

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 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 year ended **31 March 2012**. 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 March 2012**.

2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2012 except for adoption of the following new/revised/amendments to Financial Reporting Standards (“FRSs”) and Interpretations effective for the financial period from 1 April 2012.

| FRSs / IC Interpretations | | Effective for financial periods beginning on or after |
|---------------------------------------|---|--|
| FRS 124 | Related Party Disclosures | 1 January 2012 |
| 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 |
| Amendments to FRS 112 | Recovery of Underlying Assets | 1 January 2012 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement | 1 July 2011 |

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

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 2015 |
| 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 |
| FRS 119 (2011) | Employee Benefits | 1 January 2013 |
| 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 101 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to FRS 132 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to FRS 1 | Government Loans | 1 January 2013 |
| Annual Improvements to FRSs - 2012 | | 1 January 2013 |
| Amendments to FRS 7 | Disclosure – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to IC Interpretation 2 | Improvements to FRSs (2012) | 1 January 2013 |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |

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

The auditors' report of the previous financial year ended **31 March 2012** 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 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 | |
|--|-----------------------|----------|
| | Current Quarter Ended | |
| | 30/06/12 | 30/06/11 |
| | RM'000 | RM'000 |
| <u>Segment Revenue</u> | | |
| Automotive Components | 74,235 | 79,714 |
| Plantation | 19,142 | 22,132 |
| Vehicle Distribution | 17,364 | 20,005 |
| Others | 306 | 272 |
| Group Revenue | 111,047 | 122,123 |
| <u>Segment Results</u> | | |
| Automotive Components | 4,851 | 11,671 |
| Plantation | 7,342 | 9,139 |
| Vehicle Distribution | 126 | 264 |
| Others | (412) | (568) |
| | 11,907 | 20,506 |
| Unrealised gain/(loss) on foreign exchange | (476) | 986 |
| Effects of FRS 139 | (23) | (328) |
| | 11,408 | 21,164 |
| Share of profit less losses in associated companies (net of tax) | 1,668 | (1,118) |
| | 13,076 | 20,046 |

There have been changes/reclassifications made within the segments and hence the comparative figures would not be as reported previously.

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

(ii) Geographical Segments

| | 3 months ended | |
|--|-----------------------|----------|
| | Current Quarter Ended | |
| | 30/06/12 | 30/06/11 |
| <u>Segment Revenue</u> | RM'000 | RM'000 |
| Malaysia | 77,434 | 97,261 |
| Indonesia | 32,389 | 23,868 |
| Thailand | 1,224 | 994 |
| Group Revenue | 111,047 | 122,123 |
| <u>Segment Results</u> | | |
| Malaysia | 7,985 | 15,140 |
| Indonesia | 3,233 | 5,913 |
| Thailand | 190 | 111 |
| | 11,408 | 21,164 |
| Share of profit less losses in associated companies (net of tax) | 1,668 | (1,118) |
| | 13,076 | 20,046 |

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 June 2012.

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 2012.

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

Contingent liabilities of the Group as at 10 August 2012 amounted to **RM88.7 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 First Quarter ended 30 June 2012 compared with First Quarter ended 30 June 2011

Group revenue was 9.1% lower at RM111.0 million versus RM122.1 million in the same period last year.

Profit before taxation fell 42.0% to RM11.9 million from RM20.5 million a year earlier.

There was a decline in revenue in most of the segments and the profit dropped significantly especially in the automotive segment, weighed down by lower margins arising from reduced selling prices and higher expenses and depreciation incurred by plant expansion for new parts supplied.

In the plantation sector, profit was also affected in tandem with the fall in revenue due to lower CPO prices.

Geographically, Group automotive revenue in Malaysia trended downwards due to lower demand in certain non-national makes. In Indonesia, revenue was up due to higher demand for certain newly launched models. The earnings in both the automotive and plantation sectors in Malaysia and Indonesia were similarly affected as explained above.

1.2 First Quarter ended 30 June 2012 against preceding quarter ended 31 March 2012

The Group recorded a revenue of RM111.0 million in the current quarter against RM113.7 million in the preceding quarter.

Profit before taxation increased 14.4% from RM10.4 million to RM11.9 million. The increase was due to the higher FFB yield and improved margins from the plantation sector. The automotive sector was also subjected to selling price adjustments in the preceding quarter but stabilised in the current quarter.

The Rupiah strengthened against the Ringgit but weakened against the US Dollar during the current quarter. This translated into reduced forex losses.

2. Prospects

The Malaysian economy will be largely domestic-driven. The various on-going Economic Transformation Programme projects and FDI activities will continue to boost the local economy. This will have a positive impact on the TIV trend. The coming festive seasons will also provide the impetus for the industry to record higher sales. Correspondingly, the Group anticipates that its automotive components sector will remain on a positive track for the remaining quarters of the year.

Earnings contribution from the Group's plantation sector is expected to be positive for the forthcoming quarters of the year. The Group anticipates that the FFB production from the plantations in Pulau Belitung will improve with the additional crops expected from the new plantings coming into maturity as well as the gradual increase in yield from the matured areas.

3. **Profit Forecast**

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

4. **Taxation**

| | 3 months ended | |
|--------------|----------------|----------|
| | 30/06/12 | 30/06/11 |
| | RM'000 | RM'000 |
| Income Tax | | |
| - Local | 2,325 | 3,238 |
| - Overseas | 982 | 1,677 |
| | 3,307 | 4,915 |
| Deferred Tax | (406) | (88) |
| | 2,901 | 4,827 |

The effective tax rate for the current quarter is higher than the statutory tax rate due to the non-availability of Group relief for losses incurred by certain subsidiary companies.

The deferred tax credit is the crystallisation of the deferred tax liability arising from the revaluation reserves.

5. **Status of corporate proposals**

As announced on 27 June 2012, the Company's wholly-owned subsidiary, Delloyd Industries (M) Sdn Bhd had entered into an Agreement for the proposed disposal of 51% of the total issued and paid-up shares in PT Delloyd to Murakami Corporation, Japan for a cash consideration of USD1,885,525.70. The exercise is in process and not completed as at 10 August 2012.

6. **Group borrowings and debt securities**

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

| | <u>30/06/2012</u> |
|--------------------|-------------------|
| | <i>RM'000</i> |
| Current | |
| Secured | 24,468 |
| Non Current | |
| Secured | 45,645 |
| | <u>70,113</u> |

6. **Group borrowings and debt securities (Cont'd)**

Borrowings denominated in foreign currency:

| | RM'000 Equivalent |
|-------------------|----------------------|
| US Dollars | 43,469 |
| Euro | 398 |
| Indonesian Rupiah | 1,900 |
| | <u>45,767</u> |

7. **Breakdown of the Realised and Unrealised Profits/Losses as at end of the reporting period ended 30 June 2012**

| | Current Financial Period 30/06/2012 RM'000 | Last Financial Period 31/03/2012 RM'000 |
|--|---|--|
| Total retained profits/(accumulated losses) of Delloyd Ventures Berhad and its subsidiaries: | | |
| - realised | 7,495 | 272,830 |
| - unrealised | 83 | 890 |
| | 7,578 | 273,720 |
| Total share of retained profits / (accumulated losses) from associated companies: | | |
| - realised | 1,667 | 19,123 |
| - unrealised | 1 | (128) |
| | 1,668 | 18,995 |
| Less: Consolidation adjustments | - | - |
| Total group retained profits / (accumulated losses) as per consolidated accounts | 9,246 | 292,715 |
| | | |

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

| | RM'000 |
|---------------------------------|--------------|
| - Property, plant and equipment | <u>7,715</u> |

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 has recommended for shareholders' approval at the forthcoming Annual General meeting, a final single-tier dividend of 7.0%.

The last date of lodgement for the dividend is 8 October 2012 and the dividend will be paid on 18 October 2012.

11. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 June 2012 of **RM 9.246 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 96,966,150 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 June 2012 of **RM 9.246 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 96,966,150 shares.

By Order of The Board

Ng Say Or
Company Secretary
16 August 2012