



“Delloyd is committed to design and manufacture quality products at optimal cost through our continuous pursuit of excellence to meet customer satisfaction.”

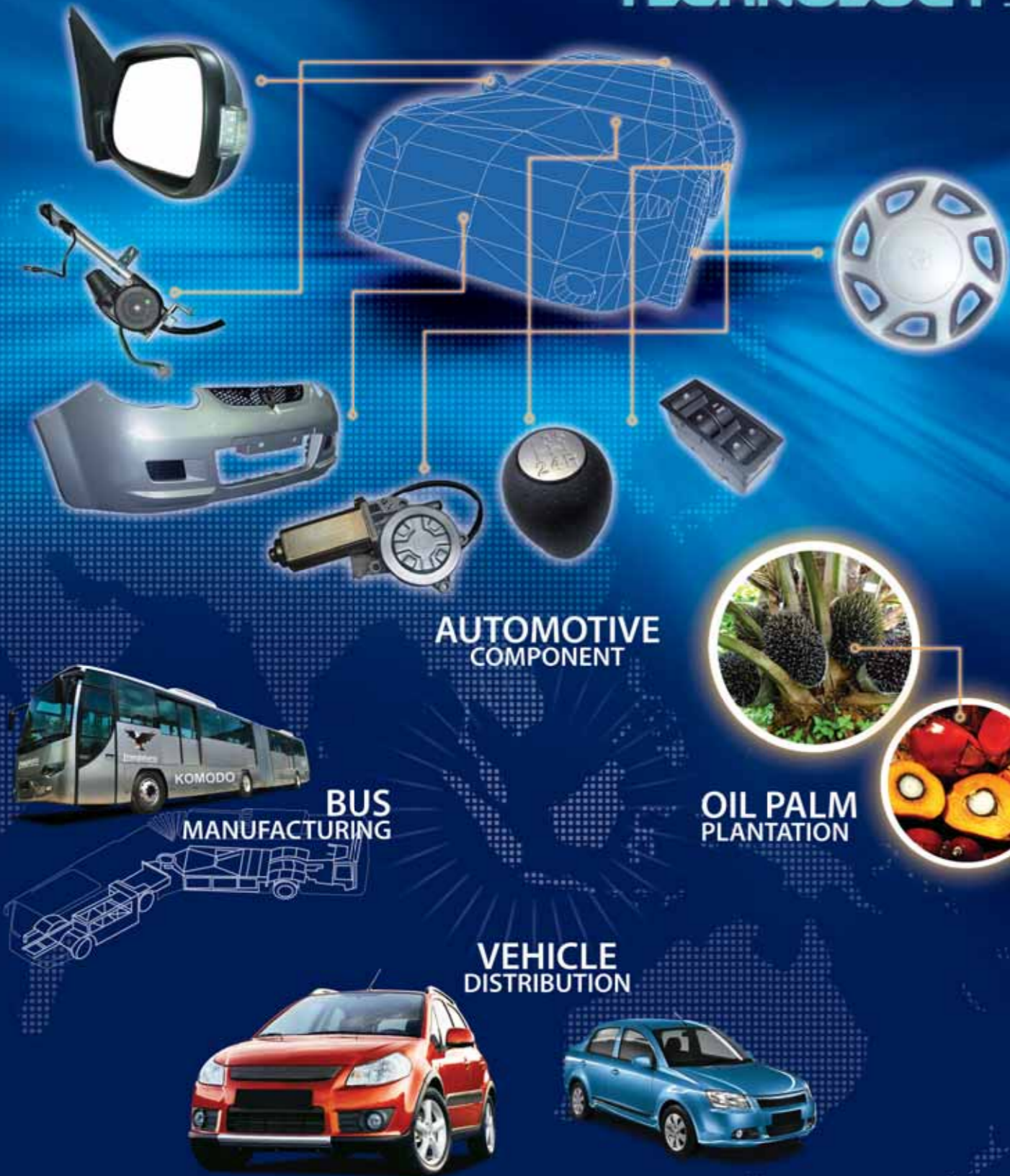


■ ANNUAL REPORT **2008**

DELLOYD VENTURES BERHAD ANNUAL REPORT 2008



# DRIVING TOMORROW'S TECHNOLOGY



**AUTOMOTIVE  
COMPONENT**

**OIL PALM  
PLANTATION**

**BUS  
MANUFACTURING**

**VEHICLE  
DISTRIBUTION**



**DELLOYD  
VENTURES BERHAD**  
(380429-W)

Lot 33004/5, Jalan Kebun, Kg. Jawa  
42450 Klang, Selangor Darul Ehsan, Malaysia

Tel : (603) 5163 6888 Email : delloyd@tm.net.my  
Fax : (603) 51613362 Website: www.delloyd.com



**"PIONEERING TECHNOLOGY AWARD 2008"**  
Presented To PT Asian Auto International  
By The President Of The Republic Of Indonesia,  
Susilo Bambang Yudhoyono



Pemerintah Republik Indonesia

Memberikan

**PENGHARGAAN  
RINTISAN TEKNOLOGI INDUSTRI  
2008**

kepada

**PT. ASIAN AUTO INTERNATIONAL**

Atas prestasinya di bidang Desain dan Manufaktur  
Bis Artikulasi "KOMODO"

Jakarta, Nopember 2008

  
**Fahmi Idris**  
Menteri Perindustrian RI



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**NOTICE IS HEREBY GIVEN THAT** the Thirteenth Annual General Meeting of the Company will be held at Danau Room, Kota Permai Golf and Country Club, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Wednesday, 27 May 2009 at 12.00 noon for the following purposes:-

**A G E N D A**

- |    |                                                                                                                                                                                                                                                                                    |                       |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.                                                                                                                         | Ordinary Resolution 1 |
| 2. | To approve the payment of a Final Dividend of 5% (1.8% less 25% income tax and 3.2% tax exempt) in respect of the financial year ended 31 December 2008.                                                                                                                           | Ordinary Resolution 2 |
| 3. | To approve the payment of Directors' fees of RM270,000 in respect of the financial year ended 31 December 2008.                                                                                                                                                                    | Ordinary Resolution 3 |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Article 90 of the Company's Articles of Association and being eligible, offer themselves for re-election:-                                                                                           |                       |
|    | i) Dato' Tee Boon Kee                                                                                                                                                                                                                                                              | Ordinary Resolution 4 |
|    | ii) Datin Chung Geok Siew                                                                                                                                                                                                                                                          | Ordinary Resolution 5 |
|    | iii) Eow Kwan Hoong                                                                                                                                                                                                                                                                | Ordinary Resolution 6 |
| 5. | To consider and, if thought fit, pass the resolution that pursuant to Section 129 of the Companies Act, 1965, General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R) be re-appointed as a Director of the Company to hold office until the next Annual General Meeting. | Ordinary Resolution 7 |
| 6. | To re-appoint Messrs. Horwath as Auditors and to authorise the Directors to fix their remuneration.                                                                                                                                                                                | Ordinary Resolution 8 |

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions:-

- |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                        |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 7. | <b>Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Ordinary Resolution 9  |
|    | "THAT subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." |                        |
| 8. | <b>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Ordinary Resolution 10 |
|    | "THAT approval be and is hereby given to the Company and its subsidiaries to renew the Shareholders' Mandate for the Recurrent Related Party Transactions of a revenue or trading nature with specified class of the Related Parties as stated in Section 3.1 of the Circular to Shareholders dated 5 May 2009 which are necessary for the Group's day to day operations subject further to the following:-                                                                                                                                                                                                                                         |                        |
|    | i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms; and                                                                                                                                                                                                                                                                                                                         |                        |

- ii) in disclosing the actual aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Mandate in the 2009 Annual Report, a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others, will be provided based on the following information:-
  - a) the type of the Recurrent Related Party Transactions made; and
  - b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company and its subsidiaries;
- iii) the Mandate is subject to annual renewal. In this respect, any authority conferred by a Mandate shall only continue to be in force until:-
  - a) the conclusion of the next annual general meeting of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965("CA") (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the CA); or
  - c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier; and
- iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate.

**9. Proposed Renewal of Authority for the Purchase of Own Shares by the Company**

Ordinary Resolution 11

"THAT subject to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, if any, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors from time to time, through Bursa Malaysia Securities Berhad and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia Securities Berhad as at the point of purchase; and
- ii) an amount not exceeding the Company's retained profit and the share premium account at the time of the purchase(s) be allocated by the Company for the Proposed Share Buy-Back;

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (unless earlier revoked or varied by ordinary resolution of shareholders of the Company in a general meeting);

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares of RM1.00 each in the Company purchased by the Company pursuant to the Proposed Share Buy-Back as treasury shares to be either distributed as share dividends or resold on Bursa Malaysia Securities Berhad or subsequently cancelled, or to cancel the shares so purchased, or a combination of both."

- 10. To transact any other business of the Company for which due notice shall have been given.

**NOTICE OF DIVIDEND PAYMENT**

**NOTICE IS ALSO HEREBY GIVEN THAT** a Final Dividend of 5% (1.8 % less 25% income tax and 3.2% tax exempt) in respect of the financial year ended 31 December 2008, if approved by the shareholders, will be paid on 3 August 2009 to Depositors whose names appear in the Record of Depositors on 17 July 2009.

A Depositor shall qualify for entitlement only in respect of:-

- a) Securities transferred into the Depositor's Securities Account before 4.00 pm on 17 July 2009 in respect of transfers;
- b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

NG SAY OR  
Company Secretary  
(LS 00515)

5 May 2009

**Notes:-**

- i. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- ii. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two proxies at each meeting) to attend and vote at the same meeting.
- iii. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- iv. To be valid, the proxy form duly completed must be deposited at the registered office of the Company situated at 52A, Lebuhraya, 41150 Klang, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting.
- v. If the appointer is a corporation, the proxy form must be executed under its Seal or under the hand of its attorney.

**Explanatory Notes on Special Business**

Ordinary Resolution 9 – if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Ordinary Resolution 10 – The proposed Ordinary Resolution, if passed, will empower the Company and its subsidiaries to conduct transactions of a revenue or trading nature with the related parties. Please refer to the Circular to Shareholders dated 5 May 2009 for more information.

Ordinary Resolution 11 – The proposed Ordinary Resolution, if passed, will empower the Company to purchase its own shares up to 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 5 May 2009 for more information.

**Statement Accompanying Notice of Annual General Meeting****1. Further details of Directors who are standing for re-election/re-appointment**

Details of Directors who are standing for re-election/re-appointment are set out in the Directors' Profile appearing on pages 09 to 12 of the Annual Report.

**2. Other Information of Directors who are standing for re-election/re-appointment****a) Shareholdings**

The direct and indirect shareholdings of the Directors who are standing for re-election/re-appointment are as follows:-

Name	No. of shares held	
	Direct	Indirect
General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)	312,500	Nil
Dato'Tee Boon Kee	2,255,005	41,848,425
Datin Chung Geok Siew	1,768,406	42,335,024
Eow Kwan Hoong	Nil	Nil

**b) Family relationship**

Save as mentioned below, none of the other Directors standing for re-election/re-appointment have any family relationship with any director and/or substantial shareholder of the Company:-

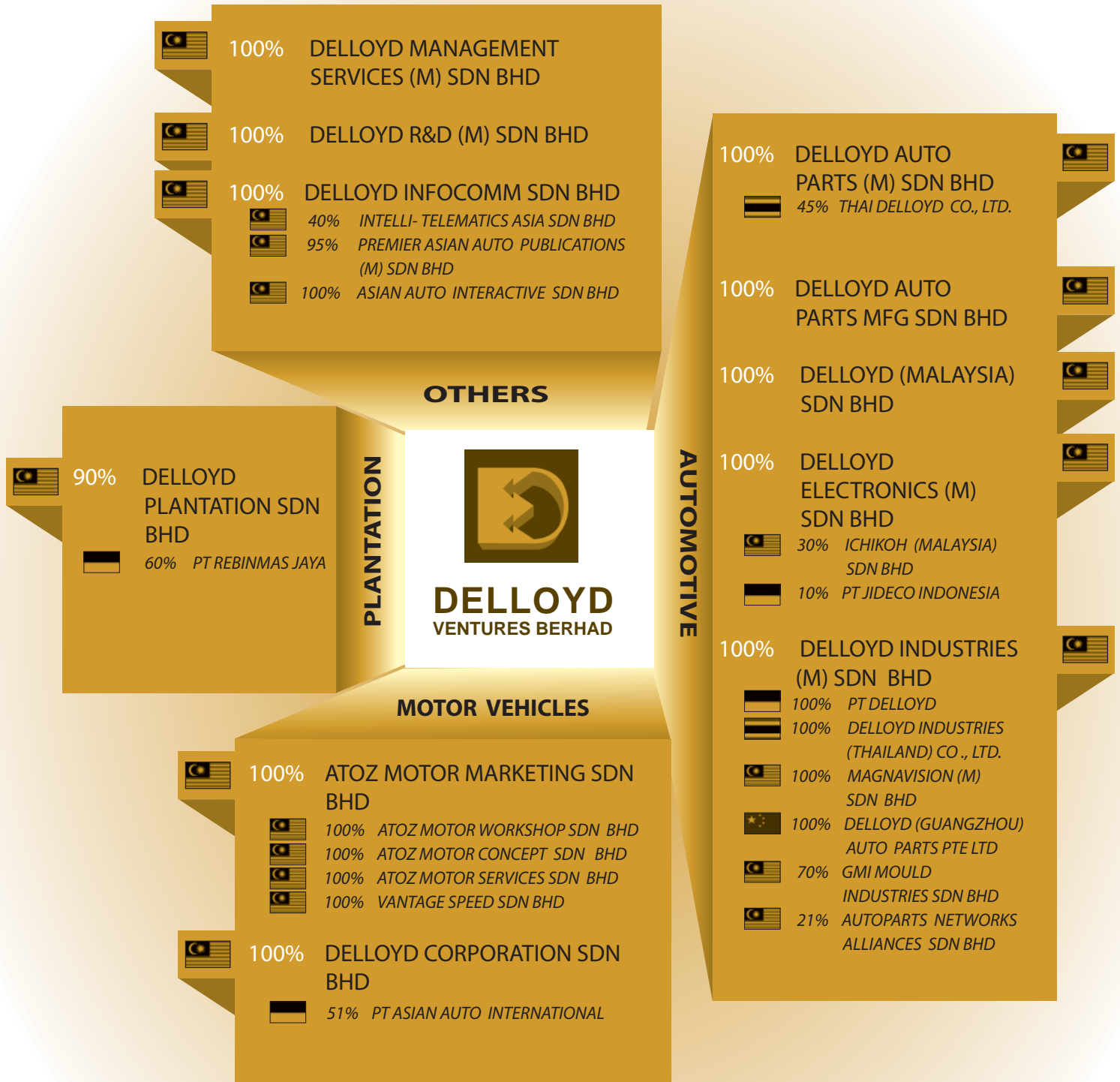
- Dato'Tee Boon Kee is the spouse of Datin Chung Geok Siew, brother and brother-in-law of Tee Boon Keat and Chung Chee Sun respectively.
- Datin Chung Geok Siew is the spouse of Dato'Tee Boon Kee, sister and sister-in-law of Chung Chee Sun and Tee Boon Keat respectively.

**c) Conflict of Interest**

None of the Directors who are standing for re-election/re-appointment have any conflict of interest with the Company.

**d) Convictions of offences**

None of the Directors who are standing for re-election/re-appointment have been convicted of any offences for the past 10 years, other than traffic offences, if any.



## BOARD OF DIRECTORS

**General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)**  
*Chairman,  
Independent Non-Executive Director*

**Dato' Tee Boon Kee**  
*Group Managing Director*

**Dato' Ir Haji Noor Azmi Bin Jaafar**  
*Executive Director*

**Datin Chung Geok Siew**  
*Executive Director*

**Tee Boon Keat**  
*Executive Director*

**Chung Chee Sun**  
*Non-Independent Non-Executive Director*

**Dato' Dr M SHANmughalingam**  
*Independent Non-Executive Director*

**Dato' Mohamed Nizam Bin Abdul Razak**  
*Independent Non-Executive Director*

**Eow Kwan Hoong**  
*Independent Non-Executive Director*

## SECRETARIES

**Ng Say Or**

**Yew Ing Chuo**

## AUDIT COMMITTEE

**Dato' Mohamed Nizam Bin Abdul Razak**  
*Chairman*

**Dato' Dr M SHANmughalingam**

**Eow Kwan Hoong**

## REMUNERATION COMMITTEE

**Dato' Dr M SHANmughalingam**  
*Chairman*

**Eow Kwan Hoong**

**Dato' Tee Boon Kee**

## NOMINATION COMMITTEE

**General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)**  
*Chairman*

**Dato' Mohamed Nizam Bin Abdul Razak**

**Dato' Dr M SHANmughalingam**

**Eow Kwan Hoong**

## REGISTERED OFFICE

52A, Lebuhr Enggang  
41150 Klang  
Selangor Darul Ehsan  
Tel : (03) 3343 7145  
Fax : (03) 3343 3296

## AUDITORS

**Horwath**  
Kuala Lumpur Office  
Chartered Accountants

## REGISTRAR

**Bina Management (M) Sdn Bhd**  
Lot 10, The Highway Centre,  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7784 3922  
Fax : (03) 7784 1988

## STOCK EXCHANGE LISTING

**Bursa Malaysia**  
Main Board  
Stock Code: 6505

## PRINCIPAL BANKERS

**HSBC Bank Malaysia Berhad**  
**RHB Bank Berhad**  
**Hong Leong Bank Berhad**

**OCBC Bank (Malaysia) Berhad**

## SOLICITORS

**J. M. Chong, Vincent Chee and Co**

**Lee, Perara & Tan**

## MANAGEMENT TEAM

### Dato' Tee Boon Kee

Group Managing Director

### Dato' Ir Haji Noor Azmi Bin Jaafar

Executive Director & CEO  
Manufacturing

### Datin Chung Geok Siew

Executive Director  
Finance & Administration

### Tee Boon Keat

CEO - Delloyd Auto Parts (M) Sdn Bhd

### Leon Tee Wee Leng

Deputy CEO – Corporate & Business

### Chua Soo Seong

Deputy CEO - Operations

### Lawrence Chong Kin Min

Chief Operating Officer  
Delloyd Auto Parts Mfg Sdn Bhd

### Mustaffa Bin Haji Bakar

Chief Operating Officer  
Delloyd Industries (M) Sdn Bhd

### Gan Nean Paul

Chief Operating Officer  
Delloyd Electronics (M) Sdn Bhd

### Chan Yoke Hoong

Senior General Manager  
Group Purchasing & Corporate Services

### Kunihiko Hayashi

General Manager  
Group Marketing

### Tsuneo Matsunaga

General Manager  
Delloyd R&D (M) Sdn Bhd

### Jessica Tho Lai Foong

General Manager  
Group Finance & Accounts

### Badrol Hisham Bin Jeran

General Manager  
Quality Management System

### Chung Chee Yoke

Plantation General Manager  
Delloyd Plantation Sdn Bhd

### Chang Boon Heng

CEO - GMI Mould Industries Sdn Bhd

### Chen Swee Lan

General Manager  
Atoz Motor Marketing Sdn Bhd

### Tay Koh Heng

General Manager  
Overseas Operations

### Mazlan Bin Mamat

Senior Manager  
Delloyd Tanjung Malim

### Wan Rizam Bin Wan Zain

Senior Manager  
Research & Development

### Hasbullah Bin Abdul Rahman

Senior Manager  
Research & Development

### Genta Hiraoka

Operations Director  
PT Delloyd, Indonesia

### Loh Fong

Senior Manager  
PT Rebinmas Jaya, Indonesia

### Chang Poh Meng

Senior Manager  
PT Rebinmas Jaya, Indonesia

### James Kong Kam Sang

Senior Manager  
PT Rebinmas Jaya, Indonesia

### Muhamad Bin Aman

CEO  
PT Asian Auto International, Indonesia

### Ruddy Soesilo

Marketing Director  
PT Asian Auto International, Indonesia

### Egwara Yodying

General Manager  
Delloyd Industries ( THAILAND ) Co., Ltd.

### Phoon Kim Heng

General Manager  
Delloyd Industries ( THAILAND ) Co., Ltd.



General Tan Sri (Dr) Dato' Paduka  
Mohamed Hashim Bin Mohd Ali (R)  
Chairman  
Independent Non-Executive Director



Dato' Tee Boon Kee  
Group Managing Director



Dato' Ir Haji  
Noor Azmi Bin Jaafar  
Executive Director

Datin Chung Geok Siew  
Executive Director





Tee Boon Keat  
Executive Director



Chung Chee Sun  
Non-Independent  
Non-Executive Director



Dato' Dr M  
SHANmughalingam  
Independent Non-Executive  
Director



Dato' Mohamed Nizam Bin Abdul Razak  
Independent Non-Executive  
Director



Eow Kwan Hoong  
Independent Non-Executive  
Director



**General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)**  
**Chairman (Independent Non-Executive Director)**

General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R), a Malaysian, aged 74 was appointed as an Independent Non-Executive Director and Chairman of Delloyd Ventures Berhad (DVB) on 6 August 1996. He is also Chairman of the Nomination Committee of the Board.

He holds a Diploma in Advance Management from the Harvard Business School and was conferred an Honorary Doctorate by the University of Salford, United Kingdom in January 1999.

He served the Malaysian Armed Forces since 1953 until his retirement as the Chief of Defence Forces in April 1992. Thereafter, he joined Perwira Niaga Malaysia (PERNAMA) as Chairman in May 1992.

He sits on the Board of Ajinomoto (Malaysia) Berhad, Country Heights Holdings Berhad, Hong Leong Financial Group Berhad, Mines Resort Berhad, Excellence Golf Resort Berhad and Borneo Highlands Hornbill Golf & Jungle Club Berhad. He has considerable exposure in business by virtue of his association either in the capacity as Chairman or member of the Board of a number of public as well as private companies.

He has no family relationship with any directors and/or major shareholders of DVB nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years.

**Dato' Tee Boon Kee (Group Managing Director)**

Dato' Tee Boon Kee aged 55, a Malaysian is the Group Managing Director of Delloyd Ventures Berhad. He was appointed to the Board on 6 August 1996 and sits on the ESOS, Audit and the Remuneration Committees of the Board. He is the spouse of Datin Chung Geok Siew and brother to Tee Boon Keat.

Dato' Tee is a businessman by profession and a co-founder of the DVB Group. The first company founded by him was Delloyd Auto Parts (M) Sdn Bhd in 1984, which specialises in importing and distributing of automotive parts and accessories in Malaysia. Whilst in the midst of establishing a market niche in Malaysia, he had also set up Delloyd (Malaysia)

Sdn Bhd in 1987 to undertake direct exports of replacement equipment/ accessories parts. He formed Delloyd Industries (M) Sdn Bhd and Delloyd Auto Parts Mfg Sdn Bhd to produce OEM and replacement equipment/accessories parts in 1989 and 1990 respectively. He possesses well established and in-depth knowledge and experience in the overall operations of the Group.

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on page 90 to 92 of the Annual Report. He has no convictions for any offences within the past 10 years.



**Datin Chung Geok Siew (Executive Director)**

Datin Chung Geok Siew aged 56, a Malaysian is an Executive Director of Delloyd Ventures Berhad. She was appointed to the Board on 6 August 1996 and sits on the ESOS Committee of the Board. She is the spouse of Dato' Tee Boon Kee and the sister of Chung Chee Sun.

Datin Chung is one of the founding members of the DVB Group. She has been with the Group since the inception of Delloyd Auto Parts (M) Sdn Bhd in 1984. She holds the position of Group Finance Director primarily responsible

for the finance, administration, purchasing and human resources functions of the Group. She has garnered wide experience in the financial and administration aspects of the automotive parts and accessories business.

She is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on page 90 to 92 of the Annual Report. She has no convictions for any offences within the past 10 years.

**Dato' Ir Haji Noor Azmi Bin Jaafar (Executive Director)**

Dato' Ir. Haji Noor Azmi Bin Jaafar aged 54, a Malaysian is an Executive Director of Delloyd Ventures Berhad. He was appointed to the Board on 6 August 1996 and sits on the ESOS Committee of the Board. He graduated from UiTM with a Diploma in Mechanical Engineering and a Bachelor of Science in Mechanical Engineering. Subsequently, he obtained a Master of Science in Mechanical Engineering from the University of Miami, USA. He is a member of the Institute of Engineers, Malaysia and is registered with the Board of Engineers, Malaysia.

Dato' Noor Azmi started his career in 1979 as a lecturer in the Faculty of Mechanical Engineering, UiTM. His last position was Head of Thermodynamics and Heat Transfer Division. In 1984, he joined PROTON (Perusahaan Otomobil Nasional Berhad) and assumed various capacities in Quality Control, Local Content, Localisation, Warranty & Technical Services and Procurement & Vendor Development. After seven and a half years with PROTON, he joined Delloyd Industries (M)

Sdn Bhd as Director and Advisor to the Managing Director. He was appointed Manufacturing Director in 1995 and with effect from August 2008 was appointed Chief Executive Officer of the Group's automotive components division. This division comprise main subsidiaries including Delloyd Industries (M) Sdn Bhd, Delloyd Electronics (M) Sdn Bhd, Delloyd Auto Parts Mfg Sdn Bhd, Delloyd (Malaysia) Sdn Bhd, Delloyd R&D (M) Sdn Bhd and PT Delloyd of Indonesia.

He is currently a member of the 'Central Advisory Committee' of SIRIM QAS Sdn Bhd, the company responsible for QS 9000 / ISO 9000 / ISO 14000 / Product Certification.

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on page 90 to 92 of the Annual Report. He has no convictions for any offences within the past 10 years.



**Tee Boon Keat (Executive Director)**

Tee Boon Keat aged 45, a Malaysian is an Executive Director of Delloyd Ventures Berhad. He was appointed to the Board on 6 August 1996 and is the brother of Dato' Tee Boon Kee.

Mr. Tee is a businessman by profession and has vast experience in management capacity in the automotive accessories business. He is the Chief Executive Officer of Delloyd Auto Parts (M) Sdn Bhd. His main responsibility is to

oversee the company's local and export sales activities.

He is deemed interested in certain related party transaction of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on page 90 to 92 of the Annual Report. He has no convictions for any offences within the past 10 years



**Chung Chee Sun ( Non-Independent Non-Executive Director )**

Chung Chee Sun aged 55, a Malaysian is a Non-Independent & Non-Executive Director of Delloyd Ventures Berhad. He was appointed to the Board on 6 August 1996 and is the brother of Datin Chung Geok Siew.

Mr. Chung is one of the founding members of the DVB Group. He has been with the Group since the inception of Delloyd Auto Parts (M) Sdn Bhd in 1984. He has vast experience in plastic injection machine facilities and mould and was primarily responsible for the manufacturing operations of

plastic and metal related automotive components. As of 27 August 2008, he has been redesignated a Non-Independent and Non-Executive Director.

He is deemed interested in certain related party transaction of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on page 90 to 92 of the Annual Report. He has no convictions for any offences within the past 10 years.

**Dato' Dr M SHANmughalingam (Independent Non-Executive Director)**

Y. Bhg. Dato' Dr. M SHANmughalingam aged 69, a Malaysian, was appointed an Independent Non-Executive Director of Delloyd Ventures Berhad (DVB) on 6 August 1996. He is Chairman of the Remuneration Committee and also sits on the Nomination and Audit Committees of the Board. Dato' Dr. M SHAN obtained his Doctorate of Philosophy in Economics and Government from Oxford University, UK, Masters degree in Economics and Government from Harvard University, USA and Bachelor of Arts (Honours) degree in Economics from University of Malaya. He is a Fellow of the Economic Development Institute, World Bank, USA.

From 1962 to 1978 Dato' Dr M SHAN served the Treasury, Ministry of Finance, his last post being Deputy Secretary (Economic) and from 1979 to 1991 in PETRONAS (Petroleum Nasional Berhad) his last post being General Manager. From 1992 to 1996 he was Managing Director of Sri Inderajaya Sdn Bhd, the holding Company of GEC Malaysia Sdn Bhd.

He is now Managing Director of Trilogic Sdn Bhd, an investment holding company since 1996. He sits on the Boards of Main Board public listed companies including PBA Holdings Bhd and Mamee-Double Decker (M) Bhd. He also sits on the advisory panels to the Malaysian Institute of Economic Research (MIER) and Asian Strategy and Leadership Institute (ASLI).

He was a Director of Edaran Otomobil Nasional Berhad

(EON) and Chairman of its Remuneration Committee. He was also on the Board of CIMB (Commerce International Merchant Bankers) (L) Ltd, CIMB Discount House Bhd, CIMB Securities Sdn Bhd, MIDF Aberdeen Asset Management Sdn Bhd, and Malaysian International Merchant Bankers Berhad (MIMB), a subsidiary of MIDF and an associate of Barclays Bank Group, UK. He was on the Committee of the Malaysian Administrative and Diplomatic Service (P.T.D.) Alumni Association, on the Board of the VIOBA Foundation and Chairman, Scholarship Committee and on the Board of Selectors, Rhodes Scholarship to Oxford University.

Dato' Dr. M SHAN represented Malaysia at international conferences of the ADB (Asian Development Bank), the Commonwealth, IMF (the International Monetary Fund), OPEC (the Organisation of Petroleum Exporting Countries), the United Nations and the World Bank. He was the Chairman and lead speaker at several sittings of PECC (Pacific Economic Co-operation Conference). On invitation by the Kennedy School of Government, Harvard University and the Harvard Institute for International Development, USA, he helped in the design of a new Executive Programme for Leaders in Development : Managing Economic and Political Reform.

He has no family relationship with any directors and/or major shareholders of DVB nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years.



**Dato' Mohamed Nizam Bin Abdul Razak (Independent Non-Executive Director)**

Dato' Mohamed Nizam Bin Abdul Razak aged 50, a Malaysian was appointed as an Independent Non-Executive Director of Delloyd Ventures Berhad (DVB) on 6 August 1996. He is Chairman of the Audit Committee and also sits on the Nomination Committee of the Board. He graduated in Politics, Philosophy and Economics from Oxford University, UK in 1980.

He began his career in 1981 when he joined the Corporate Finance Department in Bumiputra Merchant Bankers Berhad. In 1984 he joined GP Securities Sdn Bhd (now known as PB Securities Sdn Bhd) as General Manager. He became the Chief Executive Officer in 1992 and held the position until

his retirement in 1998.

Dato' Nizam currently sits on the Boards of public companies including Mamee-Double Decker (M) Bhd, Hiap Teck Venture Bhd, Yeo Hiap Seng (M) Bhd, Deutsche Bank (M) Bhd and Synergy Track Bhd. He is also a Trustee on several charitable foundations such as Noah Foundation, Hong Leong Foundation and the National Children Welfare Foundation.

He has no family relationship with any directors and/or major shareholders of DVB nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years.



**Eow Kwan Hoong (Independent Non-Executive Director)**

Mr. Eow Kwan Hoong aged 56, a Malaysian was appointed an Independent Non-Executive Director of Delloyd Ventures Berhad (DVB) on 22nd May 2001. He sits on the Audit, ESOS, Nomination and Remuneration Committees of the Board.

Mr. Eow is a member of the Malaysian Institute of Accountants and a Fellow member of the Chartered Institute of Management Accountants, United Kingdom. He is the Immediate Past President of CIMA Malaysia Division and had served as a Council member of the Malaysian Institute of Accountants. He joined the Lion Group as an Accounts Manager in 1982. After serving the Group for 17 years and holding the post of Group Chief Accountant, he left in April

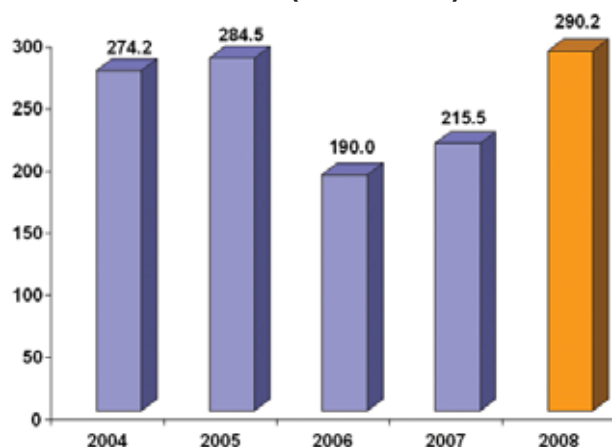
1998 to join IRIS Corporation Berhad as the Chief Operating Officer. Currently, he sits on the Board of IRIS Corporation Berhad and Main Board public listed company Versatile Creative Berhad. In addition, he also sits on the Boards of Silverstone Corporation Berhad and several Malaysian private limited companies.

He has no family relationship with any directors and/or major shareholders of DVB nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years.

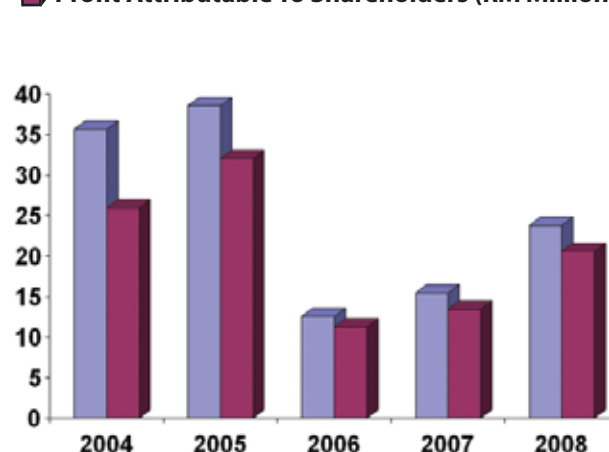
**YEAR ENDED 31 DECEMBER**

	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
<b>Income Statement</b>					
Turnover	274,242	284,502	189,977	215,464	290,245
Profit Before Taxation	35,633	38,551	12,538	15,433	23,745
Profit Attributable To Shareholders	25,954	31,987	11,240	13,424	20,564
<b>Balance Sheet</b>					
Issued And Paid Up Capital	88,858	88,863	88,863	88,863	88,863
Shareholders' Fund	224,573	250,661	254,889	266,410	287,224
Total Assets	285,372	301,618	389,219	418,877	448,621
<b>Per Share Data</b>					
Gross Earnings Per Share (sen)	40.1	43.4	14.1	17.4	26.7
Net Earnings Per Share	29.2	36.0	12.6	15.1	23.1
Net Assets Per Share (sen)	253.0	282.0	287.0	302.0	326.0
Dividend Per Share (Sen)	10.0	10.0	5.0	6.0	5.0

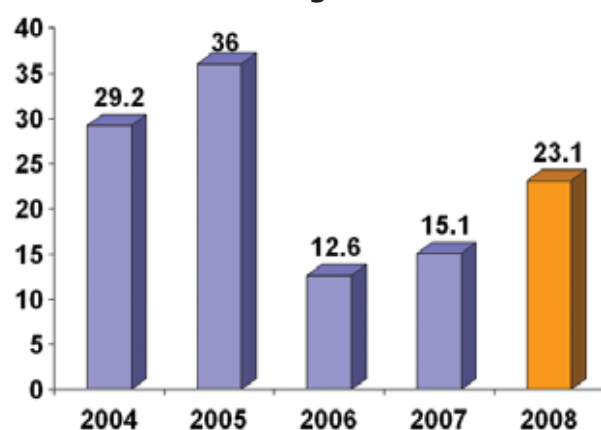
**Turnover (RM Million)**



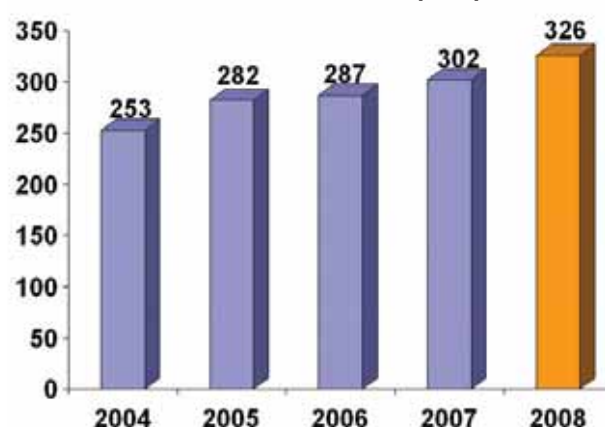
**Profit Before Taxation (RM Million)**  
**Profit Attributable To Shareholders (RM Million)**



**Net Earnings Per Share (sen)**



**Net Assets Per Share (sen)**



## 31 March 2008

Delloyd Corporation Sdn Bhd ( Formerly known as Magnavision Auto Services (M) Sdn Bhd ) completed the subscription of a 51 % equity in PT Asian Auto International, a company principally involved in the manufacturing and assembly of bus and bus chassis in Indonesia.



## 2 May 2008

PT Rebinmas Jaya commenced construction of a 60 MT oil mill in Belitung plantations.

## 3 April 2008

Delloyd Corporation Sdn Bhd became a wholly owned subsidiary of Delloyd Ventures Berhad.

## 3 June 2008

12th Annual General Meeting at Kota Permai Golf and Country Club, Shah Alam, Selangor Darul Ehsan.

## 26 July 2008

Delloyd Family Day at Desa Waterpark, Kuala Lumpur.



## 1 August 2008

Payment of 6 % final dividend less 26 % income tax.

## 17 September 2008

Delloyd Industries (M) Sdn Bhd and Delloyd Electronics (M) Sdn Bhd certified ISO 14001: 2004 by NQA Global Assurance.

## 23 September 2008

Official launch of PT Asian Auto International's 'KOMODO' articulated bus in Jakarta, Indonesia by Industry Minister Fahmi Idris.

## 7 January 2009

Presentation of 'Pioneering Technology Award 2008' to PT Asian Auto International by the President of the Republic of Indonesia, Susilo Bambang Yudhoyono.



## 16 January 2009

Delloyd Group of Companies Annual Dinner.

## 26 February 2009

Announcement of consolidated unaudited results of the Group for the year ended 31 December 2008.

## 25 March 2009

PT Delloyd awarded the 2008 Excellent Suppliers COST AWARD by PT Toyota Motor Manufacturing Indonesia and appreciation certificates for Cost Reduction Target Achievement and Urgent VA Contribution



The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the Group and the Company's state of affairs. Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.



General Tan Sri (Dr) Dato'  
Paduka Mohamed Hashim  
Bin Mohd Ali (R)



On behalf of the Board of Directors, I take pleasure in presenting the Annual Report and Audited Accounts of Delloyd Ventures Berhad for the financial year ended 31 December 2008

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Akaun Beraudit Delloyd Ventures Berhad bagi tahun kewangan berakhir 31 Disember 2008

### Financial Review

For the financial year 2008 in review, the Group performed better than the previous year, registering a satisfactory 34.7% growth in the Group's revenue from RM215.5 million to RM290.2 million, contributed mainly by the Group's automotive and plantations segments. Revenue from the automotive components segment was 42.3% higher at RM229.5 million against RM161.3 million previously, due to the substantial increase in the sale of automotive components. Revenue from the plantations segment too improved significantly from RM26.1 million previously to RM38.2 million; the 46.4% increase largely due to the increase in yield from the Indonesian plantations. The Group's vehicle distribution segment dipped by 25.9% to RM19.7 million compared to RM26.6 million the previous year.

On the whole, the Group recorded profit before tax of RM23.7 million on the back of a turnover of RM290.2 million, representing an increase of 53.9% and 34.7% respectively compared to that of the preceding year.

### Dividend

The Board of Directors is recommending for shareholders approval at the forthcoming AGM a first and final dividend of 5 sen per share (1.8 sen less 25% tax and 3.2 sen tax exempt) in respect of the financial year ended 31 December 2008.

### Corporate Initiatives

The start of 2008 was generally categorized by buoyant market conditions such that record prices and benchmarks were witnessed during the year, including crude oil surpassing the mark of US\$140 per barrel and price of CPO peaking at above RM4,000 per MT. However, with the escalation of the global financial crisis in the second half of the year it resulted in numerous bank failures, the reduction of the flow of credit and the erosion of the consumer and corporate spending and confidence.

### Keadaan Kewangan

Pada tahun kewangan 2008, prestasi Kumpulan adalah lebih baik dari tahun sebelumnya, mencatatkan peningkatan memuaskan sebanyak 34.7% dalam pendapatan Kumpulan dari RM215.5 juta kepada RM290.2 juta, yang kebanyakannya disumbangkan oleh segmen automotif dan perladangan Kumpulan. Pendapatan segmen komponen automotif adalah 42.3% lebih tinggi pada RM229.5 juta berbanding RM161.3 juta tahun sebelumnya, disebabkan oleh peningkatan jualan komponen automotif. Pendapatan dari segmen perladangan juga menunjukkan peningkatan menggalakkan dari RM26.1 juta tahun sebelumnya kepada RM38.2 juta; peningkatan sebanyak 46.4%, yang disebabkan peningkatan hasil dari ladang-ladang di Indonesia. Segmen pengedaran kenderaan Kumpulan pula menjunam sebanyak 25.9% kepada RM19.7 juta berbanding RM26.6 juta tahun sebelumnya.

Secara keseluruhannya, Kumpulan mencatatkan keuntungan sebelum cukai sebanyak RM23.7 juta di sebalik perolehan sebanyak RM290.2 juta, mewakili peningkatan masing-masing sebanyak 53.9% dan 34.7% berbanding tahun sebelumnya.

### Dividen

Lembaga Pengarah mencadangkan untuk kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan (AGM) akan datang, dividen pertama dan terakhir sebanyak 5 sen sesaham (1.8 sen ditolak cukai 25% dan 3.2 sen dikecualikan cukai) bagi tahun kewangan berakhir 31 Disember 2008.

### Inisiatif-Inisiatif Korporat

Permulaan tahun 2008 secara amnya dikategorikan dengan keadaan pasaran yang tidak menentu, harga-harga dan petunjuk-petunjuk telah disaksikan sepanjang tahun, termasuk minyak mentah melebihi paras US\$140 se-tong dan harga CPO (minyak sawit mentah) mencecah lebih RM4,000 se tan metric.

In turn these negative market forces resulted in significant reduction of economic and industrial activities. Our focus and effort to streamline and restructure the Group's automotive components segment into various business units for greater efficiency and productivity and a clearer reporting system has contributed in part to the year's success. We aim to continuously review and enhance operational efficiencies and synergistic activities to ensure sustainability and profitability, and ultimately to satisfy our OEM customers both at home and abroad. In this regard, we have successfully geared this segment of the Group to operate with a greater awareness, appreciation and commitment towards operating in a safer and cleaner environment. We are now an ISO 14001 certified company, working and operating in an environment beneficial to the company, its customers and the community at large.

On 31 March 2008, the Group through its subsidiary, Delloyd Corporation Sdn Bhd, completed the subscription of a 51% equity in PT Asian Auto International (PTAAI), an Indonesian company principally involved in the manufacturing and assembly of bus and bus chassis. This strategic initiative in venturing into the manufacturing and assembly of bus and bus chassis in Indonesia creates a new revenue stream for the Group in the long term. It is also strategic in enhancing the Group's competitiveness and reputation in the region. As at end December 2008, PT AAI has delivered 13 units of the "KOMODO" 18-meter high-floored articulated CNG bus found only in the Jakarta bus-way.

The Group's plantation segment recorded a commendable increase in revenue amounting to RM38.2 million compared with last year's RM26.1 million. This was despite a sudden plunge in CPO prices from a historic high of above RM4,000 per MT during the first half of the year to a low of about RM1,400 per MT during the second half.

The plantation in the Sungai Rambai Estates continues to contribute positively to the Group's revenue and profit. Meanwhile, the FFB yield in the Pulau Belitung plantations in Indonesia is also steadily increasing as a result of the rehabilitation carried out there. The FFB yield at the Belitung plantations in 2008 has increased by 31% over that of 2007 to a total of 44,310 MT and we are confident its yield will continue to trend upwards.

The construction of a 60 MT oil mill in the Belitung plantations has commenced since May 2008 and it is expected to be completed by the end of 2009. With this facility, the plantations segment will bring additional revenue and profit for the Group.

#### Awards and Accolades

It is my honour and privilege to announce that both our subsidiaries in Indonesia, that is, PT AAI and PT Delloyd had won awards in recognition of their contributions to the automotive industry in Indonesia. PT AAI received the "ANUGERAH RINTISAN TECHNOLOGY 2008" (Pioneering Technology Award) presented by the President of the Republic of Indonesia, Susilo Bambang Yudhoyono.

Walaupun bagaimanapun, dengan peningkatan krisis kewangan global pada separuh kedua, menyebabkan beberapa bank gagal, pengurangan aliran kredit dan susutnya jumlah pelanggan dan perbelanjaan korporat dan keyakinan. Arus pasaran yang negatif ini menyebabkan pengurangan aktiviti ekonomi dan perkilangan.

Fokus dan usaha syarikat untuk merapi dan menstruktur semula segmen komponen automotif Kumpulan kepada beberapa unit perniagaan untuk lebih berkesan dan produktif, serta sistem laporan yang lebih jelas telah menyumbang sebahagian dari kejayaan syarikat tahun ini. Kami akan terus mengkaji dan mengukuhkan keberkesanan operasi dan aktiviti-aktiviti yang lebih berdaya saing untuk memastikan keutuhan dan keuntungan dapat dikekalkan, dan yang paling utama kepuasan pelanggan OEM dalam dan luar Negara dapat dipenuhi. Sejajar dengan ini, kita telah memacu segmen ini ke arah operasi yang lebih prihatin, menghargai dan memberi komitmen dalam persekitaran yang selamat dan bersih. Kita kini adalah syarikat ISO 14001 yang berdaftar, bekerja dan beroperasi dalam persekitaran yang memberi faedah kepada syarikat, pelanggan-pelanggan dan komuniti secara menyeluruh.

Pada 31 Mac 2008, Kumpulan melalui anak syarikatnya, Delloyd Corporation Sdn Bhd, telah melengkapkan pengambilalihan ekuiti sebanyak 51% dalam PT Asian Auto International (PTAAI), syarikat Indonesia terlibat dalam pengilangan dan pemasangan bas dan casis bas. Inisiatif untuk memasuki dalam pengilangan dan pemasangan bas dan casis bas di Indonesia membuka aliran baru dalam perolehan Kumpulan buat jangka masa panjang. Ia juga merupakan strategi Kumpulan untuk mengukuhkan persaingan dan reputasi di rantau ini. Sehingga Disember 2008, PT AAI telah menghantar 13 unit "KOMODO", bas CNG 18 meter berlantai tinggi, yang hanya terdapat di jalanraya Jakarta.

Segmen perladangan syarikat merekodkan peningkatan perolehan berjumlah RM38.2 juta berbanding RM26.1 juta tahun sebelumnya. Ini adalah di sebalik kejatuhan yang mendadak harga Sawit mentah (CPO) dari lebih RM4,000 setan metrik pada separuh pertama kepada serendah RM1,400 se tan metrik pada separuh kedua.

Ladang di Estet Sungai Rambai meneruskan sumbangan positif terhadap perolehan dan keuntungan syarikat. Dalam masa sama, hasil Buah Tandan Bersih (FFB) di Pulau Belitung Indonesia juga meningkat hasil dari pemulihan semula yang dijalankan. Hasil Buah Tandan Bersih (FFB) di Ladang-ladang Belitung pada 2008 meningkat lebih 31% dari 2007, iaitu sejumlah 44,310 tan metrik dan kami yakin hasil ini akan terus menunjukkan peningkatan.

Pembinaan kilang minyak sawit 60 tan metrik di Ladang Belitung telah dimulakan pada bulan Mei 2008 dan dijangka siap pada penghujung tahun 2009. Dengan adanya fasiliti ini, segmen perladangan akan memberikan perolehan dan keuntungan tambahan bagi Kumpulan.

#### Penghormatan dan Penghargaan

Adalah dengan sukacita saya ingin mengumumkan bahawa kedua-dua anak syarikat di Indonesia, PT AAI dan PT Delloyd telah menerima penghargaan dan penghormatan dalam sumbangan mereka dalam industri automotif di Indonesia.

PT Delloyd was awarded the "EXCELLENT SUPPLIER'S COST AWARD" by PT Toyota Motor Manufacturing Indonesia and also received appreciation certificates for Cost Reduction Target Achievement and Urgent VA Contribution. These awards and accolades are testaments to Delloyd's innovative capabilities and firm commitment to supply quality products that meet customers' expectations

### Corporate Social Responsibility

The Group is very much aware of its responsibility to the shareholders, the employees and the community at large. As we drive for growth, we are committed to deliver good Corporate Social Responsibility.

Good corporate governance and transparency ensure shareholder interests are protected. To this end, the Group aspires to provide our shareholders with timely, clear and relevant communications so that they are kept abreast of our strategic developments. The Group also places great emphasis on employee programmes and initiatives to enhance staff welfare and benefits. In July 2008, we organised a "Family Day" at the Desa Waterpark to promote and encourage work-life balance. Staff bonding events were held to celebrate the various festive seasons including Hari Raya, Deepavali and Chinese New Year. Such initiatives will help bring about a sense of togetherness in the Group. As a good corporate citizen, we believe in doing our part by helping to make a difference to society and the less fortunate. Therefore, we make cash contributions periodically to various education, social and welfare needs of the community.

### Outlook for 2009

The new year brings with it greater challenges as economic uncertainties coupled with volatile commodity prices, tight liquidity and lower consumer spending will inevitably squeeze margins. The Government's swift action to implement stimulus packages of a first RM7 billion towards the end of 2008 followed by a second RM60 billion announced in March 2009 will undoubtedly reduce and mitigate the impact of the global economic and financial meltdown.

On account of the adverse economic environment, the Board is of the opinion that the Group's automotive sector will experience declining revenue and profits from both its domestic and overseas operations in the current financial year. However, the expected introduction of new models by the national car-makers could help sustain buying interest of new vehicles and thus help to elevate revenue derived from this segment.

Whilst the outlook and demand for passenger cars is somewhat softened due to the current adverse global economic situation, the reverse is seen for the demand of public transportation services particularly in the Republic of Indonesia. Barring any unforeseen circumstances, our Indonesian subsidiary, PT Asian Auto International, which manufactures and assembles bus and bus chassis, foresees its revenue for the current year will increase substantially with the sale of its KOMODO 18-meter articulated bus.

PT AAI menerima "ANUGERAH RINTISAN TECHNOLOGY 2008" (Pioneering Technology Award) daripada Presiden Republik Indonesia, Susilo Bambang Yudhoyono. Sementara PT Delloyd telah dianugerahkan "EXCELLENT SUPPLIER'S COST AWARD" dari PT Toyota Manufacturing Indonesia dan juga menerima penghargaan Sijil untuk "Cost Reduction Target Achievement and Urgent VA Contribution". Penghargaan dan penghormatan yang diterima membuktikan kemampuan inovatif Delloyd dan komitmen untuk membekalkan barangan berkualiti dan memenuhi kehendak pelanggan.

### Tanggungjawab sosial Korporat

Kumpulan sangat prihatin terhadap tanggungjawabnya kepada pemegang-pemegang saham khususnya dan juga kepada komuniti amnya. Dalam kita memacu kearah peningkatan, kami komited untuk menyumbang kepada Tanggungjawab Sosial Korporat yang baik.

Urustadbir Korporat yang baik dan ketelusan memastikan kepentingan pemegang-pemegang saham terpelihara. Setakat ini, Kumpulan berusaha memberikan informasi-informasi yang jelas, tepat pada masanya dan relevan kepada pemegang-pemegang saham. Kumpulan juga mengambil berat tentang program-program dan inisiatif untuk meningkatkan faedah-faedah demi kebajikan pekerja-pekerja. Pada Julai 2008, kami telah menganjurkan "Hari Keluarga" di Taman Tema Air, Desa Waterpark bagi membentuk keseimbangan antara kerja dan kehidupan. Acara mengeratkan ikatan telah diadakan untuk menyambut pelbagai perayaan termasuk Hari Raya, Deepavali dan Tahun Baru Cina. Aktiviti-aktiviti sebegini dapat membina semangat kerjasama dalam Kumpulan. Sebagai warga korporat yang prihatin, kami percaya dengan menjalankan tanggungjawab dengan menghulurkan bantuan, akan memberikan perubahan kepada masyarakat dan kepada yang kurang bernasib baik. Untuk itu, kami menghulurkan bantuan kewangan dari masa kesemasa kepada pelbagai pihak yang memerlukan untuk pelajaran, sosial serta keperluan kebajikan komuniti.

### Pemerhatian untuk 2009

Tahun yang baru ini menampilkan cabaran-cabaran yang besar dengan ketidakpastian ekonomi ditambah pula dengan harga komoditi turun naik, kecairan yang sempit dan pengurangan perbelanjaan oleh pengguna akan mengurangkan julat keuntungan. Rancangan kerajaan untuk memperkenalkan pakej rangsangan pertama sebanyak RM7 billion menjelang hujung 2008 dan kedua sebanyak RM 60 billion yang telah diumumkan pada Mac 2009 akan pasti dapat mengurangkan kesan terhadap ekonomi global dan kejatuhan kewangan.

Dalam persekitaran ekonomi yang berbalik, Lembaga Pengarah berpendapat, sektor automotif akan menunjukkan penurunan perolehan dan keuntungan dari kedua-dua operasi tempatan dan luar negara pada tahun kewangan ini. Walaubagaimanapun, pengenalan model-model terbaru oleh pengilang-pengilang kereta nasional adalah dijangka akan membantu mengekalkan minat belian terhadap kenderaan-kenderaan baru dan secara langsung membantu mempertingkatkan perolehan dari segmen ini.

In view of the high prevailing palm oil stocks, setback in prices and concerns of a global recession, the year 2009 is expected to be a challenging one for the palm-oil industry. However, the Malaysian Government has taken various proactive measures to stabilize palm oil prices, including the usage of bio-fuel for government vehicles and replanting incentive scheme. These measures should have a positive impact on stabilizing CPO prices in the foreseeable future. Barring any unforeseen circumstances, we expect the plantations in Pulau Belitung to churn out an annual FFB yield of 80,000 MT and above, a significant increase over 2008's production! This increase in yield is a direct result of the rehabilitation work carried out over the last 30 months. Correspondingly, we expect revenue growth from this plantation to increase from RM18.7 million in 2008 to RM26.0 million this year.

Notwithstanding the tough economic environment foreseen in 2009, the Group is hopeful that with the commitment of our people, strict internal controls and good business management in place, we will be able to meet our set objectives for sustainable growth and ensure the Group's progress remains on track.

#### Corporate Governance

The Group is pleased to present this year's Annual Report to the shareholders based on the application of the principles and best practices of good governance as contained in the Malaysian Code on Corporate Governance.

The Board is committed to ensuring that the highest standards of corporate governance are practised in order to protect and enhance shareholder value.

#### Acknowledgements

Delloyd Ventures Berhad's continued success and growth has indeed been a collective effort of the Board, the Management and staff. On behalf of the Group, I would like to express my deepest gratitude to the management team and our employees for their resourcefulness and dedication.

My appreciation also goes to our shareholders, valued customers, suppliers, bankers, business associates and the various government authorities and last but not least, our in-house union for their continued confidence and support to the Group.

GENERAL TAN SRI (DR) DATO' PADUKA  
MOHAMED HASHIM BIN MOHD ALI (R)  
Chairman / Pengerusi

Pemerhatian dan permintaan terhadap kenderaan-kenderaan penumpang adalah lembab disebabkan keadaan ekonomi yang berbalik, keadaan sebaliknya dijangka untuk permintaan terhadap kenderaan pengangkutan awam terutama di Indonesia. Tanpa melihat kepada keadaan yang tak dijangka, anak syarikat di Indonesia, PT Asian Auto International, yang mengilang dan memasang bas dan casis bas, menjangkakan peningkatan perolehan pada tahun ini dengan jalan KOMODO, bas 18 meter berlantai tinggi.

Dengan bekalan minyak sawit yang ada, penyusutan harga dan kebimbangan terhadap kemelesetan global, tahun 2009 dijangka akan lebu mencabar bagi industri kelapa sawit. Walaubagaimanapun, kerajaan Malaysia telah mengambil beberapa tindakan proaktif bagi menstabilkan harga minyak sawit, termasuk penggunaan bahanapi-bio untuk kenderaan-kenderaan kerajaan dan memperkenalkan semula skim insentif. Tindakan-tindakan akan memberikan kesan positif dalam penstabilan harga sawit mentah (CPO) pada masa hadapan. Tanpa melihat kepada keadaan yang tak dijangka, kami menjangka ladang di Pulau Belitung akan mengeluarkan hasil Buah Tandan Bersih (FFB) sebanyak lebih 80,000 tan metrik, peningkatan yang ketara melebihi pengeluaran 2008! Peningkatan hasil ini adalah kesan dari kerja pemulihan semula yang dilaksanakan lebih 30 bulan yang lalu. Sehubungan dengan itu, kita mengharapkan peningkatan perolehan dari perladangan dari RM18.7 juta pada 2008 kepada RM26 juta tahun ini.

Dalam mengharungi persekitaran ekonomi yang sukar pada 2009, Kumpulan berharap dengan komitmen dari semua peringkat, kawalan dalaman yang ketat dan pengurusan perniagaan yang baik, kita akan dapat mencapai objektif yang disasarkan untuk mengekalkan peningkatan dan memastikan perjalanan operasi Kumpulan tetap pada landasan yang ditetapkan.

#### Urustadbir Korporat

Kumpulan dengan sukacitanya membentangkan Laporan Tahunan ini kepada pemegang-pemegang saham berdasarkan kepada pelaksanaan prinsip-prinsip dan amalan terbaik bagi urustadbir sebagaimana terkandung dalam Kod Urustadbir Korporat Malaysia. Lembaga Pengarah komited dalam memastikan pelaksanaan Urustadbir Korporat yang bermutu tinggi dalam usaha untuk melindungi dan meningkatkan nilai pemegang saham.

#### Penghargaan

Kejayaan dan peningkatan Delloyd Ventures Berhad secara berterusan sudah pastinya hasil dari usaha bersama pihak Lembaga, Pengurusan dan kakitangan. Bagi pihak Kumpulan, saya ingin menyatakan penghargaan ikhlas kepada pihak pengurusan dan semua pekerja atas kesungguhan dan dedikasi.

Penghargaan juga kepada semua pemegang-pemegang saham, pelanggan-pelanggan yang dihargai, pembekal-pembekal, institusi-institusi perbankan, rakan-rakan perniagaan serta jabatan-jabatan kerajaan dan tidak lupa kepada Kesatuan Pekerja-pekerja Delloyd atas keyakinan dan sokongan terhadap Kumpulan.

The Board recognises the importance of good corporate governance in directing the business of the Group. The Board is fully committed to ensure that the highest standard of corporate governance as articulated in the Principles and Best Practices set out in the Malaysian Code of Corporate Governance ("Code") is practised throughout the Group as the underlying principle in discharging its responsibilities and to ensure transparency and corporate accountability.

The Board is pleased to disclose how the Company has applied the Principles and the extent to which the Company has complied with the Best of the Code during the financial year ended 31 December 2008. The Board is of the opinion that it has, in all material respects, complied with the Principles and Best Practices outlined in the Code.

### THE BOARD

The Board of Directors has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The following are specific areas of responsibilities of the Board:-

- Reviewing and adopting a strategic business plan for the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principle risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appropriate training, fixing the compensation of and, where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholders communications policy for the Group; and
- reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliances with applicable laws, regulations, rules, directives and guidelines.

### BOARD BALANCE

The Board currently has nine (9) members, comprising four (4) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors, including the Chairman. This broad spectrum of skills and experience ensures the Group is under the guidance of an accountable and competent Board. The Board composition complies with the requirement of Malaysian Code on Corporate Governance and paragraph 15.02 of the Listing Requirement of Bursa Malaysia Securities Berhad.

All the Executive Directors, led by Group Managing Director, Dato' Tee Boon Kee, are true veterans as they have many years of experience in the Group's core businesses and they practise "hands-on" style of management.

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure a proper balance of power and authority. The current Chairman was not a previous Chief Executive Officer (CEO). The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director is responsible for overseeing the Group's operations and business development, and the implementation of Board policies and decisions.

The Independent Non-Executive Directors provide unbiased and independent views, advice and judgement and exercise objective participation in the proceedings and deliberations of the Board. Their views carry substantial weight in the decision-making process of the Board.

The Board has at least four (4) scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings are scheduled in advance at the beginning of the new financial year to enable its members to plan ahead.

The Board, through the Nomination Committee is responsible for regularly reviewing the Board's structure, size and composition, as well as making recommendations to the Board on any changes deemed necessary.

During the financial year ended 31 December 2008, five (5) Board meetings were held. The following is the record of attendance of the Board Members:-

Name of Directors	Position	Attendance
General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)	Independent Non-Executive, Chairman	4 out of 5
Dato' Tee Boon Kee	Managing Director	5 out of 5
Datin Chung Geok Siew	Executive Director	5 out of 5
Dato' Ir. Hj. Noor Azmi Bin Jaafar	Executive Director	5 out of 5
Tee Boon Keat	Executive Director	5 out of 5
Chung Chee Sun*	Non- Independent Non-Executive Director	5 out of 5
Dato' Dr M SHANmughalingam	Independent Non-Executive Director	5 out of 5
Dato' Mohamed Nizam Bin Abdul Razak	Independent Non-Executive Director	5 out of 5
Eow Kwan Hoong	Independent Non-Executive Director	5 out of 5

\* With effect from 27.08.2008, Mr.Chung Chee Sun has been redesignated as a Non-Independent Non-Executive Director.

## SUPPLY OF INFORMATION

All Board members are supplied with Board reports in a timely manner. Board reports are circulated prior to the Board meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings. The Board reports include the following to enable them to discharge their duties and responsibilities:-

- quarterly financial results
- performance reports of the Group
- budgets
- major operational and financial matters
- updates on statutory regulations and requirements affecting the Company

The Board members have access to the advice and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in the furtherance of their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

## APPOINTMENTS TO THE BOARD

### Nomination Committee

A Nomination Committee was established by the Board and comprise exclusively Independent Non-Executive Directors.

Name	Membership	Directorship
General Tan Sri (Dr) Dato' Paduka Mohamad Hashim Bin Mohd Ali (R)	Chairman	Independent Non-Executive
Dato' Mohamed Nizam Bin Abdul Razak	Member	Independent Non-Executive
Dato' Dr M SHANmughalingam	Member	Independent Non-Executive
Eow Kwan Hoong	Member	Independent Non-Executive

The Nomination Committee is delegated the following specific tasks:-

- to nominate and recommend candidates to the Board for directorships;
- to consider, in making recommendations, candidates proposed by the Directors for directorships, or by any senior executive or shareholder;
- recommend to the Board, directors to fill the seats on Board committees;
- to assist the Board by reviewing annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
- to assist the Board in implementing an assessment programme to assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director, on an annual basis; and
- to determine the appropriate Board size and number of Non-Executive participation in order to comply with the Listing Requirements of Bursa Malaysia Securities Berhad.

The Nomination Committee meets as and when necessary. The quorum of the meeting shall be two (2). The Company Secretary shall record, prepare and circulate minutes of the meeting. In the absence of the committee's Chairman, the Nomination Committee shall elect one of the Independent Non-Executive members present to chair the meeting.

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2008, which was fully attended by all members.

### Remuneration Committee

The Remuneration Committee comprise majority Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Name	Membership	Directorship
Dato' Dr M SHANmughalingam	Chairman	Independent Non-Executive Director
Dato' Tee Boon Kee	Member	Group Managing Director
Eow Kwan Hoong	Member	Independent Non-Executive Director

The duties of the Remuneration Committee are:

- to study and periodically review and implement policies governing the remuneration for Executive Directors; and
- to make recommendations to the Board on all elements of remuneration and terms of employment for Executive Directors.

The Remuneration Committee reviews annually the performance of the CEO and the Executive Directors and furnishes recommendations to the Board on adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and in tandem with the Company's corporate objectives and strategies.

The Executive Directors play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman is a matter for the Board as a whole.

The Remuneration Committee meets as and when necessary. The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2008, which was fully attended by all members.

Details of the Directors' remuneration comprising of remuneration received or/and receivable from the Company and its subsidiaries for the financial year ended 31 December 2008 are as follows:

(a) Aggregate remuneration of Directors categorised into appropriate components:

Directorship	Fees	Salaries	Performance	Others	Total
	RM'000	RM'000	Incentives RM'000	RM'000	RM'000
Executive Directors	59	2,583	670	117	3,429
Non-Executive Directors	240	-	-	15	255
Total	299	2,583	670	132	3,684

(b) Number of Directors whose remuneration fall into the following bands:

Range of remuneration	Executive Directors	Non-Executive Directors	Total
Below RM50,000		1	1
RM50,000 to RM100,000		3	3
RM151,00 to RM200,000	1		1
RM500,000 to RM550,000	1		1
RM700,000 to RM750,000	1		1
RM800,000 to RM850,000	1		1
RM1,050,000 to RM1,100,000	1		1
Total	5	4	9

#### ESOS Committee

The ESOS Committee was established to administer the Employees' Share Options Scheme of the Company in accordance with the objectives and regulations thereof. To this end, the Committee meets to determine the participation eligibility, option offers and share allocations and to attend to other related matters as may be required.

The members of the ESOS Committee are as follows:-

Name	Membership	Directorship
Eow Kwan Hoong	Chairman	Independent Non-Executive Director
Dato' Tee Boon Kee	Member	Group Managing Director
Datin Chung Geok Siew	Member	Executive Director
Dato' Ir Haji Noor Azmi Jaafar	Member	Executive Director

#### RE-ELECTION

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors of or over the age of seventy years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

## DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia Securities Berhad. The Directors attended various other seminars and conferences throughout the year to enhance their knowledge and expertise. Directors' training is an ongoing process to enhance their knowledge on the latest development in the industry.

In compliance with paragraph 15.09 of Bursa Securities Listing Requirements, the Board shall on a continuous basis, evaluate and determine the training needs of its directors, which subject matter of training shall be one that aid the director in the discharge of his/her duties as a director.

During the financial year, the Directors have attended the following training programmes and briefings individually or collectively :-

- The CEO in Management
- Corporate Governance Focus Group Session
- Governance and Board Effectiveness
- Compliance and Enforcement of Bursa Securities Listing Requirements : Updates and Case Studies
- Listing Requirements - Key Corporate Disclosure and Transaction
- Corporate Governance Obligations
- Plumbing the depths (US Economics)
- Commercializing R&D product services

## INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board recognises the importance of transparency and accountability to its shareholders. Delloyd communicates with its shareholders regularly through timely release of financial results on a quarterly basis, announcements and disclosures to Bursa Malaysia Securities Berhad, Annual Report, Annual General Meeting and where necessary, to have dialogue or interview with the financial community to discuss on the Group's latest developments or investment proposals.

The Group maintains a website at [www.delloyd.com](http://www.delloyd.com), which can be conveniently accessed by the shareholders and the general public. The Group's website is updated from time to time to provide the latest and comprehensive information about the Group.

The Annual General Meeting is the principal forum for dialogue with all shareholders who are encouraged and are given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders are provided with an opportunity to participate in a Question and Answer session.

In an effort to further enhance the Company's investor relations function, we have been approved by Bursa Malaysia to embark on its Investor Relations Incentive Programme (IRIP). This is an on-line Investor Relations programme initiated by the Malaysian Investor Relations Association (MIRA) in collaboration with Bursa Malaysia designed to assist listed companies set up / enhance its Investor Relations function. Shareholders, investors and members of the financial community may now access Delloyd's Investor Relations portal via <http://delloyd.listedcompany.com>.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the annual audited financial statements and quarterly results announcements to shareholders and other interested parties, the Board aims to present a clear, balanced and understandable assessment of the Group's financial position and prospects.

The Directors' Responsibility Statement pursuant to the Bursa Malaysia Securities Berhad Revamped Listing Guidelines and Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 are set out on page 15 and page 37 of this Annual Report respectively.

### Internal Control

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets, and to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

The information on the Group's internal control is presented in the Statement of Internal Control set out on pages 25 to 26 of this Annual Report.

**Relationship with Auditors**

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the approved accounting standards. The role of the Audit Committee in relation to the external auditors is set out on pages 27 to 29 of this Annual Report.

**OTHER INFORMATION**

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional information are provided

**Employees' Share Option Scheme ("ESOS")**

The Company implemented an Employee Share Option Scheme ("ESOS") on 29 April 2005. The ESOS is governed by the by-laws as approved by shareholders at the Extraordinary General Meeting held on 29 June 2004.

During the financial year, there were no offer of share options pursuant to the above mentioned ESOS .

**Share Buybacks**

The Company did not enter into any share buyback transaction during the financial year ended 31 December 2008.

**Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued by the Company during the financial year under review.

**American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

**Imposition of Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory authorities during the financial year under review.

**Non-audit Fees**

There were no non-audit fees paid to the external auditor during the financial year under review.

**Profit Guarantee**

The Company did not give any profit guarantee during the financial year ended 31 December 2008.

**Statement on Revaluation Policy**

The Group's policy on revaluation of landed property is stated in Note 5(h) on page 54 of the financial statements.

**Material Contracts**

Material Contracts of the Company and its subsidiaries entered into for the financial year under review are disclosed in Note 50 to the financial statement under " Significant Events During The Financial Year And Subsequent To The Balance Sheet Date" on page 99 of the Annual Report.

**Disclosure of Related Party Transactions**

The Group took all necessary steps to ensure transactions which were deemed to be related party transactions were appropriately disclosed in accordance with the Listing Requirements. The Company had convened an Annual General Meeting on 3 June 2008 to obtain shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. Significant related party transactions occurred during the financial year are disclosed in Note 44 to the financial statements.

## RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibility in maintaining a sound system of internal controls (including systems for compliance with applicable laws, regulations, rules, directives and guidelines) to safeguard shareholder's investments and the Group's assets and for reviewing the effectiveness, adequacy and integrity of these systems. The Board also recognises that a sound system of internal controls is a concerted and continuing process, designed to reduce rather than eliminate the risk of failure in achieving the business objectives. It therefore provides reasonable assurance but not absolute assurance that the Group will not be hindered in achieving its business objectives.

Following the publication of the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") by the Bursa Malaysia Securities Berhad, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, that has been in place for the financial year and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and is in accord with the Internal Control Guidance.

## RISK MANAGEMENT

Risk assessment and evaluation is an integral part of the annual business planning and budgeting process. Each business unit has to establish its business objectives and identify those risks that can significantly affect their achievement. Having identified the risks, business units are required to set out and implement mitigating actions for each significant risk.

During the financial year under review, monitoring of the significant risks is an ongoing process exercised through direct involvement of the Executive Directors in regular management meetings and reviewing the effectiveness of risk mitigation strategies implemented by the Management.

The Group's objectives are supported with strategic plans and budgets, which were developed and discussed before the beginning of the new financial year to establish plans and targets against which performance is monitored on an ongoing basis. The business objectives and action plans are reviewed regularly in management meetings throughout the year.

## CONTROL STRUCTURE AND ENVIRONMENT

The Board is fully committed to ensure that a proper and conducive control environment is maintained within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal controls are:

- **Board Committees**  
Clear definition to the functions and responsibilities of the various committees of the Board of Directors. The committees include Audit Committee, Nomination Committee, ESOS Committee and Remuneration Committee.
- **Organisational structure and responsibility levels**  
The Group has a well defined organisational structure with a clear line of accountability and has strict authorisation, approval and control procedures within which senior management operate. Responsibility levels are communicated throughout the Group which set out, among others, authorisation levels, segregation of duties and other control procedures.
- **Authority levels, acquisitions and disposals**  
Clear definition of authorisation procedures and delegated authority levels for major capital expenditure projects, acquisitions and disposals of businesses, and other significant transactions. The approval of capital and revenue proposals and investment decisions above certain limits is reserved to the Board. The authority of the Directors is required for key treasury matters including changes to equity and loan financing, interest rates, cheque signatories, the opening of bank accounts and foreign operations.
- **Reporting and review**  
The Executive Directors meet on a monthly basis with all divisional heads and once every two months with business unit heads to consider the Group's financial performance, business development, management and corporate issues.
- **Financial performance**  
The preparation of quarterly and full year financial results, as announced or otherwise are published to shareholders. Full year financial results are reviewed by external auditors.
- **Internal compliance**  
The Group monitors compliance with its internal controls through management reviews and reports which are internally reviewed by key personnel.
- **Update on development**  
Regular reporting of legal and accounting developments are made to the Board.

- **Training & Development**

Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet the management's performance and job expectations.

- **Policies & Procedures**

Policies, Procedures and Standard Operating Procedures are systematically documented and made available to guide staff in their day-to-day work. These Control Procedures have been established at Group and individual department levels. Policies and Procedures of most operating units within the Group are documented in Standard Operating Procedure manuals. The integrity and competence of personnel is ensured through recruitment standards and subsequent training courses.

- **ISO/TS 16949:2002**

Three of the subsidiary companies were accredited with ISO/TS16949:2002, an international standard for quality management in the automotive industry. By enhancing the quality management system to meet the stringent quality requirements of the industry, the Company demonstrates their commitment to meet the expectations of the customers.

- **ISO 14001 : 2004**

Two of the subsidiary companies were accredited with ISO 14001 : 2004 to meet the environmental quality requirement in the industry. This certification also signifies the Group's commitment and initiative undertaken for the betterment of the Company, customers and community.

- **Site Visits**

The Executive Directors undertake site visits to production and operating units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented.

Established control activities for day-to-day financial and operating activities are in place. These include top-level reviews of financial and operating performance, authorisations, verifications, reconciliation, physical controls over the assets, segregation of duties and controls over information systems. Key functions such as finance, treasury, insurance and legal matters are controlled centrally.

In addition to internal financial controls, the Directors have ensured that safety and health regulations have been considered and complied with.

The Internal Audit team works on a programme agreed with the Audit Committee annually. The team reviews the systems of internal control; discusses areas for improvement on controls and monitoring with operational management and executive management, and subsequently reviews the extent to which agreed countermeasures have been implemented. Exceptions are summarised and reported to the Audit Committee quarterly. The Audit Committee in turn report their conclusions to the Board.

The system of internal controls described in this statement is considered by the Board to be adequate and the risks are considered by the Board to be at an acceptable level within the context of the Group's business. However, such system does not eliminate the possibility of human error, collusion, or deliberate circumvention of control procedures by employees and others. The Board is satisfied that for the financial year under review, there is no material control failure or weakness that would have resulted in material loss that requires separate disclosure in the Group's Annual Report.

## OBJECTIVE

The primary objectives of the Audit Committee are to:

- (i) Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiaries' accounting and internal control systems, corporate accounting and reporting practices;
- (ii) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors; and
- (iii) Maintain an open line of communication between the Board of Directors, the internal auditor and the external auditor for the exchange of views and information.

## COMPOSITION

The Audit Committee comprise exclusively of Independent Non-Executive Directors only. The members of the Audit Committee are as follows:-

Name	Membership	Directorship
Dato' Mohamed Nizam Bin Abdul Razak	Chairman	Independent Non-Executive
Dato' Dr M SHANmughalingam	Member	Independent Non-Executive
Eow Kwan Hoong	Member	Independent Non-Executive

## TERMS OF REFERENCE

### Composition of Audit Committee

The Audit Committee was established by the Board of Directors from amongst its directors and comprise exclusively Independent Non-Executive Directors. One of the committee members is a member of the Malaysian Institute of Accountants. No alternate director is a member of the Audit Committee.

In the event of any vacancy in the Committee resulting in the non-compliance of Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall appoint new members within three months of that event to make up the minimum of three (3) members.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether they have carried out their duties in accordance with the terms of reference.

### Duties and Responsibilities of the Audit Committee

The duties of the Audit Committee shall be to review the following and report the same to the Board:

- (i) To consider the appointment, resignation or dismissal of the external auditor and to approve the audit fee;
- (ii) To discuss with the external auditor before the audit commences, the nature and scope of audit;
- (iii) To review the quarterly and year-end financial statements of the Company, before recommending to the Board for approval, focusing particularly on:
  - any changes in accounting policies and practices
  - significant adjustments arising from the audit
  - the going concern assumptions
  - compliance with approved accounting standards, stock exchange rules and regulations and other legal requirements
- (iv) To discuss problems and reservations arising from the interim and final audits, and any other matter the auditors may wish to discuss (in the absence of management where necessary);
- (v) To review the external auditor's management letter and management's response;

- (vi) To do the following in respect of the internal audit department:
- review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit department;
  - review any appraisal or assessment of the performance of members of the internal audit department;
  - approve any appointment or termination of senior staff members of the internal audit department;
  - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- (vii) To consider any related party transactions entered into by the Company and the Group; and
- (viii) To consider major findings of internal investigations and management's response and other subject matters as defined by the Board.

#### Authority of Audit Committee

The Committee is authorised by the Board at the cost of the Company to:

- (i) investigate any activity within its terms of reference;
- (ii) obtain the resources which are reasonably required to perform its duties;
- (iii) have full and unrestricted access to information pertaining to the Company or the Group;
- (iv) have direct communication channels with the external and internal auditors;
- (v) obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if necessary; and
- (vi) convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

#### Committee Meetings

The Audit Committee held four (4) meetings during the financial year ended 31 December 2008. Details of attendance of Audit Committee members are as follows:

Member	Directorship	Attendance
Dato' Mohamed Nizam Bin Abdul Razak (Chairman)	Independent Non-Executive	4/4
Dato' Dr M SHANmughalingam	Independent Non-Executive	4/4
Eow Kwan Hoong	Independent Non-Executive	4/4

The Audit Committee shall meet at least four (4) times a year. The Executive Director (Finance) and the Head of the Internal Audit shall normally attend meetings but may be asked to leave a meeting as and when deemed necessary by the Committee. Other Board members and employees may only attend meetings upon the invitation of the Committee.

The Company Secretary shall be the Secretary of the Audit Committee, and shall be responsible to draw up the agenda and circulating it prior to each meeting, to record attendance of all members and invitees and to take minutes at every meeting. The Secretary shall circulate the minutes of meeting of the Committee to all members of the Board.

At least once a year, the Committee shall meet with the external auditors without any executive Board members present.

A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee. The external auditors may also request a meeting if they consider one necessary.

The quorum shall be formed only if the majority of members present at the meeting are independent non-executive directors. If the Chairman is unable to attend any meeting, any other independent non-executive director present shall act as Chairman.

**Summary of the activities of the Audit Committee for the financial year**

The Committee had carried out the following activities in discharging their duties and responsibilities:

- reviewed the audited financial statements of the Company and of the Group for the financial year ended 31 December 2008 with the external auditors to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and applicable standards approved by the Malaysian Accounting Standards Board.
- discussed the internal control weakness report from the external auditors and was satisfied that corrective actions have been undertaken by the management to overcome the weaknesses noted in the internal control of the Group. The Audit Committee was satisfied that there were no major breakdown in the internal control of the Group during the financial year.
- reported to the Board on the proceedings conducted thereof and conveyed the Audit Committee's recommendations for the audited financial statements and the quarterly results announcements as the case may be to be adopted and approved by the Board for release to the Bursa Malaysia Securities Berhad.
- reviewed and sought management explanation on related party transactions entered into by the Company and the Group, and reported the same to the Board of Directors.
- reviewed and discussed the internal audit reports, which highlighted internal audit observations and recommendations relating to the operations of the Company and its subsidiaries. Where necessary, the Committee instructed management to take corrective actions to address issues raised in the said report.
- reviewed the Internal Audit Department's significant activities and audit plans for the current and following year for the Group prepared by Internal Audit Department.

**Summary of activities of the Internal Audit Department for the financial year**

The Group has an internal audit function whose primary responsibility is to undertake regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. The internal audit function adopts a risk based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis.

On a quarterly basis, the IAD submits the audit reports on its audit activities to the Audit Committee for its review and deliberation. The Head of the IAD attends the Audit Committee meetings to present the internal audit findings and makes appropriate recommendations on any areas of concerns within the Company and the Group for the Committee's deliberation.

The major activities conducted by the Internal Audit Department for the year ended 31 December 2008 for the Group are summarised as follows:

- 25 audit assignments were completed during the financial year on various business units of the Group covering manufacturing, plantation, vehicle distribution and servicing and other sectors.
- sought operating management explanations and action plans on issues highlighted in the internal audit reports, and conducted subsequent follow-up reviews.
- audit reports, including relevant action plans agreed with operating management are circulated to responsible senior management and are tabled at Audit Committee meetings.
- summarised the related party transactions entered into by the Company and the Group and tabled at Audit Committee meetings
- monitored compliance with set policies and procedures and reviewed the adequacy and effectiveness of policies & procedures manuals and standards relating to subsidiaries and business units of the Group
- presented and obtained approval from the Audit Committee, the internal audit plans, strategies and scope of work

## **FINANCIAL STATEMENT**

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

**PRINCIPAL ACTIVITIES**

The Company is principally an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**RESULTS**

	GROUP RM'000	COMPANY RM'000
Profit after taxation	16,240	6,279
Attributable to:-		
Equity holders of the Company	20,564	6,279
Minority interests	(4,324)	-
	<u>16,240</u>	<u>6,279</u>

**DIVIDENDS**

The amount of dividend paid and proposed since 31 December 2007 were as follows:

In respect of the financial year ended 31 December 2007:	RM'000
Paid the following final dividend on 1 August 2008 :	
- dividend of 6 sen per ordinary share less 26% tax	3,910
	<u>3,910</u>

The directors now recommend the following final dividend for shareholders' approval at the forthcoming annual general meeting:

Proposed final dividend of 5.0 sen made up of :	RM'000
- 1.8 sen per ordinary share less 25% tax; and	1,189
- tax-exempt dividend of 3.2 sen per ordinary share	2,818
	<u>4,007</u>
On 88,070,750 ordinary shares	

**RESERVES AND PROVISIONS**

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

**ISSUES OF SHARES AND DEBENTURES**

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

## TREASURY SHARES

As at 31 December 2008, the Company held as treasury shares a total of 792,500 (2007 - 792,500) out of its 88,863,250 (2007 - 88,863,250) issued ordinary shares. The treasury shares are held at a carrying amount of RM1,311,510 (2007 - RM1,311,510) and further relevant details are disclosed in Note 22 to the financial statements.

## EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The Company implemented an ESOS on 29 April 2005. The ESOS is governed by the by-laws as approved by the shareholders at the Extraordinary General Meeting held on 29 June 2004.

The main features of the ESOS are as follows:-

- (a) the maximum number of ordinary shares which may be allocated pursuant to the exercise of the option under the scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any point in time during the duration of the scheme;
- (b) the scheme shall be for a duration of six years and may be extended up to an aggregate duration of ten years from the effective date upon the recommendation of the ESOS Option Committee;
- (c) eligible persons are confirmed employees who have been employed by the Group and persons who have been appointed directors of a company within the Group for at least six months;
- (d) the Option Committee may at its discretion from time to time offer in writing to eligible persons to participate in the scheme;
- (e) the maximum number of shares allocated in aggregate to eligible Directors and Senior Management shall not exceed 50% of the total number of shares available under the scheme;
- (f) the exercise price for each share under the option shall be the higher of the weighted average market price of the shares for the five market days prior to the date of offer subject to a discount of not more than ten percent which the Option Committee may at its discretion give or the par value of the share; and
- (g) the new shares to be allocated upon any exercise of options shall rank pari passu in all respects with the then existing issued and paid-up share capital of the Company.

The movement in the options to subscribe for new ordinary shares at an exercise price of RM2.25 is as follows:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH UNDER OPTION
At 1 January 2008	8,693,000
Exercised during the year	-
Forfeiture due to resignation / redesignation during the year	(1,141,000)
	<hr/>
At 31 December 2008	7,552,000
	<hr/>

**EMPLOYEES SHARE OPTION SCHEME ("ESOS") (CONT'D)**

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted less than 500,000 share options.

None of the employees of the Group has been granted options to subscribe for 500,000 or more share options.

The list of share options granted to directors pursuant to the ESOS of the Company is as follows:-

NUMBER OF ORDINARY SHARES OF RM1 EACH  
GRANTED UNDER OPTION AT AN EXERCISE PRICE OF RM2.25

	AT 1.1.2008	ALLOTMENT	FORFEITED UPON REDESIGNATION	AT 31.12.2008
GENERAL TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI (R)	200,000	-	-	200,000
DATO' TEE BOON KEE	600,000	-	-	600,000
DATO' IR. HAJI NOOR AZMI BIN JAAFAR	500,000	-	-	500,000
DATIN CHUNG GEOK SIEW	500,000	-	-	500,000
TEE BOON KEAT	500,000	-	-	500,000
CHUNG CHEE SUN	500,000	-	(400,000)	100,000
DATO' MOHAMED NIZAM BIN ABDUL RAZAK	100,000	-	-	100,000
DATO' DR M SHANMUGHALINGAM	100,000	-	-	100,000
EOW KWAN HOONG	100,000	-	-	100,000

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted under ESOS.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

**CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 46 to the financial statements. At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## DIRECTORS

The directors who served since the date of the last report are as follows:

GENERAL TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI (R) (CHAIRMAN)  
DATO' TEE BOON KEE (MANAGING DIRECTOR)  
DATO' IR. HAJI NOOR AZMI BIN JAAFAR  
DATIN CHUNG GEOK SIEW  
TEE BOON KEAT  
CHUNG CHEE SUN  
DATO' MOHAMED NIZAM BIN ABDUL RAZAK  
DATO' DR M SHANMUGHALINGAM  
EOW KWAN HOONG

Pursuant to Article 90 of the Articles of Association of the Company, Dato' Tee Boon Kee, Datin Chung Geok Siew and Eow Kwan Hoong retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Section 129 of the Companies Act 1965, General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R), retires at the forthcoming annual general meeting and, being eligible, offers himself for re-appointment.

## DIRECTORS' INTERESTS

In accordance with the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.1.2008	BOUGHT	SOLD	AT 31.12.2008
<b>INTEREST IN SHARES IN THE COMPANY</b>				
<b>DIRECT</b>				
GENERAL TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI (R)	312,500	-	-	312,500
DATO' TEE BOON KEE	2,038,755	216,250	-	2,255,005
DATO' IR. HAJI NOOR AZMI BIN JAAFAR	2,418,427	-	-	2,418,427
DATIN CHUNG GEOK SIEW	1,629,656	138,750	-	1,768,406
TEE BOON KEAT	1,203,516	-	-	1,203,516
CHUNG CHEE SUN	1,648,408	-	-	1,648,408
DATO' MOHAMED NIZAM BIN ABDUL RAZAK	312,500	-	-	312,500
DATO' DR M SHANMUGHALINGAM	315,000	-	-	315,000
<b>INDIRECT</b>				
DATO' TEE BOON KEE	41,099,675	748,750	-	41,848,425
DATO' IR. HAJI NOOR AZMI BIN JAAFAR	8,862,910	-	-	8,862,910
DATIN CHUNG GEOK SIEW	41,508,774	826,250	-	42,335,024
TEE BOON KEAT	37,591,016	-	-	37,591,016
CHUNG CHEE SUN	37,740,470	-	-	37,740,470

Details of the options granted to directors pursuant to the ESOS of the Company are disclosed in the ESOS Note on page 33.

Except for the option shares granted, Eow Kwan Hoong had no interest in shares in the Company or its related corporations during the financial year.

Pursuant to Section 6A of the Companies Act 1965, the substantial shareholders of the Company, namely Dato' Tee Boon Kee, Datin Chung Geok Siew, Tee Boon Keat and Chung Chee Sun, are deemed to be interested in shares in the subsidiaries to the extent of the Company's interests.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Group or the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 44 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for share options granted to the directors under the Company's ESOS.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE

These are set out in Note 50 to the financial statements.

## AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 8 APRIL 2009

General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)  
Chairman

Dato' Tee Boon Kee  
Managing Director

We, DATO' TEE BOON KEE and DATIN CHUNG GEOK SIEW, being two of the directors of DELLOYD VENTURES BERHAD, state that, in the opinion of the directors, the financial statements set out on pages 40 to 99 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 and of their results and cash flows for the financial year ended on that date.

ON BEHALF OF THE BOARD

Dato' Tee Boon Kee

Datin Chung Geok Siew

Selangor Darul Ehsan  
8 April 2009

STATUTORY DECLARATION

I, CHAN YOKE HOONG, being the officer primarily responsible for the accounting records and financial management of DELLOYD VENTURES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 40 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
CHAN YOKE HOONG	)	
at Klang in Selangor Darul Ehsan	)	
this day of 8 April 2009	)	Chan Yoke Hoong

Before me:

Commissioner for Oaths

## Report on the Financial Statements

We have audited the financial statements of Delloyd Ventures Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 99.

## Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Horwath  
Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
8 April 2009

James Chan Kuan Chee  
Approval No: 2271/10/09 (J)  
Partner

		GROUP		COMPANY	
	NOTE	2008 RM'000	2007 RM'000 (restated)	2008 RM'000	2007 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	6	-	-	132,492	132,554
Investment in associates	7	19,176	16,652	-	-
Property, plant and equipment	8	81,964	77,948	-	-
Investment properties	9	1,476	1,560	-	-
Plantation development expenditure	10	163,356	151,920	-	-
Prepaid land lease payments	11	5,003	5,047	-	-
Other investments	12	2,295	2,791	-	-
Deferred tax assets	13	5,341	5,164	-	-
Goodwill on consolidation	14	11,974	11,732	-	-
		<u>290,585</u>	<u>272,814</u>	<u>132,492</u>	<u>132,554</u>
<b>CURRENT ASSETS</b>					
Inventories	15	55,313	41,419	-	-
Receivables	16	59,182	68,944	2	2
Dividend receivable		-	-	9,118	9,435
Tax refundable		70	758	1,021	633
Short-term investments	17	214	8,994	104	5,399
Deposits with financial institutions	18	31,632	18,019	7,202	2,181
Cash and bank balances	19	11,625	7,929	488	432
		<u>158,036</u>	<u>146,063</u>	<u>17,935</u>	<u>18,082</u>
<b>TOTAL ASSETS</b>		<u>448,621</u>	<u>418,877</u>	<u>150,427</u>	<u>150,636</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	20	88,863	88,863	88,863	88,863
Share premium	21	694	694	694	694
Treasury shares	22	(1,312)	(1,312)	(1,312)	(1,312)
Other reserves	23	7,994	3,839	1,343	1,401
Retained profits	25	190,985	174,326	9,032	6,658
<b>SHAREHOLDERS' EQUITY</b>		<u>287,224</u>	<u>266,410</u>	<u>98,620</u>	<u>96,304</u>
<b>MINORITY INTERESTS</b>		<u>9,324</u>	<u>11,740</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>296,548</u>	<u>278,150</u>	<u>98,620</u>	<u>96,304</u>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	26	51,997	52,369	50,000	50,000
Deferred taxation	30	18,930	18,399	-	-
		<u>70,927</u>	<u>70,768</u>	<u>50,000</u>	<u>50,000</u>
<b>CURRENT LIABILITIES</b>					
Payables	31	80,678	69,238	270	279
Amount owing to subsidiaries	32	-	-	1,537	4,053
Short-term borrowings	33	468	721	-	-
		<u>81,146</u>	<u>69,959</u>	<u>1,807</u>	<u>4,332</u>
<b>TOTAL LIABILITIES</b>		<u>152,073</u>	<u>140,727</u>	<u>51,807</u>	<u>54,332</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>448,621</u>	<u>418,877</u>	<u>150,427</u>	<u>150,636</u>
<b>NET ASSETS PER SHARE</b>	35	<u>326 sen</u>	<u>302 sen</u>		

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2008

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## DELLOYD VENTURES BERHAD ANNUAL REPORT 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
REVENUE	36	290,245	215,464	11,490	12,750
COST OF SALES		(233,236)	(172,617)	-	-
GROSS PROFIT		57,009	42,847	11,490	12,750
OTHER INCOME		57	3,213	132	381
		57,066	46,060	11,622	13,131
PERSONNEL EXPENSES		(15,383)	(16,888)	(275)	(286)
GENERAL AND ADMINISTRATIVE EXPENSES		(17,352)	(13,769)	(262)	(255)
FINANCE COSTS		(3,825)	(3,691)	(3,450)	(3,450)
		20,506	11,712	7,635	9,140
SHARE OF PROFIT IN ASSOCIATES		3,239	3,721	-	-
PROFIT BEFORE TAXATION	37	23,745	15,433	7,635	9,140
INCOME TAX EXPENSE	38	(7,505)	(4,400)	(1,356)	(2,686)
PROFIT AFTER TAXATION		16,240	11,033	6,279	6,454
ATTRIBUTABLE TO:- EQUITY HOLDERS OF THE COMPANY		20,564	13,424	6,279	6,454
MINORITY INTERESTS		(4,324)	(2,391)	-	-
		16,240	11,033	6,279	6,454
BASIC / DILUTED EARNINGS PER SHARE	39	23.3 sen	15.2 sen		
PROPOSED GROSS DIVIDENDS PER SHARE	40	5.0 sen	6.0 sen		

STATEMENTS OF  
CHANGES IN  
EQUITY

Group	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							MINORITY INTERESTS	TOTAL EQUITY
		SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER RESERVES	RETAINED PROFITS	TOTAL			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1.1.2007		88,863	694	(2)	1,189	164,145	254,889	16,128	271,017	
Currency translation reserve		-	-	-	2,314 *	-	2,314	-	2,314	
Profit for the financial year		-	-	-	-	13,424	13,424	(2,391)	11,033	
Fair value of options granted under ESOS		-	-	-	336	-	336	-	336	
Dividends paid	40	-	-	-	-	(3,243)	(3,243)	(151)	(3,394)	
Treasury shares acquired	22	-	-	(1,310)	-	-	(1,310)	-	(1,310)	
Increase in equity interest in a subsidiary		-	-	-	-	-	-	(1,587)	(1,587)	
Dividend declared to minority shareholder		-	-	-	-	-	-	(259)	(259)	
Balance at 31.12.2007/1.1.2008		88,863	694	(1,312)	3,839	174,326	266,410	11,740	278,150	

\* - represents gain not recognised in the income statement.

DELLOYD VENTURES BERHAD  
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STATEMENTS OF  
CHANGES IN  
EQUITY

(CONT'D)

Group	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							MINORITY INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER RESERVES	RETAINED PROFITS	TOTAL			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 31.12.2007/1.1.2008	88,863	694	(1,312)	3,839	174,326	266,410	11,740	278,150	
Currency translation reserve	-	-	-	4,213 *	-	4,213	-	4,213	
Profit for the financial year	-	-	-	-	20,564	20,564	(4,324)	16,240	
Fair value of share options granted under ESOS	-	-	-	(58)	-	(58)	-	(58)	
Arising from the subscription of shares in a subsidiary	-	-	-	-	-	-	1,466	1,466	
Dividend:									
- paid	-	-	-	-	(3,910)	(3,910)	-	(3,910)	
- overprovision in the previous financial year	-	-	-	-	5	5	-	5	
Dividend declared to minority shareholder	-	-	-	-	-	-	(158)	(158)	
Issuance of shares by a subsidiary to the minority shareholder	-	-	-	-	-	-	600	600	
Balance at 31.12.2008	88,863	694	(1,312)	7,994	190,985	287,224	9,324	296,548	

\* - represents gain not recognised in the income statement.

STATEMENTS OF  
CHANGES IN  
EQUITY

(CONT'D)

COMPANY	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	OTHER RESERVES RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2007		88,863	694	(2)	1,065	3,447	94,067
Profit for the financial year		-	-	-	-	6,454	6,454
Fair value of share options granted under ESOS		-	-	-	336	-	336
Dividend paid	40	-	-	-	-	(3,243)	(3,243)
Treasury shares acquired	22	-	-	(1,310)	-	-	(1,310)
Balance at 31.12.2007/1.1.2008		88,863	694	(1,312)	1,401	6,658	96,304
Fair value of share options granted under ESOS		-	-	-	(58)	-	(58)
Profit for the financial year		-	-	-	-	6,279	6,279
Dividend -paid	40	-	-	-	-	(3,910)	(3,910)
-overprovision in the previous financial year		-	-	-	-	5	5
Balance at 31.12.2008		88,863	694	(1,312)	1,343	9,032	98,620

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2008

DELLOYD VENTURES BERHAD  
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	GROUP	
	2008 RM'000	2007 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before taxation	23,745	15,433
Adjustments for:-		
Amortisation of plantation development expenditure	2,519	2,227
Amortisation of prepaid land lease payments	44	45
Depreciation of investment properties	84	-
Bad debts written off	33	70
Depreciation of property, plant and equipment	8,917	8,839
Fair value of share options granted under ESOS	(58)	336
Impairment loss of other investments	402	114
Impairment loss of investment in an associate	392	-
Interest expense	3,634	3,570
Plant and equipment written off	1,017	71
Provision for warranty claims	1,246	2,309
Writedown in value of inventories	1,244	416
Dividend income from short-term investments	(448)	(74)
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of minority interests	-	(1,587)
Fair value gain on short-term investments	-	(239)
Loss/(Gain) on disposal of short-term investments	177	(38)
Loss/(Gain) on disposal of plant and equipment	28	(99)
Loss on foreign exchange – unrealised	4,100	-
Interest income	(1,275)	(3,923)
Rental income	(224)	(266)
Share of profit in associates	(3,239)	(3,721)
Writeback of diminution in value of short-term investments	(3)	(253)
Operating profit before working capital changes	42,335	23,230
Increase in inventories	(15,138)	(9,619)
Decrease/(increase) in receivables	11,560	(27,780)
Increase in payables	9,962	16,976
Warranty claims paid	(3,162)	(3,146)
<b>CASH FROM / (FOR) OPERATIONS</b>	45,557	(339)
Income tax paid	(6,325)	(3,526)
Interest paid	(3,634)	(3,570)
<b>NET CASH FROM / (FOR) OPERATING ACTIVITIES</b>		
CARRIED FORWARD	35,598	(7,435)

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2008 (CONT'D)

	NOTE	GROUP	
		<u>2008</u> RM'000	<u>2007</u> RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		35,598	(7,435)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Dividend received from an associate		323	324
Dividend received from short-term investments		448	74
Interest received		1,275	3,923
Increase in plantation development expenditure		(13,955)	(6,760)
Net cash outflow on subscription of shares of a subsidiary		(675)	-
Purchase of investment in associates		-	(454)
Purchase of property, plant and equipment	41	(13,960)	(7,626)
Purchase of other investments		-	(941)
Proceeds from disposal of plant and equipment		106	125
Net proceeds from disposal of short-term investments		8,606	12,429
Rental received		224	266
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(17,608)	1,360
CASH FLOWS FOR FINANCING ACTIVITIES			
(Repayment to)/advances from directors		(611)	924
Dividend paid	40	(3,910)	(3,243)
Dividend paid to minority interests		(259)	(151)
(Repayment)/drawdown of revolving credit		(334)	334
Drawdown of term loans		-	165
Proceeds from issuance of shares by a subsidiary to the minority shareholder		600	-
Repayment of hire purchase obligations		(370)	(260)
Repayment of term loans		(45)	(5)
Treasury shares acquired		-	(1,310)
NET CASH FOR FINANCING ACTIVITIES		(4,929)	(3,546)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		13,061	(9,621)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		25,948	33,187
EXCHANGE RATE ADJUSTMENT		4,248	2,382
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	42	43,257	25,948

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2008 (CONT'D)

DELLOYD VENTURES BERHAD  
ANNUAL REPORT 2008

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		COMPANY	
		2008 RM'000	2007 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>			
Profit before taxation		7,635	9,140
Adjustments for:-			
Fair value of share options granted under ESOS		4	28
Interest expense		3,450	3,450
Dividend income		(11,490)	(12,750)
Dividend income from short-term investments		(15)	(13)
Fair value gain on short-term investments		-	(239)
Loss/(Gain) on disposal of short-term investments		184	(44)
Interest income		(301)	(85)
Writeback of diminution in value of short-term investments		(3)	(13)
Operating loss before working capital changes		(536)	(526)
Decrease in receivables		-	25
Increase in payables		(5)	-
<b>CASH FOR OPERATIONS</b>		(541)	(501)
Income tax refunded		629	15
Interest paid		(3,450)	(3,450)
<b>NET CASH FOR OPERATING ACTIVITIES</b>		(3,362)	(3,936)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		9,435	8,417
Dividend received from short-term investments		15	13
Interest received		301	85
Net proceeds from disposal of short-term investments		5,114	987
<b>NET CASH FROM INVESTING ACTIVITIES</b>		14,865	9,502
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Repayment to subsidiaries		(2,516)	(617)
Treasury shares acquired		-	(1,310)
Dividend paid		(3,910)	(3,243)
<b>NET CASH FOR FINANCING ACTIVITIES</b>		(6,426)	(5,170)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		5,077	396
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		2,613	2,217
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		7,690	2,613

## 1. GENERAL INFORMATION

The Company is incorporated as a public company limited by shares under the Companies Act 1965 in Malaysia.

The registered office is located at No. 52A, Lebu Enggang, 41150 Klang, Selangor Darul Ehsan.

The principal place of business is located at Lot 33004/5 and Lot 48938, Jalan Kebun, Kampung Jawa, 42450 Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 April 2009.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. FINANCIAL RISK MANAGEMENT POLICIES

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The Group and the Company operate within defined guidelines that are approved by the Board and the policies in respect of the major areas of treasury activity are as follows:

### (a) Market Risk

#### (i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales, purchases and cash and bank balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are disclosed in their respective notes to the financial statements.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

The foreign currency risk of the Group arises from subsidiaries operating in foreign countries, as well as local operations, which generate revenue and incur costs denominated in foreign currencies.

The Group entered into forward foreign exchange contracts mainly for foreign currencies such as Japanese Yen and Euro to hedge against its foreign exchange risk resulting from anticipated purchase transactions denominated in these two currencies.

#### (ii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from bank borrowings. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

#### (iii) Price Risk

The Group has short-term investments in bond fund unit trusts, which are subject to changes in market prices.

The Group manages its exposure to market risks by maintaining a portfolio of bond fund unit trusts with different risk profiles.

The Group has exposure to market risks arising from fluctuations in the prices of key raw materials used in the operations. It manages these risks by putting in place appropriate policies.

### 3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly and by mostly trading with reputable and creditworthy customers.

The carrying amount of trade and other receivables represents the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risks.

The Group's concentration of credit risk relates to debts owing by two customers which constituted approximately 50% of the total trade receivables at the end of the balance sheet date.

#### (c) Liquidity and Cash Flow Risks

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### 4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

#### (a) During the current financial year, the Group and the Company has adopted the following:-

##### (i) FRSs issued and effective for financial periods beginning on or after 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 111 and FRS 120 are not relevant to the Group and to the Company's operations. The adoption of the other standards did not have any material impact on the form and content of disclosures presented in the financial statements.

##### (ii) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation issued and effective for financial periods beginning on or after 1 July 2007.

The adoption of this amendment did not have any material impact on the financial statements of the Group .

4. BASIS OF PREPARATION (CONT'D)

- (iii) The following IC Interpretations have been issued and are effective for financial periods beginning on or after 1 July 2007:-

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not relevant to the Group and the Company's operations except for IC Interpretation 8 which does not have any material financial effects on the financial statements of the Group and the Company upon their initial application.

- (b) The Group and the Company has not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

- (i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments
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FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

- (ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

The Group and the Company consider financial guarantee contracts entered to be insurance arrangements and accounts for them under FRS4. In this respect, the Group and the Company treat the guarantee contract as a contingent liability until such a time as it becomes probable that the Group and the Company will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group and the Company.

The possible impacts of FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

- (iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

IC Interpretation 9 is not relevant to the Group's operations. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

#### (i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be significant and has been taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (iv) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (v) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vii) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group or the Company becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group or the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Functional and Foreign Currency (Cont'd)

#### (iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for income statement are translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

### (d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 December 2008.

A subsidiary is defined as an enterprise in which the parent company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

### (e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed or impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (f) Investments

*(i) Investments in Subsidiaries and Associates*

Investments in subsidiaries and associates are stated at cost in the balance sheet of the Company and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

*(ii) Marketable Securities*

Marketable securities are initially carried at cost and subsequently revalued to the market value, determined on an aggregate portfolio basis by category of investment. Cost is arrived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business at the balance sheet date. Gains or losses arising from changes in the fair values of the marketable securities are included in the income statement in the year in which they arise.

On the disposal of the investments in marketable securities, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

*(iii) Other Investments*

Other investments are held on a long-term basis and are stated at cost less allowance for permanent diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

## (g) Associates

An associate is an entity in which the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investments in associates in the consolidated financial statements are accounted for under the equity method, based on the financial statements of the associates made up to 31 December 2008. The Company's share of the post acquisition profits of the associates is included in the consolidated income statement and the Company's interest in associates is stated at cost plus the Company's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Company and the associates are eliminated to the extent of the Company's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

## (h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost and is not depreciated.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Property, Plant and Equipment (Cont'd)

Depreciation is calculated on the straight-line method to write off the cost over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation and residual values are as follows:

	<u>Depreciation Rate</u>	<u>Residual Value</u>
Freehold buildings	2% - 5%	-
Leasehold buildings	15 - 70 years	-
Plant and machinery	10% - 25%	20%
Factory equipment	10%	20%
Motor vehicles	12.5% to 25%	20%
Office equipment	10% - 33 1/3%	-
Store and store equipment	10%	-
Furniture and fittings	10% - 33 1/3%	-
Laboratory equipment	10% - 33 1/3%	-
Moulds	10% - 50%	-

During the financial year, the Group had established the residual values on certain of its property, plant and equipment as it is in the opinion that it will be significant and hence should be taken into consideration for the computation of the depreciable amount. The effects of the change in the depreciation estimate as a result of the establishment of residual values are recognised in the income statements in both current and future periods as disclosed below:-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>LATER</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Decrease in depreciation charge	886	510	408	386	361	1,521

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents progress payments made towards the acquisition of land and building and related capital assets which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs and related expenditure.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

### (i) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(h) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the lease term of 30 years.

(k) Plantation Development Expenditure

Plantation development expenditure comprise cost of land and buildings held for plantation development activities, infrastructure cost such as roads and bridges attached on the plantation estate, cost of planting and development of oil palm and other plantation crops.

Plantation development expenditure are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost and is not depreciated.

Depreciation is calculated on the straight-line method to write off the cost over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation are:

Freehold buildings	5%
Leasehold buildings	20 years
Prepaid land lease payments	30 years
Bridges	10%
Mature plantations	20 years

Cost of preparation of agriculture land, planting, replanting and upkeep of trees, together with a portion of indirect overheads including general and administrative expenses, are capitalised as immature plantations and transferred to mature plantations account when the trees have matured and meet the criteria for commercial production. Mature plantations are amortised over the estimated productive life of the trees. The period of the plantations commenced to yield was determined by vegetative growth and management estimation.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

(l) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the periods of the respective hire purchase agreements.

### (n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. For finished goods and work-in-progress, cost includes direct labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

### (o) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and allowance for doubtful debts is made for debts considered to be doubtful of collection.

### (p) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### (q) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realisable or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(s) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(t) Islamic Commercial Papers ("CPs")/Medium Term Notes ("MTNs")

CPs/MTNs issued are initially recognised based on proceeds received, net of issuance expenses incurred and are adjusted in subsequent years for amortisation of discount and/or accretion of premium to maturity, using the effective yield method. The discount amortised and/or premium accreted is recognised in the income statement over the period of the CPs/MTNs.

(u) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(v) Treasury Shares

When the share capital recognised as equity is purchased by the Company under the share buy-back programme, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

### (x) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, fixed and other deposits with banks and financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### (y) Employee Benefits

#### (i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

#### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### (iii) Share-based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The share options granted to directors and employees of the Group are disclosed in the notes to the financial statements. The Group makes a charge to the income statement in connection with expenses relating to share based payments from grant date to vesting date. The Group has adopted FRS 2 - Share-based Payment, to the Group's ESOS which are treated as equity settled. Reserves are made for equity settled share-based compensation according to the requirements of FRS 2.

#### (iv) Defined Benefits Scheme

Certain subsidiaries of the Group operate an unfunded defined benefits scheme in respect of their employees and the Group recognised a provision for employee service entitlements in accordance with Indonesia Labor Law No. 13/2003 dated 25 March 2003.

The Group's obligations under the scheme are estimated based on an independent actuarial calculation using the Projected Unit Credit Method. The obligation for employee service entitlements is calculated based on the present value of estimated future benefits that the employees have earned in return for their service in the current and prior periods. The Group's obligations under the scheme will be reviewed on a regular basis.

Current service cost is recognised as an expense for the current period.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Employee Benefits (Cont'd)

(iv) Defined Benefits Scheme (Cont'd)

Actuarial gains and losses are recognized as income or expense over the expected average remaining working lives of the participating employees when the net cumulative unrecognised actuarial gains and losses for the plan at the end of the previous reporting year exceed 10% of the defined benefit obligation at that date. These gains or losses are recognised on a straight-line basis over the expected average remaining working lives of the employees.

Past service costs are recognised immediately to the extent that the benefits are already vested, or otherwise are amortised over the estimated average remaining service years of employees until the employee benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

(z) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity

(aa) Foreign Currency Forward Contracts

Foreign currency forward contracts are entered into to protect the Group from exposure to currency movements in exchange rates. Exchange gains and losses arising on contracts entered into as hedges will be recognised at the date of the future transaction covered by the hedges, at which time these exchange gains and losses will be incurred in the measurement of such transactions.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (ab) Revenue Recognition

#### (i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

#### (ii) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

#### (iii) Interest Income

Interest income is recognised on an accrual basis.

#### (iv) Dividend Income

Dividends from subsidiaries and associates and other investments are recognised when the shareholders' right to receive is established.

#### (v) Rental Income

Rental income is recognised on an accrual basis.

## 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Unquoted ordinary shares, at cost:		
- At 1 January	135,952	135,644
- Arising from equity contribution to subsidiaries	-	308
- Overprovision in previous financial year	(62)	-
- At 31 December	<u>135,890</u>	<u>135,952</u>
Impairment losses	(3,398)	(3,398)
Net Book Value	<u>132,492</u>	<u>132,554</u>

## 6. INVESTMENT IN SUBSIDIARIES (CONT' D)

Details of the subsidiaries are as follows:

<u>COMPANY</u>	<u>COUNTRY OF INCORPORATION</u>	<u>EFFECTIVE EQUITY INTEREST</u>		<u>PRINCIPAL ACTIVITIES</u>
		<u>2008</u>	<u>2007</u>	
Delloyd Industries (M) Sdn Bhd	Malaysia	100%	100%	Manufacturing and trading of automotive parts and accessories.
Magnavision (M) Sdn Bhd	Malaysia	100% (a)	100% (a)	Servicing and repairing motor vehicles.
Delloyd Industries (Thailand) Co. Ltd. *	Thailand	100% (a)	100% (a)	Manufacturing and trading of automotive parts and accessories.
GMI Mould Industries Sdn Bhd	Malaysia	70% (a)	70% (a)	Fabrication of moulds.
Delloyd (Guangzhou) Auto Parts Pte Ltd	The People's Republic of China	100% (a)	100% (a)	Investment holding.
PT Delloyd *	Republic of Indonesia	100% (a)	100% (a)	Manufacturing of automotive parts and accessories.
Delloyd-Murakami (M) Sdn Bhd	Malaysia	-	100% (a)	Dormant.
Delloyd Corporation Sdn Bhd	Malaysia	100%	100% (a)	Investment holding.
Delloyd Electronics (M) Sdn Bhd	Malaysia	100%	100%	Manufacturing and trading of electronic automotive parts and accessories.
Delloyd Auto Parts Mfg Sdn Bhd	Malaysia	100%	100%	Manufacturing and trading of automotive parts and accessories.
Delloyd Auto Parts (M) Sdn Bhd	Malaysia	100%	100%	Wholesale and retailing of automotive parts and accessories.
Autobags (M) Sdn Bhd	Malaysia	100% (b)	100% (b)	Dormant.
Delloyd (Malaysia) Sdn Bhd	Malaysia	100%	100%	Exporting of automotive parts and accessories.
Delloyd Management Services (M) Sdn Bhd	Malaysia	100%	100%	Investment holding and provision of management services.

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST		PRINCIPAL ACTIVITIES
		2008	2007	
Delloyd R & D (M) Sdn Bhd	Malaysia	100%	100%	Providing research and development services.
Delloyd Infocomm Sdn Bhd	Malaysia	100%	100%	Investment holding.
Asian Auto Interactive Sdn Bhd	Malaysia	100% (c)	100% (c)	Dormant.
Premier Asian Auto Publications (M) Sdn Bhd	Malaysia	95% (c)	95% (c)	Magazine publisher.
Delloyd Plantation Sdn Bhd	Malaysia	90%	90%	Cultivation of oil palm.
PT Rebinmas Jaya *	Republic of Indonesia	60% (d)	60% (d)	Cultivation of oil palm.
ATOZ Motor Marketing Sdn Bhd	Malaysia	100%	100%	Distribution of motor vehicles.
ATOZ Motor Services Sdn Bhd	Malaysia	100% (e)	100% (e)	Servicing and repairing motor vehicles.
ATOZ Motor Concept Sdn Bhd	Malaysia	100% (e)	100% (e)	Distribution of motor vehicles.
ATOZ Motor Workshop Sdn Bhd	Malaysia	100% (e)	100% (e)	Servicing and repairing motor vehicles.
Vantage Speed Sdn Bhd	Malaysia	100% (e)	100% (e)	Distribution of motor vehicles.
PT Asian Auto International *	Republic of Indonesia	51% (f)	-	Manufacturing and assembly of complete built-up (CBU) bus and bus chassis.

- (a) Held by Delloyd Industries (M) Sdn Bhd  
 (b) Held by Delloyd Auto Parts (M) Sdn Bhd  
 (c) Held by Delloyd Infocomm Sdn Bhd  
 (d) Held by Delloyd Plantation Sdn Bhd  
 (e) Held by Atoz Motor Marketing Sdn Bhd  
 (f) Held by Delloyd Corporation Sdn Bhd

\* - Not audited by Messrs. Horwath.

7. INVESTMENT IN ASSOCIATES

	GROUP	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Unquoted shares, at cost	7,642	7,642
Share of post-acquisition profits	12,004	9,088
	<u>19,646</u>	<u>16,730</u>
Accumulated impairment losses:		
- At 1 January	(78)	(78)
- Addition during the financial year	(392)	-
	<u>(470)</u>	<u>(78)</u>
Net Book Value	<u>19,176</u>	<u>16,652</u>

Details of the associates are as follows:

<u>COMPANY</u>	<u>COUNTRY OF INCORPORATION</u>	<u>EFFECTIVE EQUITY INTEREST</u>		<u>PRINCIPAL ACTIVITIES</u>
		<u>2008</u>	<u>2007</u>	
Ichikoh (M) Sdn Bhd	Malaysia	30% (a)	30% (a)	Manufacturing and trading of automotive lamps and mirrors.
Thai Delloyd Company Limited	Thailand	45% (b)	45% (b)	Trading in automotive parts and accessories.
Autoparts Networks Alliances Sdn Bhd	Malaysia	21% (c)	21% (c)	Trading in automotive parts and accessories.
Intelli-Telematics Asia Sdn Bhd	Malaysia	40% (d)	40% (d)	Trading in GPS security equipment and monitoring solutions provider.

(a) Held by Delloyd Electronics (M) Sdn Bhd. The results of Ichikoh (M) Sdn Bhd are equity accounted based on the audited financial results for the financial year ended 31 March 2008 and the unaudited results for the 9-month period ended 31 December 2008.

(b) Held by Delloyd Auto Parts (M) Sdn Bhd. The results of Thai Delloyd Company Limited are not equity accounted as the amount involved is not material.

(c) Held by Delloyd Industries (M) Sdn Bhd. The results of Autoparts Networks Alliances Sdn Bhd are equity accounted based on the unaudited results for the financial year ended 31 December 2008.

(d) Held by Delloyd Infocomm Sdn Bhd. The results of Intelli-Telematics Asia Sdn Bhd are equity accounted based on the audited financial results for the financial year ended 31 December 2008.

## 7. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the associates is as follows:

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
ASSETS AND LIABILITIES		
Non-current assets	31,995	20,567
Current assets	44,367	47,371
Total assets	<u>76,362</u>	<u>67,938</u>
Current liabilities	<u>4,612</u>	<u>6,051</u>
RESULTS		
Revenue	84,264	75,729
Profit for the financial year	<u>10,934</u>	<u>12,450</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

GROUP	<u>1 JANUARY</u> <u>2008</u> RM'000	<u>ADDITIONS</u> RM'000	<u>WRITTEN</u> <u>OFF/</u> <u>DISPOSALS</u> RM'000	<u>RECLASSIFICATION</u> RM'000	<u>DEPRECIATION</u> <u>CHARGE</u> RM'000	<u>31 DECEMBER</u> <u>2008</u> RM'000
NET BOOK VALUE						
Freehold land	19,033	-	-	-	-	19,033
Freehold buildings	22,984	-	(663)	-	(511)	21,810
Leasehold buildings	1,222	50	-	-	(55)	1,217
Plant and machinery	16,867	6,750	(36)	(208)	(2,518)	20,855
Factory equipment	4,917	891	-	241	(862)	5,187
Motor vehicles	2,378	1,131	(26)	(33)	(476)	2,974
Office equipment	1,235	513	(128)	-	(507)	1,113
Store and store equipment	160	48	-	-	(28)	180
Furniture and fittings	1,231	483	(236)	-	(253)	1,225
Laboratory equipment	339	123	-	-	(91)	371
Moulds	7,582	1,486	(62)	-	(3,616)	5,390
Capital work-in-progress - Oil Mill	-	2,609	-	-	-	2,609
Total	<u>77,948</u>	<u>14,084</u>	<u>(1,151)</u>	<u>-</u>	<u>(8,917)</u>	<u>81,964</u>

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	1 JANUARY 2007 RM'000	ADDITIONS RM'000	WRITTEN OFF/ DISPOSALS RM'000	RECLASSIFICATION RM'000	DEPRECIATION CHARGE RM'000	31 DECEMBER 2007 RM'000
NET BOOK VALUE						
Freehold land	19,033	-	-	-	-	19,033
Freehold buildings	21,808	37	-	1,649	(510)	22,984
Leasehold buildings	1,181	88	-	-	(47)	1,222
Plant and machinery	12,746	3,509	-	2,631	(2,019)	16,867
Factory equipment	4,784	1,000	-	-	(867)	4,917
Motor vehicles	2,189	1,344	-	-	(1,155)	2,378
Office equipment	1,278	429	(9)	-	(463)	1,235
Store and store equipment	59	124	-	-	(23)	160
Furniture and fittings	1,382	249	(88)	-	(312)	1,231
Laboratory equipment	419	-	-	-	(80)	339
Moulds	8,643	2,302	-	-	(3,363)	7,582
Capital work-in-progress	4,115	165	-	(4,280)	-	-
<b>Total</b>	<b>77,637</b>	<b>9,247</b>	<b>(97)</b>	<b>-</b>	<b>(8,839)</b>	<b>77,948</b>

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	<u>AT COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
	RM'000	RM'000	RM'000
At 31 December 2008			
Freehold land	19,033	-	19,033
Freehold buildings	25,940	(4,130)	21,810
Leasehold buildings	1,515	(298)	1,217
Plant and machinery	31,803	(10,948)	20,855
Factory equipment	12,489	(7,302)	5,187
Motor vehicles	9,037	(6,063)	2,974
Office equipment	6,337	(5,224)	1,113
Store and store equipment	395	(215)	180
Furniture and fittings	2,757	(1,532)	1,225
Laboratory equipment	1,427	(1,056)	371
Moulds	32,585	(27,195)	5,390
Capital work-in-progress - Oil Mill	2,609	-	2,609
	<b>145,927</b>	<b>(63,963)</b>	<b>81,964</b>
At 31 December 2007			
Freehold land	19,033	-	19,033
Freehold buildings	26,887	(3,903)	22,984
Leasehold buildings	1,465	(243)	1,222
Plant and machinery	29,981	(13,114)	16,867
Factory equipment	12,555	(7,638)	4,917
Motor vehicles	8,201	(5,823)	2,378
Office equipment	6,233	(4,998)	1,235
Store and store equipment	347	(187)	160
Furniture and fittings	3,013	(1,782)	1,231
Laboratory equipment	1,304	(965)	339
Moulds	31,162	(23,580)	7,582
	<b>140,181</b>	<b>(62,233)</b>	<b>77,948</b>

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the net book value of property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	2008 RM'000	GROUP 2007 RM'000
Plant and machinery	1,204	1,318
Motor vehicles	289	207
Office equipment	8	10
	1,501	1,535
	1,501	1,535

The net book value of property, plant and equipment of the Group at the balance sheet date pledged as security for bank borrowings are as follows:-

	2008 RM'000	GROUP 2007 RM'000 (restated)
Freehold land	1,677	1,686
Freehold buildings	5,744	5,876
	7,421	7,562
	7,421	7,562

The fully depreciated plant and equipment still in use are as follows:

	2008 RM'000	GROUP 2007 RM'000
Plant and machinery	8,235	8,178
Factory equipment	5,170	4,877
Motor vehicles	4,327	4,275
Office equipment	3,929	3,726
Store and store equipment	161	161
Furniture and fittings	772	757
Laboratory equipment	516	509
Mould	17,996	16,893
	41,106	39,376
	41,106	39,376

## 9. INVESTMENT PROPERTIES

	2008 RM'000	GROUP 2007 RM'000
At Cost:		
- Freehold land	254	254
- Freehold building	1,389	1,389
	<hr/>	<hr/>
	1,643	1,643
Accumulated depreciation:		
- At 1 January	(83)	(83)
- Depreciation during the financial year	(84)	-
	<hr/>	<hr/>
- At 31 December	(167)	(83)
Net Book Value	<hr/> <u>1,476</u>	<hr/> <u>1,560</u>

No independent valuations by professional valuers have been carried out to determine the fair values of these properties. The Directors estimate the fair values of the investment properties to be approximately RM2,200,000 (2007:RM2,400,000) based on the past selling prices of properties in a similar area as the Group's investment properties.

The rental income and direct operating expenses arising from the investment properties that generate income are RM123,000 (2007 - RM111,000) and RM 11,098 (2007 - RM 11,098) respectively.

## 10. PLANTATION DEVELOPMENT EXPENDITURE

GROUP	1 JANUARY <u>2008</u> RM'000	<u>ADDITIONS</u> RM'000	<u>AMORTISATION</u> <u>CHARGE</u> RM'000	31 DECEMBER <u>2008</u> RM'000
NET BOOK VALUE				
Freehold land and matured plantation	86,454	-	(782)	85,672
Prepaid land lease payments	52,713	-	(1,161)	51,552
Freehold buildings	804	-	(73)	731
Leasehold buildings	716	328	(57)	987
Roads and bridges	3,640	1,265	(446)	4,459
Immatured plantation	7,593	12,362	-	19,955
	<hr/>	<hr/>	<hr/>	<hr/>
	151,920	13,955	(2,519)	163,356
	<hr/> <u>151,920</u>	<hr/> <u>13,955</u>	<hr/> <u>(2,519)</u>	<hr/> <u>163,356</u>

10. PLANTATION DEVELOPMENT EXPENDITURE (CONT'D)

Group	1 January <u>2007</u> RM'000	<u>ADDITIONS</u> RM'000	<u>AMORTISATION</u> <u>CHARGE</u> RM'000	31 DECEMBER <u>2007</u> RM'000
Net book value				
Freehold land and matured plantation	87,305	-	(851)	86,454
Prepaid land lease payments	53,705	-	(992)	52,713
Freehold buildings	876	-	(72)	804
Leasehold buildings	380	377	(41)	716
Roads and bridges	1,749	2,162	(271)	3,640
Immatured plantation	3,372	4,221	-	7,593
	147,387	6,760	(2,227)	151,920

GROUP	<u>AT COST</u> RM'000	<u>ACCUMULATED</u> <u>AMORTISATION</u> RM'000	<u>NET BOOK</u> <u>VALUE</u> RM'000
At 31 December 2008			
Freehold land and matured plantation	92,858	(7,186)	85,672
Prepaid land lease payments	53,735	(2,183)	51,552
Freehold buildings	1,451	(720)	731
Leasehold buildings	1,291	(304)	987
Roads and bridges	5,265	(806)	4,459
Immatured plantation	19,955	-	19,955
	174,555	(11,199)	163,356

At 31 December 2007

Freehold land and matured plantation	92,858	(6,404)	86,454
Prepaid land lease payments	53,735	(1,022)	52,713
Freehold buildings	1,451	(647)	804
Leasehold buildings	963	(247)	716
Roads and bridges	4,000	(360)	3,640
Immatured plantation	7,593	-	7,593
	160,600	(8,680)	151,920

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. PREPAID LAND LEASE PAYMENTS

	2008 RM'000	GROUP	2007 RM'000
Cost	5,181		5,181
Accumulated amortisation	(178)		(134)
Net Book Value	5,003		5,047
Accumulated amortisation:			
- At 1 January	(134)		(89)
- Amortisation during the financial year	(44)		(45)
- At 31 December	(178)		(134)

## 12. OTHER INVESTMENTS

	2008 RM'000	GROUP	2007 RM'000
At Cost			
Quoted shares outside Malaysia	941		941
Unquoted shares outside Malaysia	1,569		1,569
Corporate membership in golf clubs	395		395
	2,905		2,905
Translation differences	(94)		-
Impairment losses:			
- At 1 January	(114)		-
- Addition during the financial year	(402)		(114)
- At 31 December	(516)		(114)
Net Book Value	2,295		2,791
Quoted shares outside Malaysia at 31 December:			
- At carrying value	847		941
- At market value	448		1,768

13. DEFERRED TAX ASSETS

	<u>2008</u> RM'000	GROUP	<u>2007</u> RM'000 (restated)
At 1 January	5,164		5,297
Arising from acquisition of subsidiary	152		-
Recognised in income statements (Note 38) :			
- for the financial year	28		(191)
- underprovision in the previous financial year	10		126
Translation differences	(13)		(68)
	<hr/>		<hr/>
At 31 December	5,341		5,164
	<hr/>		<hr/>

The components of the deferred tax assets are as follows:-

Provision for warranty claims	1,175	1,809
Allowance for inventory obsolescence	1,219	1,083
Unabsorbed capital allowances	565	458
Unutilised business losses	876	-
Provision for bonus	505	507
Provision for price reduction	31	486
Others	970	821
	<hr/>	<hr/>
At 31 December	5,341	5,164
	<hr/>	<hr/>

No deferred tax assets are recognised on the following items:-

	<u>2008</u> RM'000	GROUP	<u>2007</u> RM'000
Deferred tax assets:-			
Unabsorbed capital allowances	796		469
Unutilised tax losses	7,084		5,358
	<hr/>		<hr/>
	7,880		5,827
	<hr/>		<hr/>

14. GOODWILL ON CONSOLIDATION

The goodwill arose from the investment in subsidiaries and is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill on consolidation, and determined that goodwill is not impaired.

## 14. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

	AVERAGE GROSS MARGIN	AVERAGE GROWTH RATE	DISCOUNT RATE
Investment in PT Rebinmas Jaya ("PTRJ")	47.7%	32.5%	8%

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:-

(a) Gross margin

PTRJ is expected to report a cumulative gross profit of approximately RM139.3 million for the financial year ending 2009 to 2013 from its activity of cultivation in oil palm.

(b) Growth rate

PTRJ is projected to generate a cumulative revenue of approximately RM292.2 million for the financial year ending 2009 to 2013 and forecasted annual growth rates range from 15% to 67% during the forecasted period as a result of increase in hectares of matured plantation.

(c) Discount rate

The discounted rate used is based on the borrowing rates.

## 15. INVENTORIES

GROUP	AT COST RM'000	AT NET REALISABLE VALUE RM'000	TOTAL RM'000
At 31 December 2008			
Raw materials	6,813	27,190	34,003
Work-in-progress	2,683	-	2,683
Finished goods	6,151	11,752	17,903
Goods-in-transit	724	-	724
	<u>16,371</u>	<u>38,942</u>	<u>55,313</u>
At 31 December 2007			
Raw materials	3,220	22,875	26,095
Work-in-progress	1,493	-	1,493
Finished goods	4,761	8,236	12,997
Goods-in-transit	834	-	834
	<u>10,308</u>	<u>31,111</u>	<u>41,419</u>

16. RECEIVABLES

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Trade receivables	55,228	46,904	-	-
Other receivables, deposits and prepayments	4,054	22,140	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
	59,282	69,044	2	2
Allowance for doubtful debts	(100)	(100)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	59,182	68,944	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the trade and other receivables of the Group are amounts owing by related parties as follows:-

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Trade	185	175
Non-trade	-	74
	<hr/>	<hr/>
	185	249
	<hr/>	<hr/>

The nature of the related parties' relationship and details of the transactions involved are disclosed in Note 44 to the financial statements.

Credit terms of trade receivables range from 30 to 60 days.

The foreign currency exposure profile of the trade receivables is as follows:

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Indonesian Rupiah	3,681	3,882
Thai Baht	2,003	2,832
United States Dollar	1,024	433
	<hr/>	<hr/>

## 17. SHORT-TERM INVESTMENTS

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Bond fund unit trusts, at cost	215	8,759	105	5,164
Fair value gain	-	239	-	239
	<hr/>	<hr/>	<hr/>	<hr/>
	215	8,998	105	5,403
Allowance for diminution in value :				
- At 1 January	(4)	(257)	(4)	(17)
- Writeback during the financial year	3	253	3	13
- At 31 December	(1)	(4)	(1)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
	214	8,994	104	5,399
Market value of bond fund unit trusts at 31 December	<hr/>	<hr/>	<hr/>	<hr/>
	214	9,004	104	5,399

## 18. DEPOSITS WITH FINANCIAL INSTITUTIONS

The effective interest rates of the deposits with financial institutions of the Group and of the Company at the balance sheet date ranged from 1.98% to 9.20% (2007 - 2.5% to 6%) per annum. The deposits have maturity periods ranging from 5 to 365 days (2007 - 5 to 365 days).

The foreign currency exposure profile of the deposits with financial institutions is as follows:-

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Chinese Renminbi	660	617
Indonesian Rupiah	4,369	3,698
Thai Baht	998	-
	<hr/>	<hr/>

## 19. CASH AND BANK BALANCES

The foreign currency exposure profile of the cash and bank balances is as follows:-

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Chinese Renminbi	62	44
Euro	139	258
Indonesian Rupiah	2,303	2,053
Thai Baht	693	375
United States Dollar	2,013	28
	<hr/>	<hr/>

20. SHARE CAPITAL

	COMPANY		COMPANY	
	<u>2008</u> NUMBER OF SHARES	<u>2007</u>	<u>2008</u> RM	<u>2007</u> RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	500,000,000	500,000,000	500,000,000	500,000,000
ISSUED AND FULLY PAID-UP	88,863,250	88,863,250	88,863,250	88,863,250

21. SHARE PREMIUM

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act 1965.

22. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in the Twelfth Annual General Meeting held on 3 June 2008, renewed their approval for the Company's plan to purchase its own ordinary shares from the open market under the share buy-back programme.

The total shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares and are presented as a deduction from shareholders' equity.

Details of the treasury shares are as follows:-

DATE	AVERAGE SHARE PRICE	NUMBER OF SHARES	TOTAL CONSIDERATION RM'000
Prior to Year 2007		1,000	2
May 2007	1.845	134,700	251
June 2007	1.850	1,000	2
September 2007	1.615	655,800	1,057
Balance at 31 December 2008/2007		792,500	1,312

23. OTHER RESERVES

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Currency translation reserve	6,651	2,438	-	-
Employees Share Option Scheme reserve (Note 24)	1,343	1,401	1,343	1,401
	7,994	3,839	1,343	1,401

The currency translation reserve arose from the translation of the financial statements of the foreign subsidiaries and is not distributable by way of cash dividends.

## 24. EMPLOYEES SHARE OPTION SCHEME RESERVE

	GROUP/COMPANY	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
At 1 January	1,401	1,065
Recognised in income statements (Note 37)	(58)	336
	<hr/>	<hr/>
At 31 December (Note 23)	1,343	1,401
	<hr/>	<hr/>

The Employees Share Option Scheme ("ESOS") reserve relates to the equity-settled share options granted to employees. This reserve consists of the cumulative value of services received from employees recorded on the grant of share options.

The Company implemented an ESOS on 29 April 2005. The ESOS is governed by the by-laws as approved by the shareholders at the Extraordinary General Meeting held on 29 June 2004.

The fair value of the share options granted on 29 April 2005 was estimated by using the Black-Scholes-Merton Valuation Model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions are as follows:-

Fair value of share options at the grant date (RM)	0.33
Share price of the underlying shares (RM)	2.18
Exercise price (RM)	2.25
Expected volatility (%)	19.98%
Expected life (years)	6
Risk free rate (%)	3.46%
Dividend yield (%)	3%
Dilutive ratio	0.97
Expected turnover rate (100%)	10%

The main features of the ESOS are as follows:-

- the maximum number of ordinary shares which may be allocated pursuant to the exercise of the option under the scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any point in time during the duration of the scheme;
- the scheme shall be for a duration of six years and may be extended up to an aggregate duration of ten years from the effective date upon the recommendation of the ESOS Option Committee;
- eligible persons are confirmed employees who have been employed by the Group and persons who have been appointed directors of a company within the Group for at least six months;
- the Option Committee may at its discretion from time to time offer in writing to eligible persons to participate in the scheme;
- the maximum number of shares allocated in aggregate to eligible Directors and Senior Management shall not exceed 50% of the total number of shares available under the scheme;
- the exercise price for each share under the option shall be the higher of the weighted average market price of the shares for the five market days prior to the date of offer subject to a discount of not more than ten percent which the Option Committee may at its discretion give or the par value of the share; and
- the new shares to be allocated upon any exercise of options shall rank pari passu in all respects with the then existing issued and paid-up share capital of the Company.

25. RETAINED PROFITS

Subject to the agreement of the tax authorities, at the balance sheet date, the Company has sufficient tax credits under Section 108 of the Income tax Act, 1967 and tax-exempt income to frank the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

26. LONG-TERM BORROWINGS

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Hire purchase payables (Note 27)	700	1,022	-	-
Term loans (Note 28)	1,297	1,347	-	-
Islamic Medium Term Notes (Note 29)	50,000	50,000	50,000	50,000
	<u>51,997</u>	<u>52,369</u>	<u>50,000</u>	<u>50,000</u>

27. HIRE PURCHASE PAYABLES

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Minimum hire purchase payments:		
- not later than one year	903	400
- later than one year but not later than five years	415	1,206
	<u>1,318</u>	<u>1,606</u>
Future finance charges	<u>(203)</u>	<u>(245)</u>
Present value of hire purchase payables	<u>1,115</u>	<u>1,361</u>
Current (Note 33):		
- not later than one year	415	339
Non-current (Note 26):		
- later than one year but not later than five years	700	1,022
	<u>1,115</u>	<u>1,361</u>

The hire purchase payables at the balance sheet date bore effective interest rates ranging from 3.50% to 5.88% (2007 - 3.50% to 5.88%) per annum.

28. TERM LOANS

	GROUP 2008 RM'000	2007 RM'000
Current (Note 33):		
- repayable within one year	53	48
Non-current (Note 26):		
- repayable within one to two years	57	54
- repayable within two to five years	198	184
- repayable more than five years	1,042	1,109
	1,297	1,347
	1,350	1,395

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalment Amount RM	Month of Commencement Of Repayment	Group Amount Outstanding	
				2008 RM'000	2007 RM'000
1	180	4,370	December 2007	489	506
2	180	7,677	December 2007	861	889
				1,350	1,395

The term loans at the balance sheet date bore a weighted average effective interest rate of 4.50% (2007 - 4.50%) per annum at the balance sheet date and are secured by way of:-

- (i) a first party first charge over certain buildings of the Group; and
- (ii) a corporate guarantee of the Company.

29. ISLAMIC COMMERCIAL PAPERS ("CPS")/MEDIUM TERM NOTES ("MTNS")

	GROUP/COMPANY 2008 RM'000	2007 RM'000
At 1 January/31 December (Note 26)	50,000	50,000

The MTN at the balance sheet date bore an effective profit rate at 6.9% (2007 - 6.9%) per annum.

29. ISLAMIC COMMERCIAL PAPERS ("CPS")/MEDIUM TERM NOTES ("MTNS") (CONT'D)

The principal terms of the CPs/MTNs Programme are as follows:-

- |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Tenure/Maturity  | 7 years from the date of first issuance under the CPs/MTNs Programme.<br><br>CPs - 1, 2, 3, 6, 9 or 12 months as the Issuer may select, provided that the CPs mature prior to the expiry of the CPs/MTNs Programme.<br><br>MTNs - more than 1 year to 7 years as the Company may select, provided that the MTNs mature prior to the expiry of the CPs/MTNs Programme.                                                               |
| (b) Security         | The CPs/MTNs issued are unsecured in nature.                                                                                                                                                                                                                                                                                                                                                                                        |
| (c) Profit rate      | The profit rate of CPs/MTNs shall be determined at the point of issuance of the CPs/MTNs.                                                                                                                                                                                                                                                                                                                                           |
| (d) Redemption       | At par on the respective maturity dates.                                                                                                                                                                                                                                                                                                                                                                                            |
| (e) Ranking of notes | The CPs and/or MTNs (collectively known as "The Notes") shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the transaction documents. |

30. DEFERRED TAXATION

	GROUP	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000 (restated)
At 1 January	18,399	18,350
Recognised in income statement (Note 38) :		
- for the financial year	420	114
- under/(over) provision in the previous financial year	111	(65)
	<hr/>	<hr/>
At 31 December	18,930	18,399
	<hr/>	<hr/>

The components of the deferred tax liabilities are as follows:-

	THE GROUP	
	2008	2007
	RM'000	RM'000
Deferred tax liabilities:		
- Accelerated depreciation	4,108	3,577
- Fair value adjustment on plantation development expenditure	14,822	14,822
	<hr/>	<hr/>
	18,930	18,399
	<hr/>	<hr/>

## 31. PAYABLES

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Trade payables	27,615	22,774	-	-
Other payables and accruals	52,545	45,234	270	279
Advances from directors of a subsidiary	360	960	-	-
Amount owing to directors	-	11	-	-
Dividend payable to minority interests	158	259	-	-
	<u>80,678</u>	<u>69,238</u>	<u>270</u>	<u>279</u>

Included in the trade and other payables of the Group are amounts owing to related parties as follows:-

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Trade	291	336
Non-trade	11,901	15,353
	<u>12,192</u>	<u>15,689</u>

The nature of the related parties' relationship and details of the transactions involved are disclosed in Note 44 to the financial statements.

Included in other payables and accruals of the Group is a provision for warranty claims amounting to RM4,453,000 (2007 - RM6,369,000). The amounts provided and paid in relation to the warranty claims are disclosed in Note 37 to the financial statements and the cash flow statement of the Group respectively.

The amount owing to directors in the previous financial year was non-trade in nature, unsecured, interest-free and repayable on demand.

Credit terms of trade payables range from 30 to 90 days.

The foreign currency exposure profile of the trade payables is as follows:-

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Euro	-	12
Indonesian Rupiah	5,121	5,102
Japanese Yen	2,079	421
Thai Baht	428	693
United States Dollar	2,118	453
	<u>2,118</u>	<u>453</u>

31. PAYABLES (CONT'D)

Included in the other payables and accruals consist of provision for employee benefits of RM534,614 (2007 - RM726,089) as detailed below :

	THE GROUP 2008 RM'000
At 1 January *	726
Amount recognised in the Income Statements:	
- Overprovision in the previous financial year	(344)
- Current period charge	272
- Payment of employee benefits	(47)
Sub-total (Note 37)	<u>(119)</u>
Translation differences	<u>(72)</u>
At 31 December	<u>535</u>

\* - The relevant details of the employee benefits liability as at 1 January 2008 is not presented and available as no actuarial exercise was carried out by a foreign subsidiary in the previous financial year. Provision for employee benefits in the previous financial year was accrued based on management estimate.

Employee benefits liability is as follows:

	THE GROUP 2008 RM'000
Present value of employee benefits obligation	707
Unrecognised past service cost - unvested	(194)
Unrecognised actuarial loss	22
Net liability in balance sheet	<u>535</u>

The current period charges recognised in the income statements are as follows:-

	THE GROUP 2008 RM'000
Current service costs	184
Interest costs	73
Past service costs	13
Actuarial loss	2
	<u>272</u>

As at 31 December 2008, the Group accrued employees benefits expenses based on the actuarial valuation performed by PT Binaputera Jaga Hikmah, an independent actuary, adopting the Projected Unit Credit method, with the following principal actuarial assumptions:

	THE GROUP 2008
i) Mortality rate:	
- below age 25	0.00137
- between age 25 to 30	0.00137
- between age 30 to 35	0.00164
- between age 35 to 40	0.00227
- between age 40 to 45	0.00338
- between age 45 to 50	0.00609
- between age 50 to 55	0.00908
ii) Retirement age	55
iii) Disability rate (per annum)	10%
iv) Discount rate (per annum)	12%
v) Expected rate of salary increases (per annum)	8%/10%

32. AMOUNT OWING TO SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

33. SHORT-TERM BORROWINGS

	<u>2008</u> RM'000	GROUP	<u>2007</u> RM'000
Hire purchase payables (Note 27)	415		339
Revolving credit	-		334
Term loans (Note 28)	53		48
	<hr/>		<hr/>
	468		721
	<hr/>		<hr/>

34. REVOLVING CREDIT

The revolving credit of the Group in the previous year bore effective interest rate of 5.30% per annum and is secured by way of a charge over certain freehold land and buildings of the Group.

35. NET ASSETS PER SHARE

The net assets per share is calculated based on the Group shareholders' equity of RM287,224,000 (2007 - RM266,410,000) divided by the outstanding number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 88,070,750 shares (2007 - 88,070,750 shares).

36. REVENUE

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Sale of automotive parts and accessories	229,509	161,320	-	-
Dividend income	-	-	11,490	12,750
Distribution of motor vehicles	19,674	26,633	-	-
Sale of fresh fruit bunches	38,233	26,094	-	-
Others	2,829	1,417	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	290,245	215,464	11,490	12,750
	<hr/>	<hr/>	<hr/>	<hr/>

## 37. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Amortisation of :				
- plantation development expenditure	2,519	2,227	-	-
- prepaid land lease payments	44	45	-	-
Auditors' remuneration	137	132	22	21
Bad debts written off	33	70	-	-
Depreciation of :				
- property plant and equipment	8,917	8,839	-	-
- investment properties	84	-	-	-
Directors' emoluments (Note 43) :				
- fees	299	287	270	258
- remuneration	2,584	2,458	-	-
- performance incentives	670	269	-	-
- ESOS	92	164	15	27
Factory, office and shoplot rental	1,529	1,814	-	-
Fair value of share options granted under ESOS	(58)	336	4	28
Impairment loss of :				
- investment in an associate	392	-	-	-
- other investments	402	114	-	-
Interest expense:				
- hire purchase	61	39	-	-
- Islamic Medium Term Note	3,450	3,450	3,450	3,450
- term loans	123	81	-	-
Loss on foreign exchange:				
- unrealised	4,100	-	-	-
- realised	145	538	-	-

37. PROFIT BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Plant and equipment written off	1,017	71	-	-
Provision for warranty claims	1,246	2,309	-	-
Rental of equipment	90	84	-	-
Royalty expenses	785	893	-	-
Staff Costs				
- Defined contribution plan recognised in current financial year	863	848	-	-
- Defined benefits plan recognised in current financial year (Note 31)	(119)	266	-	-
- Others	38,624	34,033	-	-
Writedown in value of inventories	1,244	416	-	-
Dividend income from short-term investments	(448)	(74)	(15)	(13)
Fair value gain on short-term investments	-	(239)	-	(239)
Interest income	(1,275)	(3,923)	(301)	(85)
Loss/(Gain) on disposal of plant and equipment	28	(99)	-	-
Loss/(Gain) on disposal of short-term investments	177	(38)	184	(44)
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of minority interests	-	(1,587)	-	-
Rental income	(224)	(266)	-	-
Share of profit in associates	(3,239)	(3,721)	-	-
Writeback of diminution in value of short-term investments	(3)	(253)	(3)	(13)
Bad debts recovered	(181)	-	-	-

38. INCOME TAX EXPENSE

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Current tax:				
- for the financial year	7,384	4,278	2,372	2,686
- (over)/underprovision in the previous financial year	(372)	8	(1,016)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,012	4,286	1,356	2,686
Deferred tax assets (Note 13):				
- for the financial year	(28)	191	-	-
- underprovision in the previous financial year	(10)	(126)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(38)	65	-	-
Deferred taxation (Note 30) :				
- for the financial year	420	114	-	-
- under/(over) provision in the previous financial year	111	(65)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	531	49	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>7,505</u>	<u>4,400</u>	<u>1,356</u>	<u>2,686</u>

The tax charge of the Company for the financial year relates mainly to dividend income.

During the financial year, the statutory tax rate was reduced from 27% to 26% as announced in the Malaysian Budget 2007.

The corporate tax rate on the first RM500,000 of chargeable income is 20% for certain subsidiaries in Malaysia with paid-up capital of RM2,500,000 and below. The rate applicable to the balance of the chargeable income is 26%.

Certain overseas subsidiaries of the Group that fall under the Indonesian taxation laws are generally subject to progressive tax rates up to a maximum of 30% and any tax losses reported by those companies are allowed to be carried forward for a period of five years.

## 38. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company are as follows:-

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Profit before taxation	23,745	15,433	7,635	9,140
Tax at the applicable statutory tax rate	6,254	4,167	1,985	2,468
Tax effects of:				
Non-taxable gains	(5,884)	(1,847)	(34)	(828)
Non-deductible expenses	6,177	2,771	421	1,046
Utilisation of reinvestment tax allowances	(1,014)	(1,546)	-	-
Utilisation of previously unrecognised deferred tax assets	(176)	(9)	-	-
Deferred tax assets not recognised for the financial year	2,479	1,109	-	-
(Over)/Underprovision of current tax in the previous financial year:	(372)	8	(1,016)	-
Underprovision of deferred tax assets in the previous financial year	(10)	(126)	-	-
Under/(Over)provision of deferred tax liabilities in the previous financial year	111	(65)	-	-
Differential in tax rates	(60)	(62)	-	-
Income tax expense for the financial year	7,505	4,400	1,356	2,686

## 39. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of approximately RM20,564,000 (2007 – RM13,424,000) by the weighted average number of ordinary shares in issue, net of treasury shares, during the financial year of 88,070,750 (2007 - 88,604,629).

The fully diluted earnings per share for the Group is not presented as there is an anti-dilutive effect arising from the assumed conversion of ESOS.

40. DIVIDENDS

	COMPANY	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
In respect of the financial year ended 31 December 2006:		
- paid final dividend of 5 sen per ordinary share less 27% tax	-	3,243
In respect of the financial year ended 31 December 2007:		
- paid final dividend of 6 sen per ordinary share less 26% tax	3,910	-
At 31 December	<u>3,910</u>	<u>3,243</u>

The directors propose the following final dividend of RM4,007,220 in respect of the current financial year:

	RM'000
Proposed final dividend of 5.0 sen made up of :	
- 1.8 sen per ordinary share less 25% tax; and	1,189
- tax-exempt dividend of 3.2 sen per ordinary share	2,818
On 88,070,750 ordinary shares	<u>4,007</u>

The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting ("AGM") and will be accounted for in the financial statements once it is approved at the AGM.

41. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Cost of property, plant and equipment purchased	14,084	9,247
Amount financed through hire purchase	(124)	(1,621)
Cash disbursed for purchase of property, plant and equipment	<u>13,960</u>	<u>7,626</u>

42. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with financial institutions	31,632	18,019	7,202	2,181
Cash and bank balances	11,625	7,929	488	432
	<u>43,257</u>	<u>25,948</u>	<u>7,690</u>	<u>2,613</u>

## 43. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	GROUP		COMPANY	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Executive directors' remuneration:				
- Salaries, other emoluments and defined contribution plan	1,783	1,798	-	-
- Fees	59	59	30	30
- Bonus	801	660	-	-
- Performance incentives	670	269	-	-
- Share options granted under ESOS	77	137	-	-
	<u>3,390</u>	<u>2,923</u>	<u>30</u>	<u>30</u>
Non-executive directors' remuneration:				
- Fees	240	228	240	228
- Share options granted under ESOS	15	27	15	27
	<u>255</u>	<u>255</u>	<u>255</u>	<u>255</u>
Total directors' remuneration including benefits-in-kind	<u>3,645</u>	<u>3,178</u>	<u>285</u>	<u>285</u>
Directors' fee	299	287	270	258
Directors' non-fee emoluments	3,254	2,727	-	-
Share options granted under ESOS	92	164	15	27
Total (Note 37)	<u>3,645</u>	<u>3,178</u>	<u>285</u>	<u>285</u>

43. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	NUMBER OF DIRECTORS <u>2008</u>	<u>2007</u>
Executive directors:		
RM150,001 - RM200,000	1	-
RM250,001 - RM300,000	-	1
RM350,001 - RM400,000	-	1
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
RM600,001 - RM650,000	-	1
RM700,001 - RM750,000	1	-
RM800,000 - RM850,000	1	1
RM1,050,001 - RM1,100,000	1	-
Non-executive directors:		
Below RM50,000	1	1
RM50,000 - RM100,000	3	3
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>

44. RELATED PARTY DISCLOSURE

For the purpose of these financial statements, parties are related to the Group where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationships with its directors, key management and entities of which the directors and/or key management have significant financial interests.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

44. RELATED PARTY DISCLOSURE (CONT'D)

<u>NAMES OF RELATED PARTIES</u>	<u>NOTE</u>	<u>TRANSACTIONS/BALANCES VALUE GROUP</u>	
		<u>2008</u> RM'000	<u>2007</u> RM'000
Delloyd Holdings (M) Sdn Bhd	(a)		
- rental of premises charged by		1,098	942
- corporate expenses received from		4	9
- amount owing by		-	74
- amount owing to		1	-
Master Approach Sdn Bhd	(a)		
- sales of automotive parts and accessories to		1	553
- vehicle maintenance services to		8	-
- amount owing to		-	2
- amount owing by		1	-
Lian Hwa Casting (M) Sdn Bhd	(b)		
- purchase of die-casting parts from		3,715	2,553
- corporate expenses received from		4	16
- amount owing to		247	297
Delloyd Technology Resources (M) Sdn Bhd	(c)		
- purchases of automotive parts from		160	119
- sub-contractor for supply of automotive parts to		489	406
- corporate expenses received from		60	120
- rental received from		60	60
- research and development fee received from		104	6
- amount owing by		134	4
- amount owing to		17	20
- sale of mould and mould maintenance services to		351	-
Automont Gatsby Sdn Bhd	(d)		
- purchases of automotive parts from		127	165
- amount owing to		27	17
Gatsby Enterprise	(e)		
- purchases of automotive parts from		-	8
- sales of automotive parts and accessories to		454	349
- amount owing by		50	171
Taipan Hectares Sdn Bhd	(f)		
- amount owing to		11,900	15,353

- (a) A company in which Dato' Tee Boon Kee, Datin Chung Geok Siew, Tee Boon Keat and Chung Chee Sun, who are directors of the Company, have interests.
- (b) A company in which Datin Chung Geok Siew and Chung Chee Sun, who are directors of the Company, have interests.
- (c) A company in which Dato' Tee Boon Kee, Dato' Ir. Haji Noor Azmi Bin Jaafar, Datin Chung Geok Siew and Chung Chee Sun, who are directors of the Company, have interests.
- (d) Dato' Tee Boon Kee and Tee Boon Keat, who are directors of the Company, are persons connected with this company.
- (e) An enterprise in which a sibling member of Dato' Tee Boon Kee is a partner.
- (f) A company in which Dato' Tee Boon Kee, Dato' Ir. Haji Noor Azmi Bin Jaafar and Datin Chung Geok Siew who are directors of the Company, have interests.

44. RELATED PARTY DISCLOSURE (CONT'D)

The key management personnel compensation is as follows:-

	GROUP		COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Short-term employee benefits	7,414	5,065	270	258
Post-employment benefits	-	27	-	-
Share-based payment	125	213	15	27
	<u>7,539</u>	<u>5,305</u>	<u>285</u>	<u>285</u>

45. COMMITMENTS

	GROUP	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Contracted but not provided for in the financial statements:		
Capital work-in-progress		
- Oil Mill	23,356	-
- Building	1,862	-
Purchase of plant & equipment	1,346	1,027
Purchase of foreign currencies	-	1,295
	<u>26,564</u>	<u>2,322</u>

46. CONTINGENT LIABILITY

	COMPANY	
	<u>2008</u> RM'000	<u>2007</u> RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	17,866	14,165
	<u>17,866</u>	<u>14,165</u>

## 47. SEGMENTAL INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (a) Business Segments

	<u>AUTOMOTIVE</u> RM'000	DISTRIBUTION OF MOTOR VEHICLES RM'000	<u>PLANTATION</u> RM'000	<u>OTHERS</u> RM'000	<u>GROUP</u> RM'000
31 DECEMBER 2008					
REVENUE					
Total revenue	248,854	19,674	38,233	16,559	323,320
Inter-segment revenue	(19,345)	-	-	(13,730)	(33,075)
External revenue	229,509	19,674	38,233	2,829	290,245
RESULTS					
Segment results	26,282	(845)	614	(5,545)	20,506
Share of profit in associates	3,239	-	-	-	3,239
Profit before taxation					23,745
Income tax expense					(7,505)
Profit after taxation					16,240

47. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments (Cont'd)

	<u>AUTOMOTIVE</u>	<u>DISTRIBUTION OF MOTOR VEHICLES</u>	<u>PLANTATION</u>	<u>OTHERS</u>	<u>GROUP</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
31 DECEMBER 2008					
ASSETS					
Segment assets	212,286	6,667	186,064	19,017	424,034
Investment in associates	19,176	-	-	-	19,176
Unallocated assets					5,411
Total assets					448,621
LIABILITIES					
Segment liabilities	48,738	1,595	29,057	53,753	133,143
Unallocated liabilities					18,930
TOTAL LIABILITIES					152,073
OTHER SEGMENTS INFORMATION					
Capital expenditure	9,869	206	17,929	35	28,039
Depreciation and amortisation	7,914	126	2,982	542	11,564
Other significant non-cash expenses:					
- provision for warranty claim	1,246	-	-	-	1,246
31 DECEMBER 2007					
REVENUE					
Total revenue	177,038	26,633	26,094	17,190	246,955
Inter-segment revenue	(15,718)	-	-	(15,773)	(31,491)
External revenue	161,320	26,633	26,094	1,417	215,464
RESULTS					
Segment results	15,774	(1,314)	1,165	(3,913)	11,712
Share of profit in associates	3,721	-	-	-	3,721
Profit before taxation					15,433
Income tax expense					(4,400)
Profit after taxation					11,033

47. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments (Cont'd)

	<u>AUTOMOTIVE</u> RM'000	<u>DISTRIBUTION OF MOTOR VEHICLES</u> RM'000	<u>PLANTATION</u> RM'000	<u>OTHERS</u> RM'000	<u>GROUP</u> RM'000
31 DECEMBER 2007					
ASSETS					
Segment assets	192,681	10,788	173,743	19,091	396,303
Investment in associates	16,311	-	-	341	16,652
Unallocated assets					5,922
Total assets					<u>418,877</u>
LIABILITIES					
Segment liabilities	40,220	4,937	23,691	53,480	122,328
Unallocated liabilities					18,399
TOTAL LIABILITIES					<u>140,727</u>
OTHER SEGMENTS INFORMATION					
Capital expenditure	6,660	180	7,690	1,477	16,007
Depreciation and amortisation	7,832	225	2,516	538	11,111
Other significant non-cash expenses: - provision for warranty claim	2,309	-	-	-	2,309

47. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Segments

	<u>MALAYSIA</u> RM'000	<u>INDONESIA</u> RM'000	<u>OTHERS</u> RM'000	<u>GROUP</u> RM'000
31 DECEMBER 2008				
REVENUE				
Total revenue	265,337	48,326	9,657	323,320
Inter-segment revenue	(31,364)	(1,711)	-	(33,075)
External revenue	233,973	46,615	9,657	290,245
RESULTS				
Segment results	30,099	(7,093)	(2,500)	20,506
Share of profit in associates	3,239	-	-	3,239
Profit before taxation				23,745
Income tax expense				(7,505)
Profit after taxation				16,240
ASSETS				
Segment assets	287,673	115,040	21,321	424,034
Investment in associates	19,176	-	-	19,176
Unallocated assets				5,411
Total assets				448,621
LIABILITIES				
Segment liabilities	94,007	38,196	940	133,143
Unallocated liabilities				18,930
TOTAL LIABILITIES				152,073
OTHER SEGMENTS INFORMATION				
Capital expenditure	9,208	18,413	418	28,039
Depreciation and amortisation	7,230	3,630	704	11,564
Other significant non-cash expenses:				
- provision for warranty claim	1,246	-	-	1,246

47. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Segments (Cont'd)

	<u>MALAYSIA</u> RM'000	<u>INDONESIA</u> RM'000	<u>OTHERS</u> RM'000	<u>GROUP</u> RM'000
31 DECEMBER 2007				
REVENUE				
Total revenue	212,399	30,138	4,418	246,955
Inter-segment revenue	(30,529)	(962)	-	(31,491)
External revenue	181,870	29,176	4,418	215,464
RESULTS				
Segment results	17,651	(2,842)	(3,097)	11,712
Share of profit in associates	3,721	-	-	3,721
Profit before taxation				15,433
Income tax expense				(4,400)
Profit after taxation				11,033
ASSETS				
Segment assets	278,809	96,049	21,445	396,303
Investment in associates	16,652	-	-	16,652
Unallocated assets				5,922
Total assets				418,877
LIABILITIES				
Segment liabilities	94,072	26,526	1,730	122,328
Unallocated liabilities				18,399
TOTAL LIABILITIES				140,727
OTHER SEGMENTS INFORMATION				
Capital expenditure	5,229	8,000	2,778	16,007
Depreciation and amortisation	7,288	3,199	624	11,111
Other significant non-cash expenses:				
- provision for warranty claim	2,309	-	-	2,309

In the opinion of the directors, all inter-segment transactions have been entered into in the ordinary course of business on terms that were mutually agreed between the parties.

## 48. FOREIGN EXCHANGE RATES

The applicable foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:

	<u>2008</u>	<u>2007</u>
	RM	RM
Chinese Renminbi	0.5077	0.4525
Euro	4.89	4.65
Japanese Yen	0.039	0.030
Indonesian Rupiah	0.000317	0.000352
Thai Baht	0.0998	0.1113
United States Dollar	3.47	3.45

## 49. FAIR VALUES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

## (a) Investment In Associates And Other Investments

It is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

## (b) Amounts Owing To Subsidiaries/Directors

The carrying amounts approximated their fair values at the balance sheet date.

## (c) Cash And Cash Equivalents, Receivables And Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these financial instruments.

## 49. FAIR VALUES (CONT'D)

### (d) Contingent Liability

The nominal amount and net fair value of financial instruments not recognised in the balance sheet of the Company are as follows:

	Note	Nominal Amount RM'000	COMPANY Net Fair Value RM'000
At 31 December 2008			
In respect of corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	46	17,866	*
At 31 December 2007			
In respect of corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	46	14,165	*

\* The net fair value of the contingent liability is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

## 50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events of the Group are as follows:

- On 12 February 2008, Magnavision Auto Services (M) Sdn Bhd a wholly-owned subsidiary of Delloyd Industries (M) Sdn Bhd ("DISB"), changed its name to Delloyd Corporation Sdn Bhd ("DCSB").
- On 3 March 2008, DCSB entered into a Subscription and Joint Venture Agreement to subscribe for 5,100 ordinary shares of Rp1,000,000 each representing 51% equity interests in PT Asian Auto International, a company incorporated in the Republic of Indonesia for a total cash consideration of Rp5,100,000,000.
- On 3 April 2008, DISB, a wholly-owned subsidiary transferred to the Company its investment in DCSB comprising 10 ordinary shares of RM1 each, which represents the entire issued and paid-up share capital of DCSB. Consequently, DCSB became a wholly-owned subsidiary of the Company.
- On 31 December 2008, DISB disposed of all its investment in Delloyd-Murakami (M) Sdn Bhd ("D-Mura") comprising 3 ordinary shares of RM1.00 each for a total consideration of RM3.00. Consequently, D-Mura ceased to be a subsidiary of DISB.

## 51. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

GROUP	AS PREVIOUSLY REPORTED RM'000	As RESTATED RM'000
BALANCE SHEET (EXTRACT):-		
Deferred Tax Assets	1,855	5,164
Deferred Taxation	15,090	18,399

## SHARE CAPITAL

Authorised	-	500,000,000 Ordinary Shares
Issued and Paid-up Capital	-	88,032,750 Ordinary Shares *
Class of Share	-	Ordinary Shares of RM1.00 Each
No. of Shareholders	-	2,648
Voting Rights	-	One Vote Per Ordinary Share

\* The issued and paid up capital is as per Record of Depositors as at 15 April 2009 and is exclusive of 830,500 treasury shares bought back.

## DISTRIBUTION OF SHAREHOLDINGS

## Size of Shareholdings

Range	No. of Shareholders	%	No. of Shares	%
1 - 99	170	6.42	8,365	0.01
100 - 1,000	298	11.25	214,885	0.25
1,001 - 10,000	1,893	71.49	5,186,350	5.89
10,001 - 100,000	219	8.27	6,076,762	6.90
100,001 - 1,000,000	56	2.12	16,075,419	18.26
OVER 1,000,000	12	0.45	60,470,969	68.69
<b>TOTAL</b>	<b>2,648</b>	<b>100.00</b>	<b>88,032,750</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDER

Name of Shareholder	No. of Shares	%
Chung & Tee Ventures Sdn Bhd	37,500,125	42.60

## DIRECTORS' SHAREHOLDINGS

As per the Register of Directors' Shareholdings

Name	Direct No. of shares	%	Indirect No. of shares	%
1 Dato' Ir Haji Noor Azmi Bin Jaafar	2,418,427	2.75	8,862,910	10.06
2 Dato' Tee Boon Kee	2,255,005	2.56	41,848,425	47.54
3 Datin Chung Geok Siew	1,768,406	2.00	42,335,024	48.09
4 Chung Chee Sun	1,648,408	1.87	37,740,470	42.87
5 Tee Boon Keat	1,203,516	1.37	37,591,016	42.70
6 Dato' Dr M SHANmughalingam	315,000	0.36	-	-
7 General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R)	312,500	0.35	-	-
8 Dato' Mohamed Nizam Bin Abdul Razak	312,500	0.35	-	-
9 Eow Kwan Hoong	-	-	-	-

Analysis of Shareholdings  
As At 15 April 2009

LIST OF TOP 30 SHAREHOLDERS

No	Name of Shareholders	No. of Shares	%
1	Chung & Tee Ventures Sdn Bhd	37,500,125	42.60
2	Aneka Nostalgia Sdn Bhd	4,363,965	4.96
3	Flora Grand Sdn Bhd	4,197,236	4.77
4	Noor Azmi Bin Jaafar	2,418,427	2.75
5	Tee Boon Kee	2,255,005	2.56
6	Ipjomas Sdn Bhd	2,046,248	2.32
7	Welloyd Engineering (M) Sdn Bhd	1,914,844	2.17
8	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kam Kar Cheong	1,876,900	2.13
9	Chung Geok Siew	1,768,406	2.00
10	Chung Chee Sun	1,648,408	1.87
11	Tee Boon Keat	1,203,516	1.37
12	Ong Koh Hou @ Won Kok Fong	1,099,800	1.25
13	HSBC Nominees (Asing) Sdn Bhd Exempt Account for Credit Suisse (SG BR-TST-ASING)	1,003,500	1.14
14	Unique Stallion Sdn Bhd	914,896	1.04
15	Ching Su Chen	713,400	0.81
16	Leon Tee Wee Leng	693,050	0.79
17	Chung Gaut Ben	653,750	0.74
18	Ong Choo Meng	622,100	0.71
19	Lim Boon Kheng	506,600	0.58
20	Tang Kwang Siow	482,300	0.55
21	Peng Lee Lee	384,600	0.44
22	Thean Wui Han	328,400	0.37
23	Tan Ah Kee	318,400	0.36
24	SHANmughalingam a/l Murugasu	315,000	0.36
25	Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	312,500	0.35
26	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamed Nizam Bin Abdul Razak	312,500	0.35
27	NAJ Services Sdn Bhd	301,709	0.34
28	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Nadzmi Bin Mohd Salleh	300,000	0.34
29	Etavest Sdn Bhd	287,300	0.33
30	Chua Soo Seong	286,000	0.32
	<b>TOTAL</b>	<b>71,028,885</b>	<b>80.67</b>

LOCATION	TENURE	SIZE	DESCRIPTION	NET BOOK VALUE RM'000	AGE OF BUILDING (YEARS)	DATE OF LAST REVALUATION	DATE OF ACQUISITION
<b>MALAYSIA</b>							
Lot 48938 & PT2187 District Of Klang Selangor Darul Ehsan	Freehold	4.05 ha	2 plots of industrial land / office, factory and warehouse	15,491	8	-	1999
Lot 48939 & 48940 District Of Klang Selangor Darul Ehsan	Freehold	2.03 ha	2 plots of industrial land / office, factory and warehouse	9,112	16	1994	1991
H.S(D) 29394 & 29393 Mukim Damansara Selangor Darul Ehsan	Freehold	1,522 sq.m	2 units 2 1/2 storey terrace showroom factory with land	1,476	6	-	2003
Lot No 15 Mukim Ulu Bernam Timur Perak Darul Ridzuan	Freehold	2.03 ha	1 plot of industrial land / office, factory and warehouse	8,197	4	-	2003
H.S(D) 27238 PT553 Seksyen 21 District Of Klang Selangor Darul Ehsan	Freehold	148.64 sq.m	1 unit of 4-storey shophouse	394	20	1994	1989
Sungai Rambai Estate District Of Kuala Selangor Selangor Darul Ehsan	Freehold Freehold	1,448.78 ha 66,493 sq.m	Oil Palm Estate Residential Bungalows Cottages & Amenities	75,237 731	- 18	- -	1999 1999
Lot No PT69686 & PT69687 Mukim Klang Daerah Klang Selangor Darul Ehsan	Freehold	372.90 sq.m	2 units 3 storey shop office building	1,624	2	-	2007
<b>PEOPLE'S REPUBLIC OF CHINA</b>							
Huadu, Xinhua Malaysia Industrial Zone Guangzhou City China	Leasehold Expiring 2053	6.25 ha	1 plot of industrial land	4,398	-	-	2004
Huadu, Yun Feng Garden Guangzhou City China	Leasehold Expiring 2073	190.03 sq.m	1 unit apartment	282	4	-	2005
<b>THAILAND</b>							
300/28 Moo 1, Tambol Tasit Amphur Pluakdaeng, Rayong Thailand	Freehold	12,222 sq.m	1 plot of industrial land / office, factory and warehouse	5,797	3	-	2006
<b>INDONESIA</b>							
Block A-11 No 19 Kota Bukit Indah Dangdeur Campaka Purwakarta, Indonesia	Leasehold Expiring 2019	7,462 sq.m	1 plot of industrial land with factory building	1,167	6	-	2003
Kebun Parit Gunung Darul Makmur & Air Ruak Belitung, Indonesia	Leasehold Expiring 2029 and 2036	14,422.09 ha	Oil Palm Estate Plantable Reserve land, Residential cottages & Amenities	82,928	4-10	-	2006



**DELLOYD VENTURES BERHAD**  
(380429-W)  
(Incorporated in Malaysia)

<b>No. of shares held</b>

**FORM OF PROXY**

I/We \_\_\_\_\_ NRIC/Co. No. \_\_\_\_\_ of \_\_\_\_\_  
being a member of **DELLOYD VENTURES BERHAD** hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
NRIC No. \_\_\_\_\_ or failing whom, \_\_\_\_\_  
of \_\_\_\_\_ NRIC No. \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Danau Room, Kota Permai Golf and Country Club, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Wednesday, 27 May 2009 at 12.00 noon and, at every adjournment thereof for/against the resolutions to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
<b>ORDINARY RESOLUTIONS</b>			
1	To receive the Financial Statements and Reports of the Directors and Auditors thereon		
2	To approve the payment of Final Dividend		
3	To approve the payment of Directors' fees		
4	To re-elect Dato' Tee Boon Kee as Director		
5	To re-elect Datin Chung Geok Siew as Director		
6	To re-elect Mr. Eow Kwan Hoong as Director		
7	To re-appoint General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (R) as Director		
8	To re-appoint auditors of the Company		
9	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
10	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
11	To approve the proposed renewal of authority for the purchase of own shares by the Company		

(Please indicate with an X in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this.....day of.....2009

.....  
Signature of Member(s)

.....  
Affix Company's Common Seal  
(if applicable)

**Notes:-**

- i A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- ii A member shall be entitled to appoint more than one proxy (subject always to a maximum of two proxies at each meeting) to attend and vote at the same meeting.
- iii Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- iv To be valid, this proxy form duly completed must be deposited at the registered office of the Company situated at 52A, Lebuhraya, 41150 Klang, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting.
- v If the appointer is a corporation, this proxy form must be executed under its Seal or under the hand of its attorney.

fold

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AFFIX  
STAMP  
HERE

THE SECRETARY :  
**DELLOYD VENTURES BERHAD** (380429-W)  
52A, LEBUH ENGGANG,  
41150 KLANG,  
SELANGOR DARUL EHSAN

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