

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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.

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 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)**

FRSs / IC Interpretations		Effective for financial periods beginning on or after
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:-

FRSs / IC Interpretations		Effective for financial periods beginning on or after
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 September 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 90,800 ordinary shares of its issued share capital for a total consideration of RM297,477. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 30 September 2011 is 3,018,400 ordinary shares.

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 Ended	
	30/09/11	30/09/10	30/09/11	30/09/10
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Automotive Components	73,997	N/A	150,905	N/A
Plantation	18,536	N/A	40,668	N/A
Vehicle Distribution	16,599	N/A	36,604	N/A
Others	285	N/A	3,363	N/A
Group Revenue	109,417	N/A	231,540	N/A
<u>Segment Results</u>				
Automotive Components	9,025	N/A	20,800	N/A
Plantation	5,832	N/A	14,971	N/A
Vehicle Distribution	54	N/A	318	N/A
Others	(1,094)	N/A	(1,766)	N/A
	13,817	N/A	34,323	N/A
Unrealised gain/(loss) on foreign exchange	1,476	N/A	2,462	N/A
Effects of FRS 139	(828)	N/A	(1,156)	N/A
	14,465	N/A	35,629	N/A
Share of profit less losses in associated companies (net of tax)	234	N/A	(884)	N/A
	14,699	N/A	34,745	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 and cumulative 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 Statement of Financial Position date**

There were no material events subsequent to the end of the financial period ended 30 September 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 September 2011.

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

Contingent liabilities of the Group as at 17 November 2011 amounted to **RM90.2 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 30 September 2011

Group revenue was recorded at RM109.4 million with a net profit of RM13.8 million for the current quarter.

Performance remained positive even though it trended downwards this quarter. The unrealised gain on exchange arose from the strengthening of the Rupiah against the Ringgit.

1.2 First half year ended 30 September 2011

The first half year ended with revenue of RM231.5 million and profit of RM34.3 million for the Group.

The Group continues to grow especially in the automotive and plantation sectors where the plantations have produced better yields and CPO prices had been higher compared to a year ago.

1.3 Quarter ended 30 September 2011 against preceding quarter ended 30 June 2011

Group revenue eased 10.4% from RM122.1 million to RM109.4 million, while it achieved a lower net profit of RM13.8 million compared to RM20.5 million in the preceding quarter.

Erratic weather has slowed down palm oil output and CPO and kernel prices have retreated further. The automotive sector had been affected by the weakening of the Ringgit and selling price adjustments which eroded margins.

However, the demand in the automotive sector remains stable. Results from the associates managed to return to the black due to improved revenue in the current quarter.

2. Prospects

The on-going financial and economic turmoil in the European Union countries continue to cast uncertainties on the global economy. Correspondingly, the economic growth momentum in the country is expected to moderate in the second half of the year.

The Group has made a creditable performance thus far in all its major business segments in the current financial year. Having assessed the prevailing operating environment, the Board expects the Group's automotive segment to remain profitable for the second half of the year.

The medium-term outlook for CPO is bullish as demand remains strong. With the gradual increase in the acreage of matured areas in the plantation in Indonesia resulting from newly matured plantings, the Board anticipates that this segment will contribute positively to the Group's earnings for the remaining quarters of the year.

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	
	30/09/11	30/09/10	30/09/11	30/09/10
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	2,605	N/A	4,282	N/A
- Overseas	(730)	N/A	2,508	N/A
	1,875	N/A	6,790	N/A
Deferred Tax	(88)	N/A	(176)	N/A
	1,787	N/A	6,614	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 September 2011 are as follows:

	<u>RM'000</u>
At cost	<u>965</u>
At book value	<u>691</u>
At market value	<u>691</u>

7. **Status of corporate proposals**

There was no corporate proposal announced but not completed as at 17 November 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>30/09/2011</u> RM'000
Current	
Secured	19,334
Non Current	
Secured	46,042
	<u>65,376</u>

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	32,540
Euro	1,747
Indonesian Rupiah	654
	<u>34,941</u>

9. **Disclosure of Derivatives**

With the adoption of FRS 139, there are currently no off statement of financial position financial instruments. The nature and values of outstanding derivatives as at 30 September 2011 are as follows:-

	Contracted Amount RM'000	Fair Value RM'000
CPO Hedging		
- Less than 1 year	-	-
Foreign Exchange Contracts		
- Less than 1 year	<u>360</u>	<u>359</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>29,950</u>	<u>(316)</u>

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

	Current Financial Period 30/09/2011 RM'000	Last Financial Period 31/03/2011 RM'000
Total retained profits/(accumulated losses) of Delloyd Ventures Berhad and its subsidiaries:		
- realised	25,731	244,249
- unrealised	860	4,838
	26,591	249,087
Total share of retained profits / (accumulated losses) from associated companies:		
- realised	(868)	18,699
- unrealised	(17)	-
	(885)	18,699
Less: Consolidation adjustments	-	-
Total group retained profits / (accumulated losses) as per consolidated accounts	25,706	267,786

11. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	<u>1,297</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 Board approved the declaration of a 5% interim dividend (single-tier dividend) in respect of the financial year ending 31 March 2012 payable on 18 January 2012.

14. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 September 2011 of **RM11.998 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 92,311,380 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 September 2011 of **RM11.998 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 92,511,873 shares.

By Order of The Board

Ng Say Or
Company Secretary
23 November 2011