

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

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 2009**. 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 2009**.

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 2009 except for adoption of the following new/revised/amendments to Financial Reporting Standards (“FRSs”) and Interpretations effective for the financial period from 1 January 2010.

FRSs / IC 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 8	Operating Segments	1 July 2009
Revised FRS 101 (2009)	Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009)	Borrowing Costs	1 January 2010
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9		1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010

2. Changes in accounting policies (Cont'd)

FRSs / IC Interpretations		Effective for financial periods beginning on or after
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2	Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Annual Improvements to FRSs (2009)		1 January 2010
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010

Other than the effects discussed below, the adoption of the above FRSs, Amendments and Interpretations do not have any significant financial impact on the Group's results.

(a) **FRS 101 : Presentation of Financial Statements**

FRS 101 (revised in 2009) has introduced changes in terminology used, format and contents of financial statements. Amongst others, components of interim financial statements presented now consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity are required to be presented in statement of comprehensive income and components of comprehensive income are not permitted to be presented in the statement of changes in equity.

(b) **FRS 139 : Financial Instruments : Recognition and Measurement**

FRS 139 establishes principles for recognition and measurement of financial instruments. A financial asset or a financial liability shall be recognised in its statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is recorded at fair value upon initial recognition plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Assets

Subsequent to initial recognition, financial assets are classified as 'financial assets at fair value through profit or loss', 'held-to-maturity investments', 'loans and receivables', 'available for sale financial assets' or derivatives designated as hedging instruments, as appropriate.

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

(b) **FRS 139 : Financial Instruments : Recognition and Measurement (Cont'd)**

Financial Assets (Cont'd)

The group financial assets include trade and other receivables (exclude prepayments), cash and short-term deposits, which are categorised as 'loans and receivables'.

'Loans and Receivables' – Prior to adoption of FRS 139, loans and receivables were stated at cost less allowance for doubtful debts. Under FRS 139, financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest methods. Gains or losses arising from amortisation process, impairment, or derecognition of loans and receivables are recognised in profit or loss.

Financial Liabilities

After initial recognition, financial liabilities are classified as 'fair value through profit or loss', 'amortised cost' or 'derivatives designated as hedging instruments', as appropriate.

The group financial liabilities include borrowings, trade and other payables, amount due to related parties and derivative instruments. Accordingly, the group assessed its derivatives and designated its derivative arising from forward exchange contract as fair value hedge.

Prior to adoption of FRS 139, payables (including the amounts owing by holding company, subsidiaries, fellow subsidiaries, related companies, associates, joint venture, other related parties etc.) and borrowings were previously recognised at their cost which is the fair value of the consideration to be paid in the future for, goods, services and loans received.

To qualify for the hedge accounting, the group is required to document prospectively the hedging relationship of the hedge instrument, the hedged item and nature of the risk being hedged. Besides, it also required to demonstrate the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value on an ongoing basis to ensure that the hedge has been highly effective throughout the financial reporting periods for which the hedge was designated.

Marketable Securities

Prior to the adoption of FRS 139, investment in equity securities, other than investments in subsidiaries and associates were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as fair value through profit or loss.

The Group has an investment in unquoted shares that are not traded in an active market but are classified as AFS financial assets and stated at cost because the directors consider that the fair value could not be reliably measured.

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

(b) **FRS 139 : Financial Instruments : Recognition and Measurement (Cont'd)**

Transitional Provisions

In accordance with the transitional provisions for first-time adoption of FRS 139, retrospective application is not permitted and any adjustment of the previous carrying amount, arising from re-measurement of the financial instruments as at 1 January 2010, shall be recognised as an adjustment of the opening balance of retained earnings or other appropriate category of reserves. Hence, comparative figures are not restated.

In accordance with the transitional provisions of FRS 139, the derivatives, financial assets and financial liabilities of the Group as at 1 January 2010 have been identified and re-measured in accordance with the provisions of FRS 139. The difference between the re-measured amount and the previous carrying amount has been recognised as an adjustment to the opening retained earnings at 1 January 2010 as follows:

Group	Retained Earnings in RM'000
Retained profits as at 31 December 2009, previously reported	220,804
- re-measurement of MTNs using amortised cost method	176
- fair value loss on investments in quoted club membership	(32)
- fair value gain on amount due to a related party	4,339
- re-measurement of long term payable using amortised cost method	52
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Retained profits as at 1 January 2010, restated	225,339
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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 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
Amendments to FRS 2	Scope of FRS 2 and Revised FRS 3 (2010) 1 July 2010

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 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138	Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction Of Real Estate	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
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010

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

The auditors' report of the previous financial year ended **31 December 2009** 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 2010.

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 667,400 ordinary shares of its issued share capital for a total consideration of RM1,968,770. These repurchased shares are to be held as treasury shares and the total number of treasury shares held as at 31 March 2010 is 1,711,100 ordinary shares.

8. **Dividends paid**

There was no dividend payment during the current financial quarter.

9. **Segmental Information**

	3 months ended	
	Current Quarter Ended	
	31/03/10	31/03/09
	RM'000	RM'000
<u>Segment Revenue</u>		
Automotive Components	61,582	53,709
Plantation	9,160	7,792
Vehicle Distribution	9,353	4,270
Others	356	282
Group Revenue	80,451	66,053
<u>Segment Results</u>		
Automotive Components	10,679	6,881
Plantation	2,178	797
Vehicle Distribution	17	(208)
Others	(1,364)	(1,178)
	11,510	6,292
Unrealised loss on foreign exchange	(166)	-
Effects of FRS 139	(502)	-
	10,842	6,292
Share of profit /(loss) in associated companies (net of tax)	359	(28)
	11,201	6,264

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 March 2010.

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

There were no changes in the composition of the Group during the financial period ended 31 March 2010.

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

Contingent liabilities of the Group as at 21 May 2010 amounted to **RM59.4 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 31 March 2010 compared with First Quarter ended 31 March 2009

The Group posted a net profit of RM11.2 million, up 77.8% from RM6.3 million on the back of a 21.8% increase in revenue from RM66.1 million to RM80.5 million.

The increase mainly derived from the automotive sector boosted by strong demand concurrent with the recovering economy. For the plantation sector, despite a lower FFB output due to the off peak season, the higher FFB price managed to cushion any negative impact to the Group.

1.2 First Quarter ended 31 March 2010 against preceding quarter ended 31 December 2009

Group revenue stood at RM80.5 million against RM81.4 million in the preceding quarter.

Even though the automotive and plantation sectors' revenue were lower, the net profit in these sectors were higher mainly due to year end adjustments in the last quarter of 2009.

The plantation revenue was reduced mainly attributable to lower FFB yield resulting from the low season in the current quarter.

The current quarter saw an unrealised loss in exchange of RM166,000 compared to a gain of RM1.1 million in the last quarter mainly due to the weakening of the Rupiah and the Thai Baht against the Malaysian Ringgit in the current quarter.

2. Prospects

In tandem with the region's economic recovery, strong consumer sentiment and demand, the Malaysian Automotive Association (MAA) reported a total of 196,121 units of motor vehicles sold for the first four months of 2010, an increase of 21% over the corresponding period in the preceding year.

The Group's automotive components segment had performed reasonably well for the first quarter of the year in review. As the economic environment stabilises in the region, the Group foresees that this segment will continue to be profitable for the year.

Based on the prevailing CPO price and the expected increase in the plantations' yield in Pulau Belitung, Indonesia, the Board anticipates the results for the remaining quarters of the year to be better than the current quarter. Furthermore, with the 60-tonne capacity mill now in operation, it will contribute towards enhancing the plantation segment's revenue and profitability in the mid to long term.

3. **Profit Forecast**

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

4. **Taxation**

	3 months ended	
	31/03/10	31/03/09
	RM'000	RM'000
Income Tax		
- Local	2,938	2,192
- Overseas	192	22
	3,130	2,214
Deferred Tax	(105)	-
	3,025	2,214

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-availability of Group relief for losses incurred by certain subsidiary companies.

The deferred tax credit arose from the reversal 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) There were no purchases or disposals of quoted securities for the current quarter under review.
- b) Investments in quoted securities as at 31 March 2010 are as follows:

	<u>RM'000</u>
At cost	958
At book value	542
At Market value	542

7. **Status of corporate proposals**

There were no corporate proposals announced but not completed as at 21 May 2010.

8. **Group borrowings and debt securities**

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

	<u>31/03/2010</u> <i>RM'000</i>
Current	
Secured	10,211
Unsecured	333
Non Current	
Secured	74,951
Unsecured	269
	<hr/> <u>85,764</u> <hr/>

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	20,415
Indonesian Rupiah	13,632
	<hr/> <u>34,047</u> <hr/>

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 31 March 2010 are as follows:-

	Contracted Amount RM'000	Fair Value RM'000
Foreign Exchange Contracts		
- Less than 1 year	<u>2,239</u>	<u>2,155</u>

Foreign exchange forward contracts are entered into to protect the Group from exposure to currency movements in exchange rates.

The fair value of forward exchange contract is determined using forward market rates at the end of reporting period and changes in the fair value is recognised in profit and loss. The subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss.

The above financial instrument is subject to credit risk arising from the possibility of default of the counter party in meeting its contractual obligations in which the group has a gain in the contract. This, however, is minimised as the financial instrument is executed with creditworthy financial institutions in Malaysia.

The group has set aside the cash required in meeting the above liabilities when it falls due or in tandem with the settlement of the underlying hedged item.

10. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	<i>RM'000</i>
- Property, plant and equipment	7,179
- Construction of oil mill	4,986
	<u>12,165</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 has recommended for shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 6 sen per share tax exempt.

The last date of lodgement for dividend entitlement is 16 June 2010 and the dividend will be paid on 1 July 2010.

13. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 March 2010 of **RM8.187 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 89,195,150 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 March 2010 of **RM8.187 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 90,045,150 shares.

By Order of The Board

Ng Say Or
Company Secretary
27 May 2010