

**DELLOYD VENTURES BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 30 JUNE 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 period ended **31 March 2011**. 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 period ended **31 March 2011**.

**2. Changes in accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended 31 March 2011 except for adoption of the following new/revised/amendments to Financial Reporting Standards (“FRSs”) and Interpretations effective for the financial period from 1 April 2011.

<b>FRSs / IC Interpretations</b>	<b>Effective for financial periods beginning on or after</b>	
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 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

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

<b>FRSs / IC Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
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 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 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
Annual Improvements to FRSs - 2010		1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial period but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial period but may impact the accounting for future transactions or arrangements.

Other than the effects discussed above, 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)**

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

<b>FRSs / IC Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
Revised FRS 124	Related Party Disclosures	1 January 2012
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

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

The auditors' report of the previous financial period ended **31 March 2011** 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 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 2,000 ordinary shares of its issued share capital for a total consideration of RM7,233. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 30 June 2011 is 2,927,600 ordinary shares.

8. **Dividends paid**

On 18 April 2011, the Company paid the 2<sup>nd</sup> 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	
	Current Quarter ended	
	30/06/11	30/06/10
	RM'000	RM'000
<b><u>Segment Revenue</u></b>		
Automotive Components	76,908	N/A
Plantation	22,132	N/A
Vehicle Distribution	20,005	N/A
Others	3,078	N/A
Group Revenue	122,123	N/A
<b><u>Segment Results</u></b>		
Automotive Components	11,775	N/A
Plantation	9,139	N/A
Vehicle Distribution	264	N/A
Others	(672)	N/A
	20,506	N/A
Unrealised gain/(loss) on foreign exchange	986	N/A
Effects of FRS 139	(328)	N/A
	21,164	N/A
Share of profit less losses in associated companies (net of tax)	(1,118)	N/A
	20,046	N/A

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. Due to the change of financial year end, there are no comparative figures given for preceding year corresponding quarter in the current report.

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 June 2011.

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 June 2011.

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

Contingent liabilities of the Group as at 18 August 2011 amounted to **RM87.0 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***

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**1. Review of performance**

**1.1 Quarter ended 30 June 2011**

The Group posted revenue of RM122.1 million and operating profit before tax of RM20.5 million in the current quarter.

Revenue and earnings in the automotive sector remained healthy, backed by strong demand. The plantation sector remains positive on its results even though output dropped due to the low season coupled with the decline in CPO prices.

During the quarter, the Rupiah strengthened further against the Ringgit resulting in an unrealised gain on conversion of inter-company balances.

There was no comparison made with the previous corresponding quarter due to the change of financial year end from 31 December to 31 March during the previous financial period.

**1.2 Quarter ended 30 June 2011 against preceding quarter ended 31 March 2011**

Revenue and operating profit registered higher for the current quarter. Revenue rose to RM122.1 million from RM114.2 million and operating profit to RM20.5 million from RM19.1 million.

The automotive sector is back on track with consistent results after year end adjustments and provisions in the preceding quarter.

However, the plantation sector saw a dip in profits due to reduction in volume and lower CPO prices.

The share of loss of associated companies arose due to lower revenue against fixed overheads in the associated companies during the quarter.

**2. Prospects**

The economic outlook for both the Malaysian and the regional economies for 2011 seems stable. With the steady recovery in the parts supply situation in Japan and local car makers gaining momentum in its production, as well as the launch of new models, the Group anticipates that its automotive components sector will remain on a positive track in terms of revenue and earnings for the remaining quarters of the year.

Earnings contribution from the Group's plantation sector is also expected to be positive for the remaining quarters of the year. The plantations' FFB production is expected to improve in the 2nd half of the year with more trees reaching maturity and the increase in yield expected from the plantations in Indonesia during the year end peak season.

3. **Profit Forecast**

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

4. **Taxation**

	3 months ended	
	30/06/11	30/06/10
	RM'000	RM'000
Income Tax		
- Local	1,677	N/A
- Overseas	3,238	N/A
	4,915	N/A
Deferred Tax	(88)	N/A
	4,827	N/A

The effective tax rate for the current quarter is lower than the effective tax rate due to the utilisation of reinvestment and capital allowances.

5. **Unquoted investments and properties**

There were no purchases or disposal of unquoted investments 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 June 2011 are as follows:

	<b><u>RM'000</u></b>
At cost	939
At book value	740
At market value	740

7. **Status of corporate proposals**

There was no corporate proposal announced but not completed as at 18 August 2011.

8. **Group borrowings and debt securities**

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

	<u>30/06/2011</u> RM'000
<b>Current</b>	
Secured	15,820
<b>Non Current</b>	
Secured	48,145
	<u>63,965</u>

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	30,178
Euro	238
Indonesian Rupiah	1,085
	<u>31,501</u>

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 June 2011 are as follows:-

	Contracted Amount RM'000	Fair Value RM'000
CPO Hedging		
- Less than 1 year	1,590	1,448
Foreign Exchange Contracts		
- Less than 1 year	<u>632</u>	<u>630</u>

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.



9. **Disclosure of Derivatives (Cont'd)**

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.

	Contract / Notional Value RM'000	Fair Value Assets / (Liabilities) RM'000
Interest Rate Swap Agreement - 5 years	<u>31,960</u>	<u>(137)</u>

10. **Breakdown of the Realised and Unrealised Profits/Losses as at end of the reporting period ended 30 June 2011**

	Current Financial Period 30/06/2011 RM'000	Last Financial Period 31/03/2011 RM'000
Total retained profits/(accumulated losses) of Delloyd Ventures Berhad and its subsidiaries:		
- realised	13,525	244,249
- unrealised	1,032	4,838
	14,557	249,087
Total share of retained profits / (accumulated losses) from associated companies:		
- realised	(1,118)	18,699
- unrealised	-	-
	(1,118)	18,699
Less: Consolidation adjustments	-	-
Total group retained profits / (accumulated losses) as per consolidated accounts	13,439	267,786

11. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	<u>3,198</u>

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 final dividend of 10.0% (single-tier dividend) recommended by the Board of Directors had been approved by the shareholders at the Annual General Meeting held on 11 August 2011.

The notice of book closure was announced on 20 July 2011, the last date of lodgement is 15 September 2011 and the dividend will be paid on 10 October 2011.

14. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 June 2011 of **RM13.439 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 95,055,483 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 June 2011 of **RM13.439 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 95,458,320 shares.

By Order of The Board

Ng Say Or  
Company Secretary  
23 August 2011