in the plantation sector added further to the profit.

2. **Prospects**

The economic outlook for Malaysia and the regional economies around Asia is expected to be favourable. In particular, the Malaysian economy is projected to grow by 6% in 2011, driven by domestic demand and the external sector. Inflation is expected to remain moderate and commodity prices are expected to remain firm. However, rising oil and food prices and the prospect of higher interest rates may dampen the outlook.

As announced to Bursa Malaysia last August, the Group's financial year ending 2010 will end on 31 March 2011, bringing about an additional Quarter for the 2010 financial year. The Group will leverage on its strong and competitive position to sustain its core automotive components businesses domestically and regionally. Based on the positive economic outlook, the Group looks forward to achieving satisfactory results from its key automotive components segment in the additional quarter of the year.

Based on the prevailing CPO prices ranging from RM3,000 to RM4,000 per metric tonne, the steady increase in crop yield and additional areas coming into maturity from the plantations in Indonesia, revenue and earnings contribution from the Group's plantations segment will be favourable.

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	
	31/12/10	31/12/09	31/12/10	31/12/09
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	2,681	1,958	11,942	7,527
- Overseas	784	764	1,104	1,044
	3,465	2,722	13,046	8,571
Deferred Tax	(83)	(2,870)	(397)	(2,831)
	3,382	(148)	12,649	5,740

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 31 December 2010 are as follows:

	RM'000
At cost	910
At book value	735
At market value	735

7. **Status of corporate proposals**

There were no corporate proposals announced but not completed as at 18 February 2011.

8. **Group borrowings and debt securities**

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

	31/12/2010 *RM'000*
Current	
Secured	12,212
Non Current	
Secured	56,928
	69,140

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	31,649
Indonesian Rupiah	970
	32,619

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 31 December 2010 are as follows:-

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

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	(284)

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. **<u>Breakdown of the Realised and Unrealised Profits/Losses as at end of the reporting period ended 31 December 2010</u>**

	Current Financial Year 31/12/2010 RM'000	Last Financial Year 31/12/2009 RM'000
Total retained profits/(accumulated losses) of Delloyd Ventures Berhad and its subsidiaries:		Note : Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.
- realised	43,724	
- unrealised	(5,203)	
	38,521	
Total share of retained profits / (accumulated losses) from associated companies:		
- realised	4,002	
- unrealised	-	
Total share of retained profits / (accumulated losses) from jointly controlled entities:		
- realised	-	
- unrealised	-	
	42,523	
Less: Consolidation adjustments	-	
Total group retained profits / (accumulated losses) as per consolidated accounts	42,523	

11. Capital Commitments

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	20,492

12. Material litigation

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

13. Dividend

The Board approved the declaration of a 5% 2nd interim dividend (single-tier dividend) in respect of the financial period ending 31 March 2011 payable on 18 April 2011.

14. Earnings per share

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 December 2010 of **RM13.399 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 90,145,875 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 December 2010 of **RM13.399 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 91,102,078 shares.

By Order of The Board

Ng Say Or
Company Secretary
24 February 2011