DELLOYD VENTURES BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIFTH QUARTER ENDED 31 MARCH 2011

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

FRSs / IC Interpretations		**Effective for financial periods beginning on or after**
Amendments to FRS101 & FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
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

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.

(a) FRS 7 :

FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 – Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial period.

(b) 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.

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

(c) 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.

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.

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

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

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:

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 the previous quarter	(3,614)
Retained profits as at 1 January 2010, restated	221,725

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

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
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 124	Related Party Disclosures	1 January 2012
Revised FRS 127 (2010)	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Revised Amendments to FRS 1	Additional Exemption for First-time Adopters	1 January 2011
Amendments to FRS 2	Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
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
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1July 2010
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction Of Real Estate	1 January 2012
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
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011

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

FRSs / IC Interpretations		**Effective for financial periods beginning on or after**
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs - 2010		1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	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 31 March 2011.

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 572,100 ordinary shares of its issued share capital for a total consideration of RM1,978,640. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 31 March 2011 is 2,925,600 ordinary shares.

8. **Dividends paid**

On 18 April 2011, the Company paid the 2nd interim dividend of 5% (single-tier) for the financial period ended 31 March 2011 amounting to RM4,702,983.

9. **Segmental Information**

	3 months ended		15 months ended	Audited 12 months ended
	Current Quarter ended			
	31/03/11	31/03/10	31/03/11	31/12/09
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Automotive Components	67,994	N/A	366,258	221,640
Plantation	27,801	N/A	82,763	43,815
Vehicle Distribution	17,267	N/A	57,464	18,754
Others	1,161	N/A	3,834	2,062
Group Revenue	114,223	N/A	510,319	286,271
Segment Results				
Automotive Components	5,457	N/A	48,827	29,587
Plantation	13,132	N/A	34,721	7,859
Vehicle Distribution	201	N/A	647	(623)
Others	392	N/A	(4,154)	(4,643)
	19,182	N/A	80,041	32,180
Unrealised gain/(loss) on foreign exchange	1,750	N/A	(754)	8,643
Effects of FRS 139	(630)	N/A	(2,788)	-
Gain on disposal of subsidiary	2,148	N/A	2,148	-
	22,450	N/A	78,647	40,823
Share of profit less losses in associated companies (net of tax)	2,427	N/A	6,429	3,394
	24,877	N/A	85,076	44,217

Pursuant to the Company's announcement on 25 August 2010, the financial year end of the Company has been changed from 31 December 2010 to 31 March 2011. Thus, the next set of audited financial statements will be made up from 1 January 2010 to 31 March 2011 covering a period of 15 months. Due to the change of financial year end, there are no comparative figures given for preceding year corresponding quarter in the current report. However, we enclose the relevant comparison for the 12 months year ended 31 December 2009 audited figures for reference.

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 March 2011.

12. **<u>Changes in the composition of the Group</u>**

On 4 March 2011, it was announced that the Company's wholly-owned subsidiary, Delloyd Industries (M) Sdn Bhd (DISB) entered into a Transfer of Ownership of Shares Agreement to transfer its entire shares comprising 1,000,000 ordinary shares of USD1.00 each in Delloyd (Guangzhou) Auto Parts Pte Ltd, a wholly-owned subsidiary of DISB, for a cash consideration of RM7,261,711. The disposal is part of the Group's intention to dispose of its dormant and non-operating subsidiary.

The completion is pending the transfer of ownership of shares.

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

Contingent liabilities of the Group as at 24 May 2011 amounted to **RM65.6 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 Quarter ended 31 March 2011

The Group generated RM114.2 million in revenue for the current quarter and secured an operating profit before tax of RM19.2 million. A commendable result mainly attributable to the plantation sector which revenue and profit had been on an upward trend since the beginning of the year 2010 due to high CPO prices especially in the current quarter.

Sales remained stable for the automotive sector but profit dipped due to substantial obsolete stocks write-offs and provisions together with adjustments for the closing quarter of the financial period.

The unrealised foreign exchange gain arose from the strengthening of the Rupiah against the US Dollar and the Ringgit.

1.2 15 months period ended 31 March 2011

The Group reported a revenue of RM510.3 million for the 15 months' period far outpacing that of the year 2009 of RM286.3 million. Profit before tax for the period of 15 months leapt to RM80.0 million from RM32.2 million last financial year of 12 months.

This is resulted from the strong demand in the automotive sector and the sterling performance of the plantation sector throughout the financial period.

1.3 Quarter ended 31 March 2011 against preceding quarter ended 31 December 2010

Group revenue was lower at RM114.2 million from RM126.5 million, a decrease of 9.7%. The automotive sector declined by RM27.2 million while the other sectors increased by RM14.9 million. The high revenue in the automotive sector in the preceding quarter was due to the completion and delivery of 25 units of bus chassis in Indonesia.

Group profit was down 11.1% from RM21.6 million to RM19.2 million mainly due to period end adjustments in the automotive sector as mentioned above.

2. **Prospects**

The Malaysian economy is projected to grow by 5 to 6 percent in 2011, underpinned by strong domestic demand, various government stimulus programmes and improved commodity prices as reported by Bank Negara Malaysia.

The Malaysian Automotive Association forecasts that the TIV for the year 2011 will register positive growth of 2.1% over 2010 in view of the positive consumer sentiments and the introduction of new models. The automotive industry is expected to recover from the temporary setback resulting from the recent earthquake and tsunami disaster in Japan by the 2nd half of the year as major OEM customers indicate that they are beginning to ramp up production to fulfill outstanding orders. Under the prevailing conditions, the Board expects the Group's automotive sector to perform satisfactorily for the financial year ending 31 March 2012.

The Group's oil palm plantations sector chalked up an impressive revenue of RM82.7 million and a record earnings of RM34.7 million for the 15 months' ended 31 March 2011 contributed largely by the strong CPO price and lower production cost. Going forward, the Board is confident that with the prevailing CPO price above RM3,000 per metric tonne and the expected increase in crop yield, the Group's plantations sector will continue to contribute significantly to the Group's earnings in 2011/12.

3. **Profit Forecast**

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

4. **Taxation**

	3 months ended		15 months ended	12 months ended
	31/03/11	31/03/10	31/03/11	31/12/09
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	223	N/A	12,165	7,527
- Overseas	4,904	N/A	6,008	1,044
	5,127	N/A	18,173	8,571
Deferred Tax	305	N/A	(92)	(2,831)
	5,432	N/A	18,081	5,740

The effective tax rate for the current quarter is higher than the effective tax rate due to certain expenses not deductible for tax.

The effective tax rate for the financial period to-date 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 and the utilisation of reinvestment and capital allowances.

5. **<u>Unquoted investments and properties</u>**

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

On 31 March 2011, the Company announced that it has on 29 March 2011 entered into three (3) Sales & Purchase Agreements to acquire two (2) pieces of freehold industrial land with buildings and a paint shop for a total cash consideration of RM18,000,000. The acquisition is still in the process of completing as at the date of this announcement.

6. **<u>Purchase / disposal of quoted securities</u>**

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

b) Investments in quoted securities as at 31 March 2011 are as follows:

	RM'000
At cost	928
At book value	747
At market value	747

7. **<u>Status of corporate proposals</u>**

There were no corporate proposals announced but not completed as at 24 May 2011.

8. **<u>Group borrowings and debt securities</u>**

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

	31/03/2011 *RM'000*
Current	
Secured	13,981
Non Current	
Secured	51,470
	65,451

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	30,566
Euro	392
	30,958

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 March 2011 are as follows:-

	Contracted Amount	Fair Value
	RM'000	RM'000
Foreign Exchange Contracts		
- Less than 1 year	1,283	1,245

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	33,970	(141)

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 March 2011</u>**

	Current Financial Period 31/03/2011 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	81,014	
- unrealised	(2,500)	
	78,514	
Total share of retained profits / (accumulated losses) from associated companies:		
- realised	7,646	
- unrealised	-	
Total share of retained profits / (accumulated losses) from jointly controlled entities:		
- realised	(1,216)	
- unrealised	-	
	84,944	
Less: Consolidation adjustments	25,663	
Total group retained profits / (accumulated losses) as per consolidated accounts	59,281	

11. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	5,003

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 of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 10.0% (single-tier dividend).

The date of the Annual General Meeting and book closure for the dividend entitlement will be announced in due course.

14. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 March 2011 of **RM16.758 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 90,678,597 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 March 2011 of **RM16.758 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 91,217,460 shares.

By Order of The Board

Ng Say Or
Company Secretary
30 May 2011