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

# INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

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

| **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 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.

(iii) Amendments to FRS 5 requires assets and liabilities of a subsidiary to be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

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

(iv) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy. Comparatives are not presented by virtue of the exemption given in the amendments.

(v) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes.

The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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.

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 and IC Interpretations (including the Consequential Amendments)** | | **Effective for financial periods beginning on or after** |
|---|---|---|
| FRS 9 | Financial Instruments | 1 January 2013 |
| FRS 10 | Consolidated Financial Statements | 1 January 2013 |
| FRS 11 | Joint Arrangements | 1 January 2013 |
| FRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| FRS 13 | Fair Value Measurement | 1 January 2013 |
| Revised FRS 119 | Employee Benefits | 1 January 2013 |
| Revised FRS 124 | Related Party Disclosures | 1 January 2012 |
| FRS 127 (2011) | Separate Financial Statements | 1 January 2013 |
| FRS 128 (2011) | Investments in Associates and Joint Ventures | 1 January 2013 |
| Revised Amendments to FRS 1 | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012 |
| Amendments to FRS 7 | Disclosures – Transfers of Financial Assets | 1 January 2012 |
| Revised Amendments to FRS 101 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to FRS 112 | Recovery of Underlying Assets | 1 January 2012 |
| Amendments to FRS 132 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to FRS 1 | Government Loans | 1 January 2013 |

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

| **FRSs / IC Interpretations** | | **Effective for financial periods beginning on or after** |
|---|---|---|
| IC Interpretation 15 | Agreements for the Construction of Real Estate | Withdrawn on 19 November 2011 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |
| Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement | 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 31 March 2012.

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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

8. **Dividends paid**

There was no dividend payment during the current financial quarter.

9. **Segmental Information**

(i) Business Segments

| | 3 months ended | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Quarter Ended | | 12 Months Ended | |
| | 31/03/12 | 31/03/11 | 31/03/12 | 31/03/11 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| Automotive Components | 76,333 | N/A | 316,416 | N/A |
| Plantation | 21,733 | N/A | 79,842 | N/A |
| Vehicle Distribution | 15,355 | N/A | 65,822 | N/A |
| Others | 206 | N/A | 4,039 | N/A |
| Group Revenue | 113,627 | N/A | 466,119 | N/A |
| Segment Results | | | | |
| Automotive Components | 3,914 | N/A | 33,857 | N/A |
| Plantation | 7,493 | N/A | 30,290 | N/A |
| Vehicle Distribution | 85 | N/A | 312 | N/A |
| Others | (1,168) | N/A | (3,984) | N/A |
| | 10,324 | N/A | 60,475 | N/A |
| Unrealised gain/(loss) on foreign exchange | (4,940) | N/A | (5,086) | N/A |
| Effects of FRS 139 | 900 | N/A | (760) | N/A |
| | 6,284 | N/A | 54,629 | N/A |
| Share of profit less losses in associated companies (net of tax) | 1,322 | N/A | 509 | N/A |
| | 7,606 | N/A | 55,138 | N/A |

9. **Segmental Information (Cont'd)**

(ii) Geographical Segments

| | 3 months ended | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Quarter Ended | | 12 Months Ended | |
| | 31/03/12 | 31/03/11 | 31/03/12 | 31/03/11 |
| Segment Revenue | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 75,163 | N/A | 330,975 | N/A |
| Indonesia | 36,983 | N/A | 131,701 | N/A |
| Thailand | 1,481 | N/A | 3,443 | N/A |
| Group Revenue | 113,627 | N/A | 466,119 | N/A |
| Segment Results | | | | |
| Malaysia | 6,182 | N/A | 40,405 | N/A |
| Indonesia | (365) | N/A | 13,608 | N/A |
| Thailand | 467 | N/A | 616 | N/A |
| | 6,284 | N/A | 54,629 | N/A |
| Share of profit less losses in associated companies (net of tax) | 1,322 | N/A | 509 | N/A |
| | 7,606 | N/A | 55,138 | 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. **<u>Material events subsequent to the Statement of Financial Position date</u>**

There were no material events subsequent to the end of the financial period ended 31 March 2012.

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

There were no significant changes in the composition of the Group during the financial period ended 31 March 2012.

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

Contingent liabilities of the Group as at 23 May 2012 amounted to **RM89.0 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*

### 1. Review of performance

### 1.1 Quarter ended 31 March 2012

The Group posted a profit before taxation of RM10.3 million on the back of a revenue of RM113.6 million.

The final quarter for the year closed with year end adjustments and additional accruals for selling prices reduction and also with additional depreciation and expenses for a new factory and production line in the automotive sector. These factors have caused the profit to fall for the automotive sector.

The Rupiah continued to weaken against the Ringgit and US Dollar accounting for the significant unrealised forex loss in the quarter of about RM4.9 million.

### 1.2 12 months ended 31 March 2012

The Group ended the financial year with a revenue of RM466.1 million and profit before taxation of RM60.5 million.

The automotive sector was affected by higher depreciation and personnel costs due to plant expansion to cater for new parts awarded for new OEM models and also lower gross profit margins due to more competitive pricing in the industry.

The plantations in Indonesia continue to contribute positively to earnings due to better CPO price in this financial year.

About 70% of the Group's revenue and profits arose from Malaysia and 30% from overseas.

### 1.3 Quarter ended 31 March 2012 against preceding quarter ended 31 December 2011

Group revenue was lower by 6.1% from RM121.0 million to RM113.6 million in the current quarter. This was mainly attributable to the recognition of sales for the delivery of 15 units of Articulated Buses in the last quarter from a subsidiary in Indonesia.

Profit before taxation fell by 34.8% from RM15.8 million to RM10.3 million. The decrease came mainly from the automotive sector which made some impairment provisions and provision for reduction in prices as explained above.

The plantation sector revenue and profits remained positive and output and prices have edged up this quarter.

2. **Prospects**

Amidst the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth of 4% - 5% in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth.

With the introduction of new models by car manufacturers here, and in line with the forecast of growth of the domestic TIV by the Malaysian Automotive Association, the Board is of the view that the Group's automotive components sector's performance for the new financial year will be satisfactory. The Group will focus on prudent cost management and enhancing plant efficiency as well as productivity to ensure the sector's profitability is sustained.

Based on current market trend and demand for CPO, with CPO price hovering around RM3,000 per MT, the Board is confident that the revenue and earnings for the plantation sector will be better in the new financial year. The total crop yield from the plantations is expected to increase significantly.

Given the uncertainties in the global market and the effects of the Eurozone debt crisis, the Board believes that the Group will be able to perform satisfactorily for the new financial year with the fundamentals of its major business units remaining sound to optimize growth and profitability.

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 | |
|---|---|---|---|---|
| | 31/03/12 | 31/03/11 | 31/03/12 | 31/03/11 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income Tax | | | | |
| - Local | 479 | N/A | 6,304 | N/A |
| - Overseas | 661 | N/A | 3,754 | N/A |
| | 1,140 | N/A | 10,058 | N/A |
| Deferred Tax | 1,249 | N/A | 985 | N/A |
| | 2,389 | N/A | 11,043 | N/A |

The effective tax rate for the current quarter and year to date is lower than the statutory tax rate due to the utilisation of reinvestment and capital allowances and some dividend and foreign source income which are not taxable.

5. **Status of corporate proposals**

There was no corporate proposal announced but not completed as at 23 May 2012.

6. **Group borrowings and debt securities**

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

| | 31/03/2012<br>*RM'000* |
|---|---|
| **Current** | |
| Secured | 27,385 |
| **Non Current** | |
| Secured | 49,738 |
| | 77,123 |

Borrowings denominated in foreign currency:

| | RM'000<br>Equivalent |
|---|---|
| US Dollars | 45,192 |
| Euro | 1,360 |
| Indonesian Rupiah | 4,195 |
| | 50,747 |

7. **Breakdown of the Realised and Unrealised Profits/Losses as at end of the reporting period ended 31 March 2012**

| | Current Financial Period 31/03/2012 RM'000 | Last Financial Period 31/03/2011 RM'000 |
|---|---|---|
| Total retained profits/(accumulated losses) of Delloyd Ventures Berhad and its subsidiaries: | | |
| - realised | 28,163 | 244,249 |
| - unrealised | (3,897) | 4,838 |
| | 24,266 | 249,087 |
| Total share of retained profits / (accumulated losses) from associated companies: | | |
| - realised | 638 | 18,699 |
| - unrealised | (128) | - |
| | 510 | 18,699 |
| Less: Consolidation adjustments | - | - |
| Total group retained profits / (accumulated losses) as per consolidated accounts | 24,776 | 267,786 |

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

| | RM'000 |
|---|---|
| - Property, plant and equipment | 8,344 |

9. **Material litigation**

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

## 10. **Dividend**

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General meeting, a final dividend of 7.0% (single-tier dividend).

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

## 11. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 March 2012 of **RM5.442 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 95,981,433 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 March 2012 of **RM5.442 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 95,981,433 shares.

By Order of The Board

Ng Say Or
Company Secretary
29 May 2012