DELLOYD VENTURES BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 31 December 2013.

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 177,200 ordinary shares of its issued share capital for a total consideration of RM566,875. These repurchased shares are to be held as treasury shares. The total number of treasury shares held as at 31 December 2013 is 3,406,300.

8. **Dividends paid**

On 18 October 2013, the Company paid a final dividend of 5% (Single-tier) for the financial year ended 31 March 2013 amounting to RM4,838,757.

9. **Segmental Information**

(i) Business Segments

	3 months ended		9 months ended	
	Current Quarter Ended		Cumulative Quarter	
	31/12/13	31/12/12	31/12/13	31/12/12
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Automotive Components	62,108	73,181	188,955	233,227
Plantation	28,105	16,861	79,217	60,031
Vehicle Distribution	12,767	12,474	38,289	45,013
Others	255	366	835	949
Group Revenue	103,235	102,882	307,296	339,220
Segment Results				
Automotive Components	5,827	5,373	17,302	18,155
Plantation	7,832	5,118	14,859	21,076
Vehicle Distribution	(113)	(67)	(133)	166
Others	(20)	(321)	(694)	(1,153)
	13,526	10,103	31,334	38,244
Unrealised gain/(loss) on foreign exchange	(3,632)	(125)	(16,433)	(4,754)
Effects of FRS 139	(312)	(412)	(396)	(608)
	9,582	9,566	14,505	32,882
Share of profits less losses in associated companies (net of tax)	292	218	658	3,051
	9,874	9,784	15,163	35,933

9. **<u>Segmental Information (Cont'd)</u>**

(ii) Geographical Segments

	3 months ended		9 months ended	
	Current Quarter Ended		Cumulative Quarter	
	31/12/13	31/12/12	31/12/13	31/12/12
Segment Revenue	RM'000	RM'000	RM'000	RM'000
Malaysia	78,227	68,089	236,079	222,932
Indonesia	24,263	33,409	69,170	112,273
Thailand	745	1,384	2,047	4,015
Group Revenue	103,235	102,882	307,296	339,220
Segment Results				
Malaysia	7,974	3,006	21,575	18,391
Indonesia	2,504	5,280	(6,976)	12,959
Thailand	(896)	1,280	(94)	1,532
	9,582	9,566	14,505	32,882
Share of profit less losses in associated companies (net of tax)	292	218	658	3,051
	9,874	9,784	15,163	35,933

10. **<u>Valuation of property, plant and equipment</u>**

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

11. **<u>Material events subsequent to the Statement of Financial Position date</u>**

There were no material events subsequent to the end of the financial period ended 31 December 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 31 December 2013.

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

Contingent liabilities of the Group as at 21 February 2014 amounted to **RM 69.6 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 2013 compared with Third Quarter ended 31 December 2012

Group revenue and profit before tax recorded a marginal increase from RM102.9 million to RM103.2 million and from RM9.8 million to RM9.9 million respectively.

The unrealised loss in exchange of RM3.6 million due to the further weakening of the Indonesian Rupiah in the current quarter negatively impacted higher profit from the plantation sector resulting from higher FFB output and CPO prices.

1.2 9 months ended 31 December 2013

Group revenue for 9 months was lower by 9.4% from RM339.2 million to RM307.3 million. The downward trend in revenue was mainly in the automotive sector which was due to the exclusion of an Indonesian subsidiary after the third quarter of the last financial year.

Group profit before tax was lower by RM20.7 million from RM35.9 to RM15.2 million mainly attributable to the plantation sector in Indonesia.

The depreciation of the Rupiah against both the US Dollar and Ringgit Malaysia especially towards the second quarter of the current financial year resulted in substantial unrealised loss in exchange amounting to RM16.4 million compared to RM4.8 million in the previous corresponding period.

1.3 Third Quarter ended 31 December 2013 against preceding quarter ended 30 September 2013

Group revenue was slightly lower at RM103.2 million against RM104.1 million mainly due to lower sales of automotive components.

During the current quarter, the Group recorded a profit before tax of RM9.8 million against a loss of RM5.5 million previously. Both the automotive and plantation sectors performed well, supported by improved FFB output and CPO prices.

The results of the preceding quarter were adversely affected by the unrealised foreign exchange loss of RM12.4 million and the share of loss in associated companies amounting to RM2.4 million.

2. **Prospects**

The global economy continues to expand at a moderate pace. For the Malaysian economy, the growth momentum in 2014 is expected to continue amid better performance in the external sector. Domestic demand, however, is expected to moderate reflecting the ongoing public sector consolidation including subsidy rationalization measures.

Notwithstanding the above, analysts believe vehicle sales during the festive seasons of Christmas and New Year and the rush for deliveries in conjunction with the Chinese New Year will be boosted by aggressive vehicle sales promotion during this period. This anticipated increase in TIV will to a certain extent benefit the Group's automotive components business, depending on the overall sale of national and non-national makes.

The current dry weather in Malaysia and Indonesia where most of the world's oil palm is grown could hinder production and tighten supplies of the edible oil. However, recent surge in exports have lifted hopes of a recovery in demand from top consuming countries. These factors are expected to support CPO prices to RM2,900 per metric tonne by end March 2014, noted an analyst.

However, exposure to the depreciating Rupiah has considerable negative effects on the Group's Indonesian plantation company's performance. With CPO price stabilizing at around RM2,700 – RM2,800 per metric tonne, and with more trees coming into maturity thus increasing the yield of the plantations in Pulau Belitung, the Board is confident that profitability from the Group's plantation sector can be maintained for the 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	
	31/12/13	31/12/12	31/12/13	31/12/12
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	175	118	4,018	5,159
- Overseas	270	983	466	2,619
	445	1,101	4,484	7,778
Deferred Tax	(68)	(80)	(223)	(568)
	377	1,021	4,261	7,210

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

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. All the eight properties have been presented for transfer of titles to DMSB.

Both DISB and DMSB are wholly-owned subsidiaries of the Company. The proposed restructuring is deemed completed as at the date of this announcement.

The Company, through its wholly-owned subsidiary, Delloyd Industries (M) Sdn Bhd (DISB) had on 6 December 2013 entered into an agreement with TIMS Technology (Thailand) Co. (TIMS) to participate in a joint venture (Delloyd-TIMS) to manufacture and supply automotive components to its OEM customers in Thailand.

The joint venture company named Delloyd-TIMS (Thailand) Co. Ltd has a registered and paid-up capital of THB100 million divided into 1,000,000 shares at THB100 each. DISB and TIMS will each subscribe to 90% and 10% of the shares in Delloyd-TIMS for cash consideration of THB90 million and THB10 million respectively. As at the date of this announcement, DISB has paid 75% of its share of 90% in Delloyd-TIMS.

6. **Group borrowings and debt securities**

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

	31/12/2013 *RM'000*
Current	
Secured	24,017
Non Current	
Secured	9,339
	33,356

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	20,376

7. **Breakdown of the Realised and Unrealised Profits/(Losses) Disclosure**

	As At The End Of Financial Period Ended 31/12/2013 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	313,696	295,726
- unrealised	(15,100)	(4,884)
	298,596	290,842
Total share of retained profits from associated companies:		
- realised	28,173	23,171
- unrealised	(4,338)	6
	23,835	23,177
Total group retained profits as per statement of financial position	322,431	314,019

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	11,874
- Foreign currency	959
	12,833

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 3% interim dividend (single-tier dividend) in respect of the financial year ending 31 March 2014 payable on 28 March 2014.

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 2013 of **RM 8.617 million** divided by the number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 96,718,433 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
27 February 2014