

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements for the year ended **31 March 2012**. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended **31 March 2012**.

2. Changes in accounting policies

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

FRSs / IC Interpretations		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
Revised Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 112	Recovery of Underlying Assets	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011

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

The adoption of the above FRSs, Amendments and Interpretations do not have any significant financial impact on the Group's results.

The following FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group and the Company:-

FRSs and IC Interpretations (including the Consequential Amendments)		Effective for financial periods beginning on or after
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119 (2011)	Employee Benefits	1 January 2013
FRS 127 (2011)	Separate Financial Statements	1 January 2013
FRS 128 (2011)	Investments in Associates and Joint Ventures	1 January 2013
Revised Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 1	Government Loans	1 January 2013
Annual Improvements to FRSs - 2012		1 January 2013
Amendments to FRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

The auditors' report of the previous financial year ended **31 March 2012** was not subject to any qualification.

4. **Seasonal or cyclical factors**

The operations of the Group are not affected by any significant seasonal or cyclical factors other than the plantation sector, which is dependent on the selling prices of crude palm oil and the production of fresh fruit bunches.

5. **Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter ended 31 December 2012.

6. **Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

7. **Debt and equity securities**

During the current financial quarter, the Company repurchased 104,100 ordinary shares of its issued share capital for a total consideration of RM345,106. These repurchased shares are to be held as treasury shares. The total number of treasury shares held as at 31 December 2012 is 3,173,100.

8. **Dividends paid**

There was no dividend payment during the current financial quarter.

9. **Segmental Information**

(i) Business Segments

	3 months ended		Cumulative Quarter	
	Current Quarter Ended		9 Months Ended	
	31/12/12	31/12/11	31/12/12	31/12/11
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Automotive Components	73,181	89,275	233,227	243,004
Plantation	16,861	17,441	60,031	58,109
Vehicle Distribution	12,474	13,863	45,013	50,467
Others	366	373	949	912
Group Revenue	102,882	120,952	339,220	352,492
<u>Segment Results</u>				
Automotive Components	5,372	8,482	18,154	28,561
Plantation	5,118	7,826	21,076	22,797
Vehicle Distribution	(66)	(91)	167	227
Others	(321)	(389)	(1,153)	(1,434)
	10,103	15,828	38,244	50,151
Unrealised gain/(loss) on foreign exchange	(125)	(2,608)	(4,754)	(146)
Effects of FRS 139	(412)	(504)	(608)	(1,660)
	9,566	12,716	32,882	48,345
Share of profit less losses in associated companies (net of tax)	218	71	3,051	(813)
	9,784	12,787	35,933	47,532

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

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

(ii) Geographical Segments

	3 months ended		Cumulative Quarter	
	Current Quarter Ended		9 Months Ended	
	31/12/12	31/12/11	31/12/12	31/12/11
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Malaysia	68,089	77,055	222,932	255,812
Indonesia	33,409	43,588	112,273	94,718
Thailand	1,384	309	4,015	1,962
Group Revenue	102,882	120,952	339,220	352,492
<u>Segment Results</u>				
Malaysia	3,006	9,323	18,391	34,222
Indonesia	5,280	4,714	12,959	13,973
Thailand	1,280	(1,321)	1,532	150
	9,566	12,716	32,882	48,345
Share of profit less losses in associated companies (net of tax)	218	71	3,051	(813)
	9,784	12,787	35,933	47,532

10. **Valuation of property, plant and equipment**

There was no valuation of property, plant and equipment during the current financial quarter.

11. **Material events subsequent to the Statement of Financial Position date**

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

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

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

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

Contingent liabilities of the Group as at 22 February 2013 amounted to **RM88.4 million** which are in respect of corporate guarantees given to licensed banks for banking facilities granted to subsidiaries.

B. ADDITIONAL INFORMATION AS REQUIRED UNDER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

1. Review of performance

1.1 Third Quarter ended 31 December 2012 compared with Third Quarter ended 31 December 2011

Group revenue fell 15.0% from RM121.0 million to RM102.9 million mainly attributed to the high automotive sales in the previous quarter which included RM17.6 million sales of articulated buses.

Consequently, Group profit before tax decreased by 36.1% from RM15.8 million to RM10.1 million mainly from the automotive sector explained above and lower CPO prices in the plantation sector despite improved FFB yields during the current quarter.

1.2 9 months ended 31 December 2012 compared with 9 months ended 31 December 2011

The Group recorded a drop in both the revenue and pre tax profit for the 9 months period. Revenue decreased by 3.8% from RM352.5 million to RM339.2 million while pre tax profit was 23.9% lower from RM50.2 million to RM38.2 million.

The automotive and plantation sectors continue to drive earnings. Selling price pressure and capacity expansion for the automotive sector mainly contributed to the weaker performance for this period.

This was further dampened by the weakening Rupiah against both the Ringgit and US Dollar which resulted in substantial unrealised forex losses amounting to RM4.754 million during the period. The strong performance of the associate companies managed to cushion the shortfall.

1.3 Third Quarter ended 31 December 2012 against preceding quarter ended 30 September 2012

Group revenue fell 17.9% from RM125.3 million to RM102.9 million. The higher automotive revenue in the preceding quarter included the sales of 8 units of bus chassis. Revenue in the plantation sector was lower due to depressed CPO prices in the current quarter. The vehicle distribution sector sales were also affected due to the slowdown in automotive sales especially approaching the year's end.

The impact of the lower revenue decreased the Group's profit before tax for the current quarter by 37.7% to RM10.1 million from RM16.2 million. In spite of the higher FFB yields, profits in the plantation sector were lower due to the further slide in CPO prices this quarter.

The unrealised loss on exchange was minimal this quarter due to the stabilising of the Rupiah & US Dollar against the Ringgit compared to the preceding quarter.

2. **Prospects**

The Malaysian Automotive Association in its press release in January 2013 reported that new vehicle sales in January 2013 are expected to maintain at December 2012 level which saw an upward momentum year-on-year. However, sale of new vehicles is expected to slow down in the months that follow in view of the long festive holidays in February. The implementation of minimum wages in January 2013 will also weigh down on the Group's automotive component segment's profitability. In spite of the above constraints, the Group anticipates that its automotive segment will remain positive in terms of revenue and earnings for the remaining quarter of the year.

The prevailing macroeconomic situation of global economic uncertainty continues to have a dampening impact on the commodity markets, particularly palm oil with the volatile pricing and stocks build-up. These market constraints also have a direct impact on the Group's plantation segment. On a positive note, however, the FFB yield in the Pulau Belitang plantations will continue to increase with the newly matured areas. Simultaneously, CPO production from the mill will gradually increase thus enhancing profitability of the plantation segment. As such, the Board is optimistic that this segment will continue to register satisfactory earnings for the Group.

3. **Profit Forecast**

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

4. **Taxation**

	3 months ended		Year To Date	
	31/12/12	31/12/11	31/12/12	31/12/11
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	118	1,543	5,159	5,825
- Overseas	983	585	2,619	3,093
	1,101	2,128	7,778	8,918
Deferred Tax	(80)	(88)	(568)	(264)
	1,021	2,040	7,210	8,654

The effective tax rate for the current quarter is lower than the statutory tax rate due to the utilisation of reinvestment and capital allowances.

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

5. **Status of corporate proposals**

- 5.1 As announced on 27 June 2012, the Company's wholly-owned subsidiary, Delloyd Industries (M) Sdn Bhd entered into an agreement for the disposal of 51% of the total issued and paid-up shares in PT Delloyd to Murakami Corporation, Japan for a cash consideration of USD1,885,525.70. As of 16 November 2012, the total purchase consideration amounting to RM5,783,472 has been received. Subsequently, it was announced on 8 February 2013 that the disposal has been approved by Badan Koordinasi Penanaman Modal, Indonesia (BKPM) on 30 January 2013 and the Minister of Law and Human Right, Indonesia on 7 February 2013. With the approvals, the disposal is deemed completed.
- 5.2 As announced on 29 November 2012, the Company's wholly-owned subsidiary, Delloyd Electronics (M) Sdn Bhd entered into an agreement to acquire the business and assets of Delloyd Technology Resources (M) Sdn Bhd, a related party, for a total cash consideration of RM3.6 million. The acquisition is deemed completed on 18 February 2013 as the total purchase consideration has been made and all pertinent documents for completion have been delivered on that date.

6. **Group borrowings and debt securities**

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

	<u>31/12/2012</u> <i>RM'000</i>
Current	
Secured	23,181
Non Current	
Secured	33,581
	<hr/>
	56,762
	<hr/>
Borrowings denominated in foreign currency:	
	RM'000
	Equivalent
US Dollars	34,180
	<hr/>

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

	Current Financial Period 31/12/2012 RM'000	Last Financial Year 31/03/2012 RM'000
Total retained profits/(accumulated losses) of Delloyd Ventures Berhad and its subsidiaries:		
- realised	19,145	272,830
- unrealised	(2,627)	890
	16,518	273,720
Total share of retained profits / (accumulated losses) from associated companies:		
- realised	2,963	19,123
- unrealised	88	(128)
	3,051	18,995
Less: Consolidation adjustments	-	-
Total group retained profits / (accumulated losses) as per consolidated accounts	19,569	292,715

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	<u>6,490</u>

9. **Material litigation**

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

10. **Dividend**

The Board approved the declaration of a 5% interim dividend (single-tier dividend) in respect of the financial year ending 31 March 2013 payable on 28 March 2013.

11. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 December 2012 of **RM 7.780 million** divided by the weighted average number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 96,900,792 shares.

The diluted earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 31 December 2012 of **RM 7.780 million** divided by the weighted average number of ordinary shares in issue and issuable, net of treasury shares of 96,900,792 shares.

By Order of The Board

Ng Say Or
Company Secretary
28 February 2013