

DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

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

On 2 September 2014, MASB issued an update that Transitioning Entities (TEs) shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

The Group falls within the definition of TEs and has opted to prepare its first MFRSs financial statements for the financial year ending 31 March 2018.

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

The auditors' report of the previous financial year ended **31 March 2014** 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 2014.

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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

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	
	30/09/14	30/09/13	30/09/14	30/09/13
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Automotive Components	63,115	65,759	130,814	126,847
Plantation	28,413	24,367	65,006	51,112
Vehicle Distribution	16,563	13,661	32,522	25,522
Others	632	346	835	580
Group Revenue	108,723	104,133	229,177	204,061
<u>Segment Results</u>				
Automotive Components	1,384	5,356	5,598	11,475
Plantation	8,543	4,396	22,946	7,027
Vehicle Distribution	22	(17)	94	(20)
Others	(780)	(309)	(925)	(674)
	9,169	9,426	27,713	17,808
Unrealised gain/(loss) on foreign exchange	(94)	(12,391)	(5,165)	(12,801)
Effects of FRS 139	(27)	(96)	(110)	(84)
	9,048	(3,061)	22,438	4,923
Share of profits less losses in associated companies (net of tax)	1,069	(2,403)	1,581	366
	10,117	(5,464)	24,019	5,289

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

(ii) Geographical Segments

	3 months ended		6 months ended	
	Current Quarter Ended		Cumulative Quarter	
	30/09/14	30/09/13	30/09/14	30/09/13
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Malaysia	76,609	82,449	157,400	157,852
Indonesia	25,004	20,965	58,042	44,907
Thailand	7,110	719	13,735	1,302
Group Revenue	108,723	104,133	229,177	204,061
<u>Segment Results</u>				
Malaysia	3,141	7,169	9,784	13,601
Indonesia	6,489	(10,500)	13,651	(9,480)
Thailand	(582)	270	(997)	802
	9,048	(3,061)	22,438	4,923
Share of profits less losses in associated companies (net of tax)	1,069	(2,403)	1,581	366
	10,117	(5,464)	24,019	5,289

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

The Group carried out a valuation on its material properties in the current financial quarter. Such valuation was undertaken in conjunction with the Group's proposed Selective Capital Reduction exercise. No revaluation adjustments arising from the valuation will be incorporated into the financial statements as the Group's accounting policies in respect of the property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, whilst the freehold land is stated at cost less impairment losses, if any, and is not depreciated in the financial statements.

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.

- iii) On 17 September 2014, it was announced that the revision to the details of the Proposed SCR as a result of the adjustment to the Proposed Revised Cash Amount from RM5.20 to RM5.15 per share following the final single-tier tax exempt dividend of five (5) sen per share in respect of financial year ended 31 March 2014 approved by the shareholders of Delloyd on 8 September 2014.
- iv) On 19 September 2014, it was announced that the relevant application in relation to the Proposed SCR has been submitted to the SC.

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 2014.

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

Contingent liabilities of the Group as at 18 November 2014 amounted to **RM70.2 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 2014 compared with Second Quarter ended 30 September 2013

The Group recorded revenue of RM108.7 million for the quarter under review, a marginal increase of 4.4% as compared to the second quarter ended 30 September 2013 of RM104.1 million driven by improved sales for the Plantation and Vehicle Distribution segments. Both segments saw an increase of 17% and 21% in sales revenue respectively.

Consequently, the Group profit before tax recovered from a loss of RM5.5million reported in the second quarter ended 30 September 2013 to a profit of RM10.1 million for the quarter under review.

The stabilizing of the Indonesian Rupiah (Volatility of IDR – 2Q13 : 17%; 2Q14 : 2%) has minimized the unrealized loss on exchange from RM12.4 million reported in the second quarter ended 30 September 2013 to RM0.094 million reported in the current quarter.

During the quarter under review, the Group recorded a share of profit from associates of RM1.1 million against a loss of RM2.4 million reported in the previous corresponding quarter.

1.2 First half year ended 30 September 2014

For the half year ended 30 September 2014, Group revenue rose by 12.3% to RM229.2 million as compared to RM204.1 million previously.

Group profit before tax increased by RM18.7 million from RM5.3 million to RM24.0 million as at 30 September 2014.

This was due mainly to the better profit contribution from the Plantation segment and the stabilizing Indonesia Rupiah against the major currencies such as Malaysian Ringgit and US Dollar and the better performance of associated companies.

1.3 Second Quarter ended 30 September 2014 against preceding quarter ended 30 June 2014

Compared to the preceding quarter, Group revenue decreased by 9.8% from RM120.5 million in first quarter 2014 to RM108.7 million in the current quarter.

Group profit before tax of RM10.1 million in second quarter 2014 was 27.3% lower compared to RM13.9 million in first quarter 2014. This was due mainly to the lower demand for automotive parts and the lower CPO prices during the current quarter.

2. **Prospects**

The Malaysian economy is expected to remain on a steady growth path. Going forward, domestic demand will remain the key driver of growth. However, there remains a number of challenges including tighter financing conditions, higher interest rates, higher fuel prices, declining commodity prices and the impending implementation of the Goods and Services Tax which may dampen consumer spending.

The Board is of the view that the performance of the Group's automotive components sector for the remaining half year will likely be flattish. Recent launch of new models from non-national car makers have to some extent impacted the sale of national cars in spite of new model launches by the latter. New vehicle sales are expected to gain traction in the months ahead after a period of shorter working days due to the Raya festive season during the current quarter. However, this anticipated increase in vehicle sales will only have a corresponding positive effect on the Group should the increase come from the national car-makers.

Following the recent sharp fall in palm oil prices, CPO prices have since rebounded moderately in the range of RM2,200 per metric tonne. The gradual increase in FFB yield from the Belitung plantations will provide a much needed cushion against the weak CPO prices. As such, the Board is cautiously optimistic of the prospect of the Group's plantation sector for the remaining half of 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	
	30/09/14	30/09/13	30/09/14	30/09/13
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	716	1,679	2,365	3,843
- Overseas	1,533	-	3,415	196
	2,249	1,679	5,780	4,039
Deferred Tax	(68)	(76)	113	(155)
	2,181	1,603	5,893	3,884

5. **Status of corporate proposals**

Save as disclosed in note A11, the corporate proposal announced but not completed as at 18 November 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.

On 11 August 2014, the capital repayment of RM4.80 per share was revised to RM5.20 per share. On 9 September 2014, it was announced that the proposed cash amount of RM5.20 shall be adjusted to RM5.15 in view of the proposed single-tier dividend of 5 sen per shares for the Financial Year Ended 31 March 2014 which was approved by the shareholders on 8 September 2014.

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:

	<u>30/09/2014</u> RM’000
Current	
Secured	13,970
Non Current	
Secured	3,127
	<hr/> 17,097 <hr/>

Borrowings denominated in foreign currencies:

	RM’000 Equivalent
US Dollars	7,641
Thai Baht	2,621
	<hr/> 10,262 <hr/>

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

	As At The End Of Financial Period Ended 30/09/2014	As At The End Of Financial Year Ended 31/03/2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	335,335	319,773
- unrealised	(15,374)	(11,819)
	319,961	307,954
Total share of retained profits from associated companies:		
- realised	31,172	28,165
- unrealised	(4,867)	(3,441)
	26,305	24,724
Total group retained profits as per statement of financial position	346,266	332,678

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	11,220

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 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 September 2014 of **RM5.86 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
24 November 2014