

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

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 2008**. 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 2008**.

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 2008 except for the adoption of the following new Financial Reporting Standards (“FRS”) and Interpretations that are issued but not yet effective and have not been applied by the Group and the Company:-

FRSs and 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 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

3. Auditors’ report on the preceding annual financial statements

The auditors’ report of the previous financial year ended **31 December 2008** 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 December 2009.

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 213,200 ordinary shares of its issued share capital for a total consideration of RM517,933. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 31 December 2009 is 1,043,700 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		12 Months Cumulative	
	31/12/09	31/12/08	31/12/09	31/12/08
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Automotive Components	62,673	64,984	221,640	229,509
Plantation	11,713	5,432	43,815	38,233
Vehicle Distribution	6,231	3,348	18,754	19,672
Others	919	625	2,160	2,831
Group Revenue	81,536	74,389	286,369	290,245
<u>Segment Results</u>				
Automotive Components	7,909	5,667	29,705	26,282
Plantation	1,107	(1,744)	7,909	4,884
Vehicle Distribution	(148)	(70)	(623)	(845)
Others	(791)	(1,676)	(4,376)	(5,545)
	8,077	2,177	32,615	24,776
Unrealised gain / loss on foreign exchange	951	(4,270)	8,504	(4,270)
	9,028	(2,093)	41,119	20,506
Share of profit less losses in associated companies (net)	1,407	102	3,293	3,239
	10,435	(1,991)	44,412	23,745

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 December 2009.

12. **Changes in the composition of the Group**

On 29 June 2009, the Company's wholly-owned subsidiary, Delloyd Infocomm Sdn Bhd (Dinfo) disposed of its investment in Asian Auto Interactive Sdn Bhd (AAI) comprising 1,000,000 ordinary shares of RM1.00 each for a total consideration of RM365,000. Effective from the same date, AAI ceased to be a subsidiary of Dinfo.

On 18 September 2009, the Company's wholly-owned subsidiary, Delloyd Auto Parts (M) Sdn Bhd (DAP) disposed of its investment in Autobags (M) Sdn Bhd (AB) comprising 400,000 ordinary shares of RM1.00 each for a total consideration of RM80,000. Effective from the same date, AB ceased to be a subsidiary of DAP.

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

Contingent liabilities of the Group as at 19 February 2010 amounted to **RM53.7 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 Fourth Quarter ended 31 December 2009 compared with Fourth Quarter ended 31 December 2008

Group revenue improved by RM7.1 million, an increase of 9.6% mainly attributable to the higher revenue in the plantation sector due to better FFB output and prices in the current quarter.

The Group recorded a profit before tax of RM10.4 million against a loss of RM2.0 million mainly due to higher revenue from the plantation sector and higher profits from both the plantation and automotive sectors coupled with a gain on foreign exchange of RM1.0 million compared to a loss on exchange of RM4.3 million in the corresponding period.

1.2 Fourth Quarter ended 31 December 2009 against preceding quarter ended 30 September 2009

Group revenue in the current quarter shows an improvement of 17.4% (RM12.1 million) increasing from RM69.4 million to RM81.5 million driven by the strong demand in the automotive sector which accounted for 13.4% (RM9.3 million) of the increase in revenue.

Group profit before tax was lower at RM10.4 million against RM12.4 million mainly attributable to a lower exchange gain of RM0.9 million against RM3 million in the preceding quarter. The unrealised gain on exchange arose due to the further strengthening of the Rupiah against the Ringgit.

The automotive sector recorded higher profits as a result of the higher revenue. Certain year end adjustments for the plantation sector contributed to the dip in profit in the current quarter.

2. Prospects

With the improved economic situation in the country, the Malaysian Automotive Association (MAA) expects growth in domestic Total Industry Volume of 2.4% to register a total of 550,000 units of new vehicles for the calendar year 2010. The higher vehicle sales are expected to lead to higher parts and components sales for the Group.

The Group's performance in this segment for the last quarter of 2009 shows encouraging 18% and 5% increases over the previous quarter's sales and profit. The Group is confident that its automotive segment will continue to perform satisfactorily in 2010.

Based on the prevailing price of crude palm oil and palm kernel, and the expected increase in FFB production in Indonesia, the Group's plantation segment is expected to continue to contribute positively to the Group in 2010. Year on year, the plantations in Indonesia have produced an annual FFB yield of 75,409 tonnes in 2009, registering an impressive increase of 70% over the yield in 2008. Further, with the 60-tonne capacity mill at the Belitung plantations coming on-stream for full production soon, it will enhance the plantations' earnings in the mid to long term.

The Group is confident of continued improvement in its financial and business performance for the year 2010 in its major business units, namely, the automotive and plantation segments.

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	
	31/12/09	31/12/08	31/12/09	31/12/08
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Income Tax				
- Local	2,173	1,635	7,527	7,545
- Overseas	556	121	1,051	(533)
	2,729	1,756	8,578	7,012
Deferred Tax	(2,485)	493	(2,446)	493
	244	2,249	6,132	7,505

The income tax charge is due to certain profitable subsidiary companies of the Group which are subjected to tax at the applicable statutory tax rate. The effective tax rate of the Group for the current quarter is higher than the statutory tax rate mainly due to the non-deductibility of impairment of investments and certain expenses not allowable for deduction.

The deferred tax credit arose mainly from the crystallisation of the deferred tax liability of its revaluation reserves.

5. **Unquoted investments and properties**

There were no significant purchases or disposal of unquoted investments and/or properties during the current financial quarter.

6. **Purchase / disposal of quoted securities**

- a) Purchases and disposals of quoted securities for the fourth quarter ended 31 December 2009 are as follows:-

	<u>RM'000</u>
Total purchases	<u>-</u>
Disposal proceeds	<u>218</u>
Gain/(Loss) on disposal	<u>-</u>

- b) Investments in quoted securities as at 31 December 2009 are as follows:

	<u>RM'000</u>
At cost	<u>974</u>
At book value	<u>433</u>
At Market value	<u>433</u>

7. **Status of corporate proposals**

The Company through its wholly-owned subsidiary, Delloyd Electronics (M) Sdn Bhd (DESB) had on 8 December 2009 entered into an agreement with Brose International GmbH (Brose) for the purpose of participating in a joint venture to manufacture and supply window regulators to OEM car manufacturers in Thailand and Asean countries.

The joint venture company (JV) will be set up under the name of Brose Delloyd Automotive Co. Ltd and will be incorporated in Thailand. JV will have a registered capital of Baht 180 million divided into 1.8 million shares of Baht 100 each. Brose and DESB will each subscribe to 60% and 40% of the shares in the JV for cash consideration of Baht 108 million and Baht 72 million respectively.

8. **Group borrowings and debt securities**

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

	<u>31/12/2009</u> <i>RM'000</i>	<u>31/12/2008</u> <i>RM'000</i>
Short Term (secured)		
Hire purchase payables	333	415
Term Loans – Landed Properties	145	53
Revolving Credit, Draft, Term Loans & Overdraft	11,454	-
Long Term (secured)		
Hire purchase payables	342	700
Term Loans - EON Bank Bhd	1,137	1,297
- OCBC Labuan	20,131	-
- OCBC Indonesia	3,553	-
Medium Term Notes	50,000	50,000
	<u>87,095</u>	<u>52,465</u>

9. **Off balance sheet financial instruments**

There was no contracted amount of financial instruments not recognised in the balance sheet as at 31 December 2009.

10. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	<i>RM'000</i>
- Property, plant and equipment	721
- Construction of oil mill	5,978
	<u>6,699</u>

11. **Material litigation**

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

12. **Dividend**

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 6 sen per share tax exempt.

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

13. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 December 2009 of **RM9.8 million** divided by the outstanding number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 87,819,550 shares.

By Order of The Board

Ng Say Or
Company Secretary
25 February 2010