DELLOYD VENTURES BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 31 December 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		9 months ended	
	Current Quarter Ended		Cumulative Quarter	
	31/12/14	31/12/13	31/12/14	31/12/13
Segment Revenue	RM'000	RM'000	RM'000	RM'000
Automotive Components	61,972	62,108	192,786	188,955
Plantation	27,713	28,105	92,719	79,217
Vehicle Distribution	14,044	12,767	46,566	38,289
Others	284	255	1,119	835
Group Revenue	104,013	103,235	333,190	307,296
Segment Results				
Automotive Components	(2,400)	5,827	3,198	17,302
Plantation	6,590	7,832	29,536	14,859
Vehicle Distribution	50	(113)	144	(133)
Others	(552)	(20)	(1,477)	(694)
	3,688	13,526	31,401	31,334
Unrealised gain/(loss) on foreign exchange	3,584	(3,632)	(1,581)	(16,433)
Effects of FRS 139	(39)	(312)	(149)	(396)
	7,233	9,582	29,671	14,505
Share of profits less losses in associated companies (net of tax)	(492)	292	1,089	658
	6,741	9,874	30,760	15,163

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

(ii) Geographical Segments

	3 months ended		9 months ended	
	Current Quarter Ended		Cumulative Quarter	
	31/12/14	31/12/13	31/12/14	31/12/13
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Malaysia	69,863	78,227	227,263	236,079
Indonesia	24,989	24,263	83,032	69,170
Thailand	9,161	745	22,895	2,047
Group Revenue	104,013	103,235	333,190	307,296
Segment Results				
Malaysia	(1,780)	7,974	8,004	21,575
Indonesia	8,442	2,504	22,093	(6,976)
Thailand	571	(896)	(426)	(94)
	7,233	9,582	29,671	14,505
Share of profits less losses in associated companies (net of tax)	(492)	292	1,089	658
	6,741	9,874	30,760	15,163

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 (SC) 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.

v) On 5 December 2014, it was announced that the SC had vide its letter dated 5 December 2014, granted its consent to the contents of the Circular and the ES in relation to the Proposed SCR under Practice Note 44 of the Code.

vi) It was announced on 19 December 2014 that the Company had on the same date received a notification in writing from CTVSB to waive the condition precedent in relation to the consent of Bursa Securities for the issuance of the circular to shareholders of the Company.

vii) On 15 January 2015, the results of the polling at the EGM held on 15 January 2015 were announced. The total value of the votes cast against the special resolution for the proposed SCR is 5.7% of the votes attending, to all disinterested voting shares.

viii) On 16 January 2015, it was announced that the Company had on the same date filed the petition to the High Court to obtain an order of the High Court to confirm the Proposed SCR pursuant to Section 64 of the Companies Act, 1965.

12. **<u>Changes in the composition of the Group</u>**

There were no significant changes in the composition of the Group during the financial period ended 31 December 2014.

13. **<u>Changes in contingent liabilities or contingent assets</u>**

Contingent liabilities of the Group as at 20 February 2015 amounted to **RM151.6 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 2014 compared with Third Quarter ended 31 December 2013

The Group registered a marginal increase in revenue from RM103.2 million to RM104.0 million mainly due to the increase in sales in the vehicle distribution segment.

Group profit before tax decreased 32.3% from RM9.9 million to RM6.7 million. This was attributable to the pre-tax loss of RM2.4 million sustained by the automotive segment in this quarter as compared to a profit of RM5.8 million in the previous corresponding year. The loss resulted from the lower sales revenue in the local automotive market and increase in operating overheads.

The plantation segment also reported a lower profit in this quarter at RM6.6 million as compared to RM7.8 million profit reported in the corresponding year. This was due to lower tonnage and CPO prices in the local plantation (Sungei Rambai Estate).

The strengthening of the Indonesian Rupiah and Thai Baht against the Malaysian Ringgit resulted in an unrealised foreign exchange gain of RM3.6 million as compared to the unrealised loss of RM3.6 million in the corresponding year.

1.2 9 months ended 31 December 2014

Group revenue rose 8.4% to RM333.2 million from RM307.3 million.

This was due to higher revenue reported in plantation and vehicle distribution segments which saw an increase of 17.0% and 21.6% in sales revenue respectively.

Group profit before tax doubled to RM30.8 million compared to RM15.2 million in the previous year. This was mainly due to better profit contribution from the plantation segment and stabilising of the Indonesian Rupiah which reduced the unrealised loss from RM16.4 million to RM1.6 million this year.

The automotive segment, however, reported a lower profit of RM3.2 million as compared to RM17.3 million due to lower revenue and increase in operating costs.

1.3 Third Quarter ended 31 December 2014 against preceding quarter ended 30 September 2014

Group revenue decreased 4.3% from RM108.7 million to RM104.0 million.

Group profit before tax fell by 33.7% from RM10.1 million to RM6.7 million. The reduction in both revenue and profit before tax was attributable to the loss from the automotive segment and lower profit contribution from the plantation segment.

The share of loss of RM0.5 million in the associate companies for this quarter against a share of profit of RM1.1 million in the preceding quarter further deteriorated the overall Group results.

2. **Prospects**

The Malaysian Automotive Association in its press release in December 2014 reported that sales volume is expected to improve in February 2015 in conjunction with the promotional campaigns for Chinese New Year celebration.

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 of vehicles. The Group will continue with its efforts on cost management and cost optimization to enhance operational yield to deliver a satisfactory performance for this segment in the last quarter of the current financial year.

According to the Malaysian Palm Oil Board, CPO prices are expected to be volatile in 1H15. Analysts too agree with this assessment and would also wish to highlight that despite current CPO prices trending at RM2,300 per tonne or thereabout, CPO prices are likely to soften in 2H15 due to recovery in production as well as the effects of deteriorating crude oil prices and strengthening US dollar.

On a positive note, however, the FFB in the Belitung plantations is expected to increase as more palms gradually move into higher yielding age bracket. The Board therefore anticipates that the Group's plantation segment will sustain moderate growth.

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	
	31/12/14	31/12/13	31/12/14	31/12/13
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Local	625	175	2,990	4,018
- Overseas	1,895	270	5,310	466
	2,520	445	8,300	4,484
Deferred Tax	(69)	(68)	44	(223)
	2,451	377	8,344	4,261

The effective tax rate for the current quarter and year to date is higher than the statutory tax rate due to some subsidiaries in a loss position and the taxability of unrealised foreign exchange gain in Indonesia.

5. **Status of corporate proposals**

Save as disclosed in note A11, the corporate proposal announced but not completed as at 18 February 2015 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.

The proposed SCR had been approved at the EGM held on 15 January 2015 and on 16 January 2015, the Company filed the petition to the High Court to obtain an order of the High Court to confirm the Proposed SCR.

6. **Group borrowings and debt securities**

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

	31/12/2014 *RM'000*
Current	
Secured	9,296
Non Current	
Secured	2,811
	12,107

Borrowings denominated in foreign currencies:

	RM'000 Equivalent
US Dollars	4,837
Thai Baht	2,484
	7,321

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

	As At The End Of Financial Period Ended 31/12/2014 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	330,414	319,773
- unrealised	(13,065)	(11,819)
	317,349	307,954
Total share of retained profits from associated companies:		
- realised	29,673	28,165
- unrealised	(3,861)	(3,441)
	25,812	24,724
Total group retained profits as per statement of financial position	343,161	332,678

8. **Capital Commitments**

Amount contracted but not provided for in the accounts:

	RM'000
- Property, plant and equipment	8,469
- Foreign currency	1,319
	9,788

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 31 December 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 2014 of **RM1.725 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
26 February 2015