DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2014

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 2014**. 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 2014**.

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 2014 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 2014.

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. **<u>Auditors' report on the preceding annual financial statements</u>**

The auditors' report of the previous financial year ended **31 March 2014** was not subject to any qualification.

4. **<u>Seasonal or cyclical factors</u>**

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. **<u>Unusual items due to their nature, size or incidence</u>**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter ended 30 June 2014.

6. **<u>Changes in estimates</u>**

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

7. **<u>Debt and equity securities</u>**

During the current financial quarter, the Company repurchased 1,000 ordinary shares of its issued share capital for a total consideration of RM4,626. These repurchased shares are to be held as treasury shares. The total number of treasury shares held as at 30 June 2014 is 3,410,700.

8. **<u>Dividends paid</u>**

There was no dividend payment during the current financial quarter.

9. **Segmental Information**

(i) Business Segments

	3 months ended	
	Current Quarter Ended	
	30/06/14	30/06/13
	RM'000	RM'000
Segment Revenue		
Automotive Components	67,699	61,088
Plantation	36,593	26,745
Vehicle Distribution	15,959	11,861
Others	203	234
Group Revenue	120,454	99,928
Segment Results		
Automotive Components	4,214	6,119
Plantation	14,403	2,631
Vehicle Distribution	72	(3)
Others	(145)	(365)
	18,544	8,382
Unrealised loss on foreign exchange	(5,071)	(410)
Effects of FRS 139	(83)	12
	13,390	7,984
Share of profits less losses in associated companies (net of tax)	512	2,769
	13,902	10,753

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

(ii) Geographical Segments

	3 months ended	
	Current Quarter Ended	
	30/06/14	30/06/13
	RM'000	RM'000
Segment Revenue		
Malaysia	80,791	75,403
Indonesia	33,038	23,942
Thailand	6,625	583
Group Revenue	120,454	99,928
Segment Results		
Malaysia	6,643	6,432
Indonesia	7,162	1,020
Thailand	(415)	532
	13,390	7,984
Share of profit less losses in associated companies (net of tax)	512	2,769
	13,902	10,753

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**

In relation to the announcement made on 16 May 2014 pertaining to the Proposed Selective Capital Reduction and Repayment Exercise (SCR) under Section 64 of the Companies Act 1965:

i) On 25 July 2014, it was announced that the Securities Commission had vide its letter dated 24 July 2014 (which was received on 25 July 2014), approved the application for the exemption under Paragraph 1.1 of Practice Note 44 of the Code in respect of the Proposed SCR and the said approval is subject to the Company complying with the requirements under Paragraph 1.2 of Practice Note 44 of the Code.

ii) On 11 August 2014, the Company received a letter from CTVSB dated 11 August 2014 to revise the Proposed Cash Amount from RM4.80 per share to RM5.20 per share ("Proposed Revised Cash Amount"). Consequently, all references to the Proposed Cash Amount in the Request Letter shall be deemed to be a reference to the Proposed Revised Cash Amount.

The Proposed Revised Cash Amount is subject to adjustments if the Company declares, makes and/or pays any Distribution between the date of the Request Letter and the Completion Date. The Proposed Revised Cash Amount shall be reduced by an amount equivalent to the net Distribution made per share.

Save for the Proposed Revised Cash Amount, all other provisions of the Request Letter remain operative in accordance with its terms.

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 June 2014.

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

Contingent liabilities of the Group as at 22 August 2014 amounted to **RM67.8 million** which are in respect of corporate guarantees given to licensed banks for banking facilities granted to subsidiaries.

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

1. Review of performance

1.1 First Quarter ended 30 June 2014 compared with First Quarter ended 30 June 2013

For the three months ended 30 June 2014, Group revenue increased by 20.6% to RM120.5 million from RM99.9 million reported in the corresponding quarter ended 30 June 2013.

The increase in Group revenue for the quarter under review was mainly attributed to the higher sales reported in the plantation segment, which saw a 37.1% increase in revenue from RM26.7 million to RM36.6 million. The increase in revenue for its Plantation segment was due to higher FFB yield (1Q13 : 34,264MT ; 1Q14 : 51,641MT) and favorable average CPO prices in the quarter under review (1Q13 : RM2,233/MT ; 1Q14 : RM2,465/MT) as compared to a year ago.

Group profit before tax was reported at RM13.9 million, a 28.7% increase from RM10.8 million as reported in Quarter 1 ended 30 June 2013.

The increase in the Group profit before tax for the quarter under review was due to higher revenue contributed by the Plantation segment. The increase in FFB yield has resulted in the improvement of the operations cost/ton, which, in return, increased its profit.

The weakening of the Indonesian Rupiah against the Malaysian Ringgit and US Dollar has resulted in an unrealized loss on foreign exchange amounting to RM5.1 million reported for the quarter under review.

1.2 First Quarter ended 30 June 2014 against preceding quarter ended 31 March 2014

Group revenue increased by 10.2% from RM103.9 million reported in the immediate preceding quarter to RM120.5 million for the quarter under review as a result of higher revenue contributed by the Plantation segment.

Despite the 58.2% increase in profit before tax for its plantation segment (1Q13 : RM9.1 million ; 1Q14 : RM14.4 million), the Group profit before tax declined 32.5% from RM20.6 million posted in the preceding quarter to RM13.9 million for the quarter under review. This was due to the weakening of the Indonesian Rupiah which resulted in an unrealized loss of RM5.1 million reported in the quarter under review as opposed to foreign exchange gain of RM5.1 million reported in the preceding quarter.

2. **Prospects**

In the light of the country's good performance for first half of 2014, the Malaysian Automotive Association has revised upwards its TIV forecast from its original forecast of 670,000 units to 680,000 units for 2014. However, this positive forecast could be dampened by consumers constrained by rising cost of living, subsidy rationalization, interest rate increase and the impending GST implementation.

Meanwhile, intense competition from foreign automotive companies is expected to have an impact on Malaysian vehicle sales, which in turn affects automotive components sales. The decrease in the Group's automotive segment's operating profit and operating profit margin is mainly attributable to this intensified competition as well as increasing overhead costs. Under the prevailing environment, the Board holds a cautious outlook for the Group's automotive segment for the remaining quarters of the year.

Recent developments in Indonesia highlighted the possibility of a 30% cap on foreign ownership of plantation land in Indonesia, with the aim of opening up the plantation sector to smaller local players. If the bill is passed, it will be negative to most foreign-owned planters in Indonesia due to reduced long term earnings from their plantations there, and this could weaken the Rupiah further. As it is, the Group's exposure to the depreciating Rupiah has had considerable effect on the Group's plantation segment's profits.

There are plans to incur capital expenditure for the Group's plantations at Pulau Belitung in order to increase its CPO and FFB production and hence it may affect the Group's cash flow in the immediate to medium term. The Group anticipates that the FFB production from the plantations in Pulau Belitung will increase moderately with the gradual increase in yield from the matured areas. However, with CPO price softening substantially in recent weeks to around RM2,000 per MT level, the Board is cautiously optimistic of the prospect of the Group's plantation segment 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	
	30/06/14	30/06/13
	RM'000	RM'000
Income Tax		
- Local	1,649	2,164
- Overseas	1,882	196
	3,531	2,360
Deferred Tax	181	(79)
	3,712	2,281

The effective tax rate for the current quarter 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**

Save as disclosed in note A11, the corporate proposal announced but not completed as at 22 August 2014 is as follows:

On 16 May 2014, the Company announced that it received a Letter on even date from its major shareholder, Chung & Tee Ventures Sdn Bhd (CTVSB) proposing that the Company undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Proposed SCR").

Chung & Tee Ventures Sdn Bhd together with the persons acting in concert, ("the Non-Entitled Shareholders"), collectively hold approximately 63.58% of the voting share capital of the Company.

Under the Proposed SCR, the Entitled Shareholders whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined at a later date will each receive a capital repayment of RM4.80 per ordinary share of RM1.00 each.

Completion of the Proposed SCR shall be subject to the fulfilment of all requisite Conditions Precedent as contained in the said Letter.

The Proposed SCR will become effective upon the filing of an original copy of the Order with the Companies Commission of Malaysia ("Lodgement"). It is contemplated that payment of the Proposed Cash Amount to the Entitled Shareholders will be made as soon as practicable following Lodgement.

6. **Group borrowings and debt securities**

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

	30/06/2014
	RM'000
Current	
Secured	18,869
Non Current	
Secured	4,837
	23,706

Borrowings denominated in foreign currency:

	RM'000 Equivalent
US Dollars	12,013
Thai Baht	2,810
	14,823

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

	As At The End Of Financial Period Ended 30/06/2014 RM'000	As At The End Of Financial Year Ended 31/03/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	330,212	319,773
- unrealised	(15,043)	(11,819)
	315,169	307,954
Total share of retained profits from associated companies:		
- realised	28,370	28,165
- unrealised	(3,134)	(3,441)
	25,236	24,724
Total group retained profits as per statement of financial position	340,405	332,678

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	12,547
- Foreign currency	316
	12,863

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 of Directors has recommended for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 5% (single-tier dividend).

The entitlement date for the dividend is 3 October 2014 and the dividend will be paid on 17 October 2014.

11. **Earnings per share**

The earnings per share is derived based on the net profit attributable to ordinary shareholders for the quarter ended 30 June 2014 of **RM7.727 million** divided by the number of ordinary shares in issue, net of treasury shares, at the balance sheet date of 96,593,717 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
28 August 2014