

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013**

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 2013**. 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 2013**.

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 2013 except for adoption of the amendment to Financial Reporting Standards (“FRSs”) and Interpretations that are applicable to the Group for the financial period beginning 1 April 2013.

The adoption of these amendments to FRSs and Interpretations does not have any significant impact on the financial statements of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued the MFRS Framework which comprises Standards and new/revised Standards as issued by the International Accounting Standards Board.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012.

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. However, the adoption of the MFRS Framework will be mandatory for financial statements or accounting period beginning on or after 1 January 2015. The Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 March 2016.

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

The auditors' report of the previous financial year ended **31 March 2013** was not subject to any qualification.

4. **Seasonal or cyclical factors**

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter ended 30 September 2013 except for the provision for unrealised foreign exchange loss of RM12.4 million resulting from the depreciation of the Indonesia Rupiah against USD and RM.

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 20,900 ordinary shares of its issued share capital for a total consideration of RM65,832. These repurchased shares are to be held as treasury shares. The total number of treasury shares held as at 30 September 2013 is 3,229,100.

8. **Dividends paid**

There was no dividend payment during the current financial quarter.

9. **Segmental Information**

(i) Business Segments

	3 months ended		6 months ended	
	Current Quarter Ended		Cumulative Quarter	
	30/09/13	30/09/12	30/09/13	30/09/12
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Automotive Components	65,759	85,811	126,847	160,046
Plantation	24,367	24,028	51,112	43,170
Vehicle Distribution	13,661	15,175	25,522	32,539
Others	346	277	580	583
Group Revenue	104,133	125,291	204,061	236,338
<u>Segment Results</u>				
Automotive Components	5,356	7,931	11,475	12,782
Plantation	4,396	8,616	7,027	15,958
Vehicle Distribution	(17)	107	(20)	233
Others	(309)	(420)	(674)	(832)
	9,426	16,234	17,808	28,141
Unrealised gain/(loss) on foreign exchange	(12,391)	(4,153)	(12,801)	(4,629)
Effects of FRS 139	(96)	(173)	(84)	(196)
	(3,061)	11,908	4,923	23,316
Share of profits less losses in associated companies (net of tax)	(2,403)	1,165	366	2,833
	(5,464)	13,073	5,289	26,149

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

(ii) Geographical Segments

	3 months ended		6 months ended	
	Current Quarter Ended		Cumulative Quarter	
	30/09/13	30/09/12	30/09/13	30/09/12
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Malaysia	82,449	77,409	157,852	154,843
Indonesia	20,965	46,475	44,907	78,864
Thailand	719	1,407	1,302	2,631
Group Revenue	104,133	125,291	204,061	236,338
<u>Segment Results</u>				
Malaysia	7,169	7,401	13,601	15,386
Indonesia	(10,500)	4,445	(9,480)	7,678
Thailand	270	62	802	252
	(3,061)	11,908	4,923	23,316
Share of profit less losses in associated companies (net of tax)	(2,403)	1,165	366	2,833
	(5,464)	13,073	5,289	26,149

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

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

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

There were no material events subsequent to the end of the financial period ended 30 September 2013.

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

There were no significant changes in the composition of the Group during the financial period ended 30 September 2013.

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

Contingent liabilities of the Group as at 19 November 2013 amounted to **RM 68.2 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 Second Quarter ended 30 September 2013 compared with Second Quarter ended 30 September 2012

The Group recorded lower revenue of RM 104.1 million against RM 125.3 million during the previous corresponding period. The reduction was due mainly to the exclusion of the automotive revenue subsequent to the disposal of a controlling stake in an Indonesian subsidiary.

During the current quarter, the Group achieved an operating profit of RM 9.4 million against RM 16.2 million in the previous corresponding period. The weakening of the Indonesian Rupiah against major currencies has negatively impacted the results of its overseas subsidiary and associates companies. This has resulted in the Group incurring a loss before tax of RM 5.5 million against the profit of RM 13.1 million.

1.2 First half year ended 30 September 2013

Group revenue for the first half of the year was 13.6% lower from RM 236.3 million in the previous corresponding period to RM 204.1 million.

The Group recorded a profit before tax of RM 28.1 million against RM 17.8 million during the first half year. The substantial reduction in the profit before tax from RM 26.1 million profit to RM 5.3 million was primarily due to unfavourable exchange rates and lower CPO prices.

1.3 Second Quarter ended 30 September 2013 against preceding quarter ended 30 June 2013

Group revenue rose marginally from RM 99.9 million to RM 104.1 million. The automotive sector recorded higher sales during the current period. However, the automotive segment's result was lower from RM 6.1 million to RM 5.4 million due to the slowdown during the festival period. The higher FFB output and better CPO prices helped improved the results of the plantation sector despite lower revenue compared to the preceding quarter.

The Rupiah depreciated substantially against the US Dollar and Malaysian Ringgit resulting in a higher unrealised exchange loss arising from US Dollar denominated loan and inter-company Ringgit advances.

2. **Prospects**

The market condition for the domestic automotive industry for the second half of the year is projected to remain positive. With the recent introduction of new models by car companies, the prevailing low interest rate environment and the anticipated year end aggressive sales campaigns, sale of new vehicles may exceed and outperform the TIV of 640,000 units forecasted for the year. With the possible increase in production to meet demand, the Group's automotive components sector will benefit from this increase in car sales.

CPO price has risen in recent months on concerns of lower output and inventory level as well as the anticipated increase in demand resulting from the devastation of large areas of coconut tree plantations brought about by Typhoon Haiyan in the Philippines. Although palm oil and palm kernel prices are still volatile but with the recent upturn in CPO prices, the outlook remains bullish.

The Group's plantation sector has for the last 6 months performed well with satisfactory returns for the Group. With the overall FFB yield for both the plantations in the Sungei Rambai and Belitung estates projected to increase as well as the upcycle of CPO price, the Board anticipates that the Group's plantation sector will remain positive for the remaining quarters of the year.

Any further volatility on the Group's currency exposure is not expected to have a significant adverse impact on the Group's results for the rest of the financial year.

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	
	30/09/13	30/09/12	30/09/13	30/09/12
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	1,679	2,716	3,843	5,041
- Overseas	-	654	196	1,636
	1,679	3,370	4,039	6,677
Deferred Tax	(76)	(82)	(155)	(488)
	1,603	3,288	3,884	6,189

The effective tax rate for the current quarter is lower than the statutory tax rate due to certain non taxable foreign income and deductibility of unrealised foreign exchange losses in Indonesia.

5. **Status of corporate proposals**

The Group has on 28 August 2013 entered into a sale and purchase agreement between Delloyd Industries (M) Sdn Bhd (DISB) (seller) and Delloyd (Malaysia) Sdn Bhd (DMSB) (buyer) resulting from an internal restructuring involving eight (8) parcels of freehold land with buildings erected thereon.

Both DISB and DMSB are wholly-owned subsidiaries of the Company. The proposed restructuring has yet to be completed as at the date of this announcement.

6. **Group borrowings and debt securities**

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

	<u>30/09/2013</u>
	<i>RM'000</i>
Current	
Secured	24,228
Non Current	
Secured	14,433
	<hr/>
	38,661
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Borrowings denominated in foreign currency:	
	RM'000
	Equivalent
US Dollars	23,634
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7. **Breakdown of the Realised and Unrealised Profits/(Losses) Disclosure**

	As At The End Of Financial Period Ended 30/09/2013 RM'000	As At The End Of Financial Year Ended 31/03/2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	307,661	295,726
- unrealised	(12,550)	(4,884)
	295,111	290,842
Total share of retained profits from associated companies:		
- realised	26,807	23,171
- unrealised	(3,264)	6
	23,543	23,177
Total group retained profits as per statement of financial position	318,654	314,019

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	12,550
- Foreign currency	1,930
	14,480

9. **Material litigation**

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

10. **Dividend**

No dividend has been declared for the current quarter ended 30 September 2013.

11. **Earnings per share**

The loss per share is derived based on the net loss attributable to ordinary shareholders for the quarter ended 30 September 2013 of **RM 2.722 million** divided by the number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 96,782,283 shares.

The diluted earnings per share is not computed as the Company does not have any dilutive potential ordinary shares in issue as at the end of the financial period under review.

By Order of The Board

Ng Say Or
Company Secretary
25 November 2013