

## 9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)*  
*Accountants' Report*

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## (j) Financial instruments (continued)

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

## (a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

## (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

## (ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## (j) Financial instruments (continued)

## (a) Financial assets (continued)

## (iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## (iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## (j) Financial instruments (continued)

## (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

## (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

## (ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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*ELK-Desa Resources Berhad (Company No. 180164-X)*  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## (j) Financial instruments (continued)

## (c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared whilst final dividend are recognised in equity in the period in which they are approved by shareholders at general meeting.

Following the adoption of FRS 139 during the financial year ended 31 March 2011, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 April 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Section 9.1.31 to this Report.

## (k) Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

## Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****(l) Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(m) Income taxes**

Taxes in the profit or loss comprise current tax and deferred tax.

**(i) Current tax**

Current tax is the amount of income taxes payable in respect of the taxable profit or loss for a period.

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

**(ii) Deferred tax**

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****(m) Income taxes (continued)****(ii) Deferred tax (continued)**

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different accounting period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**(n) Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

**(o) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.1 Significant accounting policies (continued)

## (o) Contingent liabilities and contingent assets (continued)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

## (p) Employee benefits

## (i) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

## (ii) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

## (q) Foreign currencies

## Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

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**7 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.1 Significant accounting policies (continued)****(r) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

**(i) Hire-purchase interest income**

Hire-purchase interest income is recognised upon commencement of the hire-purchase agreement using a constant periodic rate of return over the period of the agreement.

**(ii) Handling and processing fees**

Handling and processing fees are recognised upon rendering of the services and on an accrual basis.

**(ii) Insurance commission**

Insurance commission is recognised on an accrual basis.

**(iv) Overdue and service charges**

Overdue and service charges are recognised on an accrual basis.

**(v) Interest income**

Interest income is recognised on an accrual basis.

**(vi) Sale of goods**

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.



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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of new MFRSs and IC interpretations

## 7.2.1 New MFRSs adopted during the financial period

Effective 1 April 2012, the Group has adopted the following new MFRSs and IC Interpretations, where applicable:

Title	Effective Date
MFRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2012
MFRS 2 <i>Share-based Payment</i>	1 January 2012
MFRS 3 <i>Business Combination</i>	1 January 2012
MFRS 4 <i>Insurance Contracts</i>	1 January 2012
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2012
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2012
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2012
MFRS 8 <i>Operating Segments</i>	1 January 2012
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2012
MFRS 102 <i>Inventories</i>	1 January 2012
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2012
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2012
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2012
MFRS 111 <i>Construction Contracts</i>	1 January 2012
MFRS 112 <i>Income Taxes</i>	1 January 2012
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2012
MFRS 117 <i>Leases</i>	1 January 2012
MFRS 118 <i>Revenue</i>	1 January 2012
MFRS 119 <i>Employee Benefits</i>	1 January 2012
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2012
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2012
MFRS 123 <i>Borrowing Costs</i>	1 January 2012
MFRS 124 <i>Related Party Disclosures</i>	1 January 2012
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2012
MFRS 127 <i>Consolidated and Separate Financial Statements</i>	1 January 2012
MFRS 128 <i>Investments in Associates</i>	1 January 2012
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2012
MFRS 131 <i>Interests in Joint Ventures</i>	1 January 2012
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2012
MFRS 133 <i>Earnings Per Share</i>	1 January 2012
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2012
MFRS 136 <i>Impairment of Assets</i>	1 January 2012
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2012
MFRS 138 <i>Intangible Assets</i>	1 January 2012
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2012
MFRS 140 <i>Investment Property</i>	1 January 2012
MFRS 141 <i>Agriculture</i>	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012

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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of new MFRSs and IC interpretations (continued)

## 7.2.1 New MFRSs adopted during the financial period (continued)

Effective 1 April 2012, the Group has adopted the following new MFRSs and IC Interpretations, where applicable (continued):

Title	Effective Date
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2012
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2012
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2012
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2012
IC Interpretation 6 <i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2012
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies</i>	1 January 2012
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2012
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2012
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2012
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2012
IC Interpretation 14 <i>MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2012
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2012
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2012
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2012
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2012
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2012
IC Interpretation 110 <i>Government Assistance - No Specific Relation to Operating Activities</i>	1 January 2012
IC Interpretation 112 <i>Consolidation - Special Purpose Entities</i>	1 January 2012
IC Interpretation 113 <i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>	1 January 2012
IC Interpretation 115 <i>Operating Leases - Incentives</i>	1 January 2012
IC Interpretation 125 <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2012
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2012
IC Interpretation 129 <i>Service Concession Agreements: Disclosures</i>	1 January 2012
IC Interpretation 131 <i>Revenue - Barter Transactions Involving Advertising Services</i>	1 January 2012
IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	1 January 2012

The Group does not expect any material impact on its financial position and performance arising from the adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations other than those disclosed in Section 9.1.32 in this Report.

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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

## 7.2 Adoption of new MFRSs and IC interpretations (continued)

## 7.2.2 New MFRSs that have been issued, but not yet effective and not yet adopted

The MFRSs and IC Interpretations expected to be adopted are as follows:

Title	Effective Date
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
MFRS 3 <i>Business Combinations</i> (as issued by the International Accounting Standards Board ('IASB') in March 2004)	1 January 2013
MFRS 127 <i>Consolidated and Separate Financial Statements</i> (as issued by the IASB in December 2003)	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
MFRS 9 <i>Financial Instruments</i>	1 January 2015
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2015

The Group does not expect any significant impact on the financial statements upon adoption of these Standards, Amendments and IC Interpretations.

## 7.3 Significant accounting estimates and judgements

## 7.3.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no material changes in estimates at the end of the reporting period.

## 7.3.2 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in these financial statements.

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**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.3.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(a) Depreciation of property, plant and equipment**

The cost of plant and equipment is depreciated on straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Section 7.1 (d) to this Report. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

**(b) Impairment of receivables**

The policy for impairment of the receivables of the Group is based on the ongoing evaluation of the collectability and aging analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each receivable. If the financial conditions of the receivables have deteriorated, resulting in impairment of their ability to make payments, additional allowance may be required.

**(c) Income taxes**

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

**(d) Deferred tax assets**

Deferred tax assets are recognised for all impairment allowance on hire-purchase receivables to the extent that it is probable that taxable profit will be available against which the impairment allowance on hire-purchase receivables can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**(e) Write down of inventories**

The Group writes down its inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgment to evaluate the adequacy of the write down for inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

**(f) Fair values of borrowings**

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.



## 8. FINANCIAL INFORMATION AND LIMITATION

The financial information of ELK-Desa Resources Group as presented in Section 9.1 are consolidated based on the audited financial statements of its respective subsidiaries, with appropriate adjustments and reclassifications made for the purpose of this Report.

The scope of work conducted in the preparation of this Report does not constitute an audit in accordance with the approved standards of auditing in Malaysia.

All information are extracted from the audited financial statements except those in *italics*, which are prepared based on calculation, management accounts, representation and/or explanation provided by the managements of the Group.

## 9. AUDITED FINANCIAL STATEMENTS

### Key financial ratios

The key financial ratios used in the following sections are derived as follows:

- (a) Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the total net profit for the financial year/period before interest, tax, depreciation and amortisation for the respective financial years/period.
- (b) Number of ordinary shares is the number of shares in issue at the end of the respective financial years/period.
- (c) Gross earnings per share is computed by dividing profit before tax for the respective financial years/period over the number of ordinary shares in issue at the end of the respective years/period.
- (d) Net earnings per share is computed by dividing profit after tax and attributable to the owners of the Company for the respective financial years/period over the number of ordinary shares in issue at the end of the respective years/period.
- (e) Profit before tax ("PBT") margin is computed by dividing the profit before tax over revenue earned in the respective financial years/period.
- (f) EBITDA margin is computed by dividing EBITDA over revenue earned in the respective financial years/period.
- (g) Effective tax rate is computed by dividing tax expense over profit before tax in the respective financial years/period.
- (h) Net assets per ordinary share is computed by dividing net assets over number of ordinary shares in issue at the end of the respective years/period.
- (i) Trade receivables' turnover period is computed by dividing total net trade receivables over revenue earned and multiply by 365/153 days.
- (j) Trade payables' turnover period is computed by dividing total trade payables over cost of goods sold and multiply by 365/153 days.
- (k) Gearing ratio (times) is computed by dividing total borrowings over total shareholders' equity.
- (l) Inventories turnover period is computed by dividing average stock over repossessed expenses and multiply by 365/153 days.

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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group

## 9.1.1 Statements of comprehensive income

The statements of comprehensive income of ELK-Desa Resources Group, which are consolidated based on the audited financial statements of its respective subsidiaries for the past four (4) financial years and five (5) months up to FPE 31 August 2012, after appropriate adjustments and reclassifications, are set out below:

	Sect	Audited				Audited
		FYE 31 Mar				FPE 31 Aug
		2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
Revenue	9.1.5	29,227,229	30,894,480	35,406,270	38,604,166	17,126,174
Other income		289,556	247,676	328,288	427,231	133,908
Cost of inventories sold	9.1.6	(177,673)	(65,576)	(100,181)	(10,075)	(18,690)
Depreciation of property, plant and equipment		(143,644)	(150,328)	(164,063)	(198,864)	(93,104)
Impairment allowance		(8,984,470)	(4,711,827)	(5,012,959)	(6,389,027)	(1,684,856)
Other expenses		(5,355,995)	(6,183,628)	(6,963,552)	(7,773,430)	(3,631,605)
Profit before interest and tax		14,855,003	20,030,797	23,493,803	24,660,001	11,831,827
Finance costs	9.1.7	(1,460,830)	(2,241,543)	(3,019,421)	(3,136,284)	(1,317,115)
Profit before tax	9.1.8	13,394,173	17,789,254	20,474,382	21,523,717	10,514,712
Tax expense	9.1.9	(3,376,077)	(4,590,005)	(5,193,230)	(5,580,538)	(2,671,515)
Net profit for the financial years		10,018,096	13,199,249	15,281,152	15,943,179	7,843,197
Other comprehensive income		-	-	-	-	-
Total comprehensive income		10,018,096	13,199,249	15,281,152	15,943,179	7,843,197
Earnings before interest, tax, depreciation and amortisation ("EBITDA")(RM)		14,992,034	20,174,996	23,652,873	24,855,066	11,924,042
Number of ordinary shares of RM1.00 each		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Gross earnings per share (RM)		0.27	0.36	0.41	0.43	0.21
Net earnings per share (RM)		0.20	0.26	0.31	0.32	0.16
Profit before tax margin (%)		45.83	57.58	57.83	55.75	61.40
EBITDA margin (%)		51.29	65.30	66.80	64.38	69.62
Effective tax rate (%)		25.21	25.80	25.36	25.93	25.41

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.2 Statements of financial position

The statements of financial position of ELK-Desa Resources Group, which are consolidated based on the audited financial statements of its respective subsidiaries for four (4) financial years and five (5) months up to FPE 31 August 2012, after appropriate adjustments and reclassifications, are set out below:

	Sect	As at 31 Mar				FPE 31 Aug
		2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
<b>ASSETS</b>						
<b>Non-current asset</b>						
Property, plant and equipment	9.1.10	814,868	810,707	1,278,667	1,461,239	1,349,848
Deferred tax assets	9.1.11	1,259,043	1,737,931	2,428,193	2,477,599	2,207,326
Hire-purchase receivables	9.1.12	108,751,982	113,556,562	111,026,356	121,145,045	129,060,047
		110,825,893	116,105,200	114,733,216	125,083,883	132,617,221
<b>Current assets</b>						
Inventories	9.1.13	877,039	630,927	760,299	900,052	835,568
Trade and other receivables	9.1.14	431,638	411,636	523,730	1,049,632	1,674,832
Amount owing by holding company	9.1.23	-	-	-	53,267	-
Hire-purchase receivables	9.1.12	31,260,299	38,548,139	53,093,874	59,817,849	62,323,729
Current tax assets		13,523	8,953	9,560	2,979	475
Cash and cash equivalents	9.1.15	733,648	869,698	1,754,325	714,962	555,419
		33,316,147	40,469,353	56,141,788	62,538,741	65,390,023
<b>TOTAL ASSETS</b>		<b>144,142,040</b>	<b>156,574,553</b>	<b>170,875,004</b>	<b>187,622,624</b>	<b>198,007,244</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	9.1.16	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Retained earnings	9.1.17	27,416,087	40,543,798	51,220,582	67,163,761	75,006,958
<b>TOTAL EQUITY</b>		<b>77,416,087</b>	<b>90,543,798</b>	<b>101,220,582</b>	<b>117,163,761</b>	<b>125,006,958</b>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.2 Statements of financial position (continued)

	Sect	As at 31 Mar				FPE 31 Aug
		2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	9.1.18	15,923,160	46,879,419	42,359,770	38,432,772	40,286,630
		15,923,160	46,879,419	42,359,770	38,432,772	40,286,630
<b>Current liabilities</b>						
Trade and other payables	9.1.22	14,449,845	6,673,708	8,686,378	10,442,884	12,455,815
Borrowings	9.1.18	15,465,675	11,982,721	18,401,110	20,457,404	18,331,300
Amount owing to holding company	9.1.23	20,000,000	-	-	-	-
Current tax liabilities		887,273	494,907	207,164	1,125,803	1,926,541
		50,802,793	19,151,336	27,294,652	32,026,091	32,713,656
<b>TOTAL LIABILITIES</b>		66,725,953	66,030,755	69,654,422	70,458,863	73,000,286
<b>TOTAL EQUITY AND LIABILITIES</b>		144,142,040	156,574,553	170,875,004	187,622,624	198,007,244
<i>No. of ordinary shares of RM1.00 each in issue (RM)</i>		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
<i>Net assets (RM)</i>		77,416,087	90,543,798	101,220,582	117,163,761	125,006,958
<i>Net assets per ordinary share of RM1.00 each (RM)</i>		1.55	1.81	2.02	2.34	2.50
<i>Inventories' turnover period (days)</i>		23	19	18	20	25
<i>Gearing ratio (times)</i>		0.41:1	0.65:1	0.60:1	0.50:1	0.47:1

N/A : Not applicable



## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.3 Statements of cash flows

The statements of cash flows of ELK-Desa Resources Group, which are consolidated based on the audited financial statements of its respective subsidiaries for the past four (4) financial years and five (5) months up to FPE 31 August 2012, after appropriate adjustments and reclassifications, are set out below:

	Sect	FYE 31 Mar				FPE 31 Aug
		2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax		13,394,173	17,789,254	20,474,382	21,523,717	10,514,712
Adjustments for:						
Depreciation of property, plant and equipment	9.1.10	143,644	150,328	164,063	198,864	93,104
Property, plant and equipment written off	9.1.10	-	-	1	-	-
Loss on disposal of property, plant and equipment		-	-	276	-	-
Inventories written down		82,308	-	127,892	141,233	-
Reversal of inventories previously written down		-	(244,112)	-	-	(64,484)
Impairment allowance		8,984,470	4,711,827	5,012,959	6,389,027	1,684,856
Interest expense		1,454,217	2,235,414	3,014,428	3,132,485	1,316,226
Interest income		(40,695)	-	(29,777)	(113,151)	(6,584)
Operating profit before working capital changes		24,018,117	24,642,711	28,764,224	31,272,175	13,537,830
Changes in working capital:						
Inventories		(166,615)	490,224	(257,264)	(280,986)	128,968
Hire-purchase receivables		(19,593,681)	(16,804,247)	(22,268,882)	(23,231,691)	(12,105,738)
Trade and other receivables		(4,718)	20,002	(112,094)	(525,902)	(625,200)
Trade and other payables		(1,142,218)	223,863	2,012,670	1,756,506	2,012,931
Cash generated from operations		3,110,885	8,572,553	8,138,654	8,990,102	2,948,791
Tax paid		(3,858,555)	(5,456,689)	(5,573,392)	(4,704,724)	(1,598,000)
Net cash (used in)/from operating activities		(747,670)	3,115,864	2,565,262	4,285,378	1,350,791

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.3 Statements of cash flows (continued)

	Sect	FYE 31 Mar				FPE 31 Aug
		2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of property, plant and equipment		(325,760)	(148,726)	(633,100)	(434,703)	(53,287)
Proceeds from disposal of property, plant and equipment		-	2,559	800	-	71,574
(Advances to)/Repayment from holding company		(13,000,000)	(20,000,000)	-	-*	53,267
Advances from/ (Repayment to) a related company		8,000,000	(8,000,000)	-	-	-
Interest received		40,695	-	29,777	113,151	6,584
Net cash used in investing activities		(5,285,065)	(28,146,167)	(602,523)	(321,552)	78,138
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividend paid		-	(71,538)	-	-	-
Net drawdown/(repayment) of term loans		-	35,000,000	(500,000)	(5,126,000)	(2,042,000)
Net (repayment)/drawdown of block discounting payables		6,625,539	(3,007,345)	1,796,341	5,916,916	(74,386)
Interest paid		(1,454,217)	(2,235,414)	(3,006,958)	(3,135,816)	(1,311,022)
Net cash from/(used in) financing activities		5,171,322	29,685,703	(1,710,617)	(2,344,900)	(3,427,408)
Net (decrease)/increase in cash and cash equivalents		(861,413)	4,655,400	252,122	1,618,926	(1,998,479)
Cash and cash equivalents as at beginning of financial years/period		(5,136,454)	(5,997,867)	(1,342,467)	(1,090,345)	528,581
Cash and cash equivalents as at end of financial years/period	9.1.15	(5,997,867)	(1,342,467)	(1,090,345)	528,581	(1,469,898)

\* Disposal of property, plant and equipment in FYE2012 is satisfied by way of set off against amount owing by holding company.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.4 Statements of changes in equity

The statements of changes in equity of ELK-Desa Resources Group, which are consolidated based on the audited financial statements of its respective subsidiaries for the past four (4) financial years and five (5) months up to 31 August 2012, after appropriate adjustments and reclassifications, are set out below:

	Share capital RM	Capital reserve RM	(Accumulated losses)/ Retained earnings RM	Total RM
Balance as at 31 March 2008	50,000,000	23,000,000	(5,602,009)	67,397,991
Effects on adoption of MFRS 1 (Sect 9.1.32)	-	(23,000,000)	23,000,000	-
Restated balance as at 1 April 2008	50,000,000	-	17,397,991	67,397,991
Total comprehensive income	-	-	10,018,096	10,018,096
Balance as at 31 March 2009	50,000,000	-	27,416,087	77,416,087
Total comprehensive income	-	-	13,199,249	13,199,249
Dividend (Sect 9.1.24)	-	-	(71,538)	(71,538)
Balance as at 31 March 2010	50,000,000	-	40,543,798	90,543,798
Effects on adoption of FRS 139 (Sect 9.1.31)	-	-	(4,604,368)	(4,604,368)
Restated balance as at 1 April 2010	50,000,000	-	35,939,430	85,939,430
Total comprehensive income	-	-	15,281,152	15,281,152
Balance as at 31 March 2011	50,000,000	-	51,220,582	101,220,582
Total comprehensive income	-	-	15,943,179	15,943,179
Balance as at 31 March 2012	50,000,000	-	67,163,761	117,163,761
Total comprehensive income	-	-	7,843,197	7,843,197
Balance as at 31 August 2012	50,000,000	-	75,006,958	125,006,958

## 9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)*  
*Accountants' Report*

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.5 Revenue

	<-----FYE 31 Mar----->				FPE 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Hire-purchase interest income	23,848,682	24,869,212	27,691,080	30,764,492	13,522,021
Handling and processing fees	2,552,970	3,251,838	4,002,632	4,224,600	1,995,100
Overdue and service charges	1,408,691	1,362,344	2,063,479	1,846,674	732,328
Insurance commission	1,230,786	1,393,086	1,543,779	1,768,400	862,125
Sale of trade in vehicles	186,100	18,000	105,300	-	14,600
	<u>29,227,229</u>	<u>30,894,480</u>	<u>35,406,270</u>	<u>38,604,166</u>	<u>17,126,174</u>

## 9.1.6 Cost of inventories sold

Cost of inventories sold represents cost of purchase of vehicles and other related incidental cost in respect of sales of used motor vehicles generated by its wholly-owned subsidiary, ELK-Desa Marketing Sdn. Bhd..

## 9.1.7 Finance costs

	<-----FYE 31 Mar----->				FPE 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Bank overdraft interest expense	34,775	46,228	6,946	7,170	2,715
Block discounting interest expense	1,419,442	1,376,278	1,365,366	1,461,796	661,559
Term loans interest expense	-	812,908	1,642,116	1,663,519	651,952
Credit card charges	5,813	6,129	4,443	3,248	789
Bank guarantee commission	800	-	550	551	100
	<u>1,460,830</u>	<u>2,241,543</u>	<u>3,019,421</u>	<u>3,136,284</u>	<u>1,317,115</u>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.8 Profit before tax

	<-----FYE 31 Mar----->				FPE 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- current year	28,400	31,400	31,400	38,500	16,639
- under provision in prior year	5,400	-	-	7,100	6,600
Depreciation of property, plant and equipment	143,644	150,328	164,063	198,864	93,104
Directors' remuneration					
- fees	-	-	-	-	-
- other emoluments	272,892	288,908	343,340	570,160	248,457
Impairment allowance	8,984,470	4,711,827	5,012,959	6,389,027	1,684,856
Interest expense on:					
- bank overdraft	34,775	46,228	6,946	7,170	2,715
- block discounting	1,419,442	1,376,278	1,365,366	1,461,796	661,559
- term loan	-	812,908	1,642,116	1,663,519	651,952
Inventories written down	82,308	-	127,892	141,233	-
Loss on disposal of property, plant and equipment	-	-	276	-	-
Property, plant and equipment written off	-	-	1	-	-
Rental of:					
- premises	360,000	449,250	462,000	453,500	172,500
- store	29,792	40,856	43,934	44,653	18,506
- showroom	48,000	48,000	48,000	48,000	20,000
- computer	-	-	15,833	50,874	17,240
And crediting:					
Interest income from fixed deposits	40,695	-	29,777	113,151	6,584
Reversal of inventories previously written down	-	244,112	-	-	64,484

## 9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)*  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.9 Tax expense

	<-----FYE 31 Mar----->				FPE 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Current tax expense based on profit for the financial years	3,655,673	4,510,651	5,321,957	5,612,486	2,401,242
(Over)/Under provision in prior years	(18,350)	558,242	(36,915)	17,458	-
	<u>3,637,323</u>	<u>5,068,893</u>	<u>5,285,042</u>	<u>5,629,944</u>	<u>2,401,242</u>
Deferred tax (Sect 9.1.11): Relating to origination and reversal of temporary differences	(246,120)	64,406	(110,563)	(34,755)	270,273
(Over)/Under provision in prior years	(15,126)	(543,294)	18,751	(14,651)	-
	<u>3,376,077</u>	<u>4,590,005</u>	<u>5,193,230</u>	<u>5,580,538</u>	<u>2,671,515</u>

Malaysian income tax is calculated at the statutory tax rate of 25% (FYE 2012: 25%, 2011: 25%, 2010: 25%, 2009: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group is as follows:

	<-----FYE 31 Mar----->				FPE 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Profit before tax	13,394,173	17,789,254	20,474,382	21,523,717	10,514,712
Tax at Malaysian statutory tax rate of 25%	3,348,543	4,447,314	5,118,595	5,380,929	2,628,678
Tax effects in respect of:					
Non-taxable income	-	-	(17,049)	(4,278)	(2,952)
Expenses not deductible for tax purpose	64,561	130,027	110,399	201,080	45,789
Others	(3,551)	(2,284)	(551)	-	-
	<u>3,409,553</u>	<u>4,575,057</u>	<u>5,211,394</u>	<u>5,577,731</u>	<u>2,671,515</u>
(Over)/Under provision in prior years:					
- Income tax	(18,350)	558,242	(36,915)	17,458	-
- Deferred tax	(15,126)	(543,294)	18,751	(14,651)	-
	<u>3,376,077</u>	<u>4,590,005</u>	<u>5,193,230</u>	<u>5,580,538</u>	<u>2,671,515</u>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.10 Property, plant and equipment

31.8.2012	Balance as at 1.4.2012 RM	Additions RM	Disposals RM	Depreciation charge RM	Balance as at 31.8.2012 RM
Carrying amount					
Computer equipment	110,490	32,627	-	(22,140)	120,977
Office equipment	222,942	17,480	-	(13,137)	227,285
Furniture and fittings	79,340	-	-	(5,340)	74,000
Signboard	13,800	-	-	(932)	12,868
Motor vehicles	253,441	-	(71,574)	(13,157)	168,710
Renovation	781,226	3,180	-	(38,398)	746,008
	<u>1,461,239</u>	<u>53,287</u>	<u>(71,574)</u>	<u>(93,104)</u>	<u>1,349,848</u>

	<----- As at 31.8.2012 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	426,340	(305,363)	120,977
Office equipment	315,532	(88,247)	227,285
Furniture and fittings	128,162	(54,162)	74,000
Signboard	22,380	(9,512)	12,868
Motor vehicles	350,847	(182,137)	168,710
Renovation	923,474	(177,466)	746,008
	<u>2,166,735</u>	<u>(816,887)</u>	<u>1,349,848</u>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.10 Property, plant and equipment (continued)

31.3.2012	Balance as at 1.4.2011 RM	Additions RM	Disposals RM	Depreciation charge RM	Balance as at 31.3.2012 RM
Carrying amount					
Computer equipment	39,237	103,419	-	(32,166)	110,490
Office equipment	203,671	47,000	-	(27,729)	222,942
Furniture and fittings	89,971	2,078	-	(12,709)	79,340
Signboard	7,850	7,500	-	(1,550)	13,800
Motor vehicles	299,984	-	-	(46,543)	253,441
Renovation	637,954	274,706	(53,267)	(78,167)	781,226
	<b>1,278,667</b>	<b>434,703</b>	<b>(53,267)</b>	<b>(198,864)</b>	<b>1,461,239</b>

	----- As at 31.3.2012 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	393,713	(283,223)	110,490
Office equipment	298,052	(75,110)	222,942
Furniture and fittings	128,162	(48,822)	79,340
Signboard	22,380	(8,580)	13,800
Motor vehicles	517,146	(263,705)	253,441
Renovation	920,294	(139,068)	781,226
	<b>2,279,747</b>	<b>(818,508)</b>	<b>1,461,239</b>



## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.10 Property, plant and equipment (continued)

31.3.2011	Balance as at 1.4.2010 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge RM	Balance as at 31.3.2011 RM
Carrying amount						
Computer equipment	71,882	18,559	-	(1)	(51,203)	39,237
Office equipment	104,973	117,870	(1,076)	-	(18,096)	203,671
Furniture and fittings	90,135	11,591	-	-	(11,755)	89,971
Signboard	5,791	3,300	-	-	(1,241)	7,850
Motor vehicles	346,527	-	-	-	(46,543)	299,984
Renovation	191,399	481,780	-	-	(35,225)	637,954
	<b>810,707</b>	<b>633,100</b>	<b>(1,076)</b>	<b>(1)</b>	<b>(164,063)</b>	<b>1,278,667</b>

	----- As at 31.3.2011 -----		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	290,294	(251,057)	39,237
Office equipment	251,052	(47,381)	203,671
Furniture and fittings	126,084	(36,113)	89,971
Signboard	14,880	(7,030)	7,850
Motor vehicles	517,146	(217,162)	299,984
Renovation	713,589	(75,635)	637,954
	<b>1,913,045</b>	<b>(634,378)</b>	<b>1,278,667</b>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.10 Property, plant and equipment (continued)

31.3.2010	Balance as at 1.4.2009 RM	Additions RM	Disposals RM	Depreciation charge RM	Balance as at 31.3.2010 RM
Carrying amount					
Computer equipment	102,054	31,628	(2,559)	(59,241)	71,882
Office equipment	75,809	40,348	-	(11,184)	104,973
Furniture and fittings	92,106	8,750	-	(10,721)	90,135
Signboard	6,949	-	-	(1,158)	5,791
Motor vehicles	393,070	-	-	(46,543)	346,527
Renovation	144,880	68,000	-	(21,481)	191,399
	814,868	148,726	(2,559)	(150,328)	810,707

	<----- As at 31.3.2010 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	273,535	(201,653)	71,882
Office equipment	134,632	(29,659)	104,973
Furniture and fittings	114,493	(24,358)	90,135
Signboard	11,580	(5,789)	5,791
Motor vehicles	517,146	(170,619)	346,527
Renovation	231,809	(40,410)	191,399
	1,283,195	(472,488)	810,707

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.10 Property, plant and equipment (continued)

31.3.2009	Balance as at 1.4.2008 RM	Additions RM	Depreciation charge RM	Balance as at 31.3.2009 RM
Carrying amount				
Computer equipment	98,511	64,834	(61,291)	102,054
Office equipment	68,766	15,856	(8,813)	75,809
Furniture and fittings	62,057	39,979	(9,930)	92,106
Signboard	8,107	-	(1,158)	6,949
Motor vehicles	325,855	113,758	(46,543)	393,070
Renovation	69,456	91,333	(15,909)	144,880
	<b>632,752</b>	<b>325,760</b>	<b>(143,644)</b>	<b>814,868</b>

	<----- As at 31.3.2009 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	245,318	(143,264)	102,054
Office equipment	94,284	(18,475)	75,809
Furniture and fittings	105,743	(13,637)	92,106
Signboard	11,580	(4,631)	6,949
Motor vehicles	517,146	(124,076)	393,070
Renovation	163,809	(18,929)	144,880
	<b>1,137,880</b>	<b>(323,012)</b>	<b>814,868</b>

## 9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)*  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.11 Deferred tax assets

(a) The deferred tax assets and liabilities are made up of the following:

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Balance as at 1 April, as previously reported	997,797	1,259,043	1,737,931	2,428,193	2,477,599
Effects on adoption of FRS 139	-	-	598,450	-	-
Balance as at 1 April, as restated	997,797	1,259,043	2,336,381	2,428,193	2,477,599
Recognised in profit or loss (Sect 9.1.9)					
- current year	246,120	(64,406)	110,563	34,755	(270,273)
- (over)/under provision in prior years	15,126	543,294	(18,751)	14,651	-
	261,246	478,888	91,812	49,406	(270,273)
Balance as at 31 March/31 August	1,259,043	1,737,931	2,428,193	2,477,599	2,207,326
	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Presented after appropriate offsetting					
Deferred tax assets	1,336,971	1,824,989	2,530,381	2,620,055	2,354,701
Deferred tax liabilities	(77,928)	(87,058)	(102,188)	(142,456)	(147,375)
Deferred tax assets, net	1,259,043	1,737,931	2,428,193	2,477,599	2,207,326

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.11 Deferred tax assets (continued)

(b) The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows:

	<----- As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
<b>Deferred tax assets</b>					
Balance as at 1 April, as previously reported	1,048,980	1,336,971	1,824,989	2,530,381	2,620,055
Effects on adoption of FRS 139	-	-	598,450	-	-
Balance as at 1 April, as restated	1,048,980	1,336,971	2,423,439	2,530,381	2,620,055
Recognised in profit or loss					
- Impairment allowance on hire purchase receivables	287,991	488,018	106,942	89,674	(265,354)
Balance as at 31 March/31 August	1,336,971	1,824,989	2,530,381	2,620,055	2,354,701

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
<b>Deferred tax liabilities</b>					
Balance as at 1 April	51,183	77,928	87,058	102,188	142,456
Recognised in profit or loss					
- Property, plant and equipment	26,745	9,130	15,130	40,268	4,919
Balance as at 31 March/31 August	77,928	87,058	102,188	142,456	147,375

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.12 Hire-purchase receivables

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Gross hire-purchase receivables					
- not later than one year	58,232,265	66,972,816	80,849,337	90,044,701	93,413,449
- later than one year but not later than five years	130,913,840	135,432,537	142,044,252	154,362,702	163,977,162
- later than five years	2,679,864	1,589,706	1,951,418	3,175,763	3,868,363
	133,593,704	137,022,243	143,995,670	157,538,465	167,845,525
	191,825,969	203,995,059	224,845,007	247,583,166	261,258,974
Less: Unearned hire-purchase income	(44,363,463)	(44,659,462)	(50,603,250)	(56,140,055)	(60,456,397)
Net hire-purchase receivables	147,462,506	159,335,597	174,241,757	191,443,111	200,802,577
Less: Accumulated collective impairment allowance	-	-	(4,208,211)	(4,640,074)	(4,907,276)
Accumulated individual impairment allowance	-	-	(5,913,316)	(5,840,143)	(4,511,525)
Allowance for doubtful debts	(7,450,225)	(7,230,896)	-	-	-
Balance as at 31 March/ 31 August	140,012,281	152,104,701	164,120,230	180,962,894	191,383,776

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Hire-purchase receivables as follows:					
<b>Current assets</b>					
- not later than one year	31,260,299	38,548,139	53,093,874	59,817,849	62,323,729
<b>Non-current assets</b>					
- later than one year but not later than five years	106,226,649	111,966,856	109,207,217	118,188,729	125,458,984
- later than five years	2,525,333	1,589,706	1,819,139	2,956,316	3,601,063
	108,751,982	113,556,562	111,026,356	121,145,045	129,060,047
	140,012,281	152,104,701	164,120,230	180,962,894	191,383,776

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.12 Hire-purchase receivables (continued)

- (a) The effective interest rates range from 13.60% to 18.20% (FYE 2012, 2011, 2010, 2009: 13.60% to 18.20%) per annum.
- (b) The credit terms of hire-purchase receivables are in accordance with the repayment schedules as contained in the hire-purchase agreements.
- (c) Certain hire-purchase agreements are assigned to the bank for block discounting facilities as disclosed in Section 9.1.20 in this Report.
- (d) The ageing analysis of hire-purchase receivables of the Group are as follows:

Certain comparative figures have not been presented for 31 March 2009 and 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

	As at 31 August 2012 RM	As at 31 March 2012 RM	As at 31 March 2011 RM
Neither past due nor impaired	185,951,892	175,773,000	159,975,153
Past due, not impaired	5,431,884	5,189,894	4,145,077
Impaired	9,418,801	10,480,217	10,121,527
	200,802,577	191,443,111	174,241,757

Hire-purchase receivables that are neither past due nor impaired

These are the receivables that are contractually due on or after the last day of the financial period/year. These receivables amounted to RM185,951,892 (31.3.2012: RM175,773,000, 31.3.2011: RM159,975,153).

Hire-purchase receivables that are past due but not impaired

These are the receivables where the hirer has failed to pay the hire-purchase instalment when contractually due. This includes receivables which are due one or more days after the contractual due date but less than 4 months. Moreover, based on historical data, this group of hire-purchase receivables is likely to be recovered eventually. These receivables amounted to RM5,431,884 (31.3.2012: RM5,189,894, 31.3.2011: RM4,145,077).

Hire-purchase receivables that are impaired

Receivables that are impaired amounted to RM9,418,801 (31.3.2012: RM10,480,217, 31.3.2011: RM10,121,527).

The Group first assesses the hire-purchase receivables on an individual basis to determine if there is an objective evidence for impairment. Factors to be considered include, but not limited to, the occurrence of financial difficulties of the hirers, their payment history and the likelihood of their vehicles being subject to repossession in accordance to the Hire-Purchase Act.

If no objective evidence on impairment exist for an individually assessed hire-purchase receivables, whether significant or not, the hire-purchase receivables with similar credit risk characteristics are grouped together and collectively assessed for impairment based on historical loss rate.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.12 Hire-purchase receivables (continued)

(e) The reconciliation of movement in the impairment losses are as follows:

Certain comparative figures have not been presented for 31 March 2009 and 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

	Impairment allowance RM	Allowance for doubtful debts RM
Balance as at 1 April 2010, as previously reported	-	7,230,896
Effects on adoption of FRS 139	9,624,697	(7,230,896)
Balance as at 1 April 2010, as adjusted	9,624,697	-
Impairment allowance for the financial year	5,012,959	-
Write off for the financial year	(4,516,129)	-
Balance as at 1 April 2011	10,121,527	-
Impairment allowance for the financial year	6,389,027	-
Write off for the financial year	(6,030,337)	-
Balance as at 31 March 2012	10,480,217	-
Impairment allowance for the financial period	1,684,856	-
Write off for the financial year	(2,746,272)	-
Balance as at 31 August 2012	9,418,801	-

(f) The currency profile of hire-purchase receivables of the Group is in Ringgit Malaysia.

(g) Information on financial risks of the hire-purchase receivables are disclosed in Section 9.1.29 in this Report.

## 9.1.13 Inventories

	←-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
At net realisable value					
Repossessed motor vehicles	877,039	630,927	760,299	900,052	835,568

Inventories represent assets repossessed as a result of payment defaulted by the hire-purchase receivables. The inventories are held for subsequent disposals.



## 9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)*  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.14 Trade and other receivables

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Trade receivables					
Third party	241,760	203,770	221,560	116,600	46,000
Other receivables, deposits and prepayments					
Other receivables	106,991	91,885	158,291	52,641	109,893
Deposits	78,490	107,085	133,979	145,623	151,264
	185,481	198,970	292,270	198,264	261,157
Loan and receivables	427,241	402,740	513,830	314,864	307,157
Prepayments	4,397	8,896	9,900	734,768	1,367,675
	431,638	411,636	523,730	1,049,632	1,674,832

- (a) Trade receivables arose from the sale of repossessed motor vehicles.
- (b) The average credit term offered by the Group in respect of trade receivables are 90 days (FYE 2012, 2011, 2010, 2009: 90 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Trade receivables of the Group are neither past due nor impaired.
- (d) The currency profile of trade and other receivables of the Group is in Ringgit Malaysia.

## 9.1.15 Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Cash and bank balances as reported in statements of financial position	733,648	869,698	1,754,325	714,962	555,419
Bank overdrafts (Sect 9.1.18)	(6,731,515)	(2,212,165)	(2,844,670)	(186,381)	(2,025,317)
As reported in statements of cash flows	(5,997,867)	(1,342,467)	(1,090,345)	528,581	(1,469,898)

- (a) The currency profile of cash and cash equivalents of the Group is in Ringgit Malaysia.
- (b) Information on financial risks of the cash and cash equivalents are disclosed in Section 9.1.29 in this Report.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.16 Share capital

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Ordinary shares of RM1.00 each:					
Authorised:					
Balance as at 1 April	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Increase in authorised share capital	-	-	-	250,000,000	250,000,000
Balance as at 31 March/ 31 August	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid-up:					
At the beginning/at the end of the years/period	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>

On 20 March 2012, the Company increased its authorised share capital from RM50,000,000 comprising ordinary shares of RM1.00 each to RM300,000,000 comprising 300,000,000 ordinary shares of RM1.00 each by the creation of 250,000,000 additional ordinary shares of RM1.00 each.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank *pari passu* with regard to the Company's residual assets.

## 9.1.17 Retained earnings

Effective 1 January 2008, the Company was given an option to make an irrevocable election to move to a single tier dividend system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company had fully utilised its Section 108 tax credit during the financial year ended 31 March 2010 and moved to a single tier dividend system for which the shareholders will not be taxed on the dividend received.

## 9. ACCOUNTANTS' REPORT



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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.18 Borrowings

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
<b>Current liabilities</b>					
Bank overdrafts (Sect 9.1.19)	6,731,515	2,212,165	2,844,670	186,381	2,025,317
Block discounting payables (Sect 9.1.20)	8,734,160	9,270,556	10,430,440	14,103,023	10,137,983
Term loans (Sect 9.1.21)	-	500,000	5,126,000	6,168,000	6,168,000
	<u>15,465,675</u>	<u>11,982,721</u>	<u>18,401,110</u>	<u>20,457,404</u>	<u>18,331,300</u>
<b>Non-current liabilities</b>					
Block discounting payables (Sect 9.1.20)	15,923,160	12,379,419	12,985,770	15,226,772	19,122,630
Term loans (Sect 9.1.21)	-	34,500,000	29,374,000	23,206,000	21,164,000
	<u>15,923,160</u>	<u>46,879,419</u>	<u>42,359,770</u>	<u>38,432,772</u>	<u>40,286,630</u>
Bank overdrafts (Sect 9.1.19)	6,731,515	2,212,165	2,844,670	186,381	2,025,317
Block discounting payables (Sect 9.1.20)	24,657,320	21,649,975	23,416,210	29,329,795	29,260,613
Term loans (Sect 9.1.21)	-	35,000,000	34,500,000	29,374,000	27,332,000
<b>Total borrowings</b>	<u>31,388,835</u>	<u>58,862,140</u>	<u>60,760,880</u>	<u>58,890,176</u>	<u>58,617,930</u>

Information on financial risks and remaining maturities of borrowings is disclosed in Section 9.1.29 in this Report.

The currency profile of borrowings of the Group is in Ringgit Malaysia.

## 9.1.19 Bank overdrafts - secured

- (a) The effective interest rate of bank overdrafts is 6.10% (FYE 2012: 6.10%, 2011: 5.80%, 2010: 5.30%, 2009: 5.05%) per annum.
- (b) The bank overdrafts are secured by the followings:
  - (i) the assignments of the hire-purchase agreements as disclosed in Section 9.1.12 in this Report; and
  - (ii) corporate guarantee by the Company.
- (c) The currency profile of the bank overdrafts of the Group is in Ringgit Malaysia.
- (d) Information of financial risks of bank overdrafts is disclosed in Section 9.1.29 in this Report.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.20 Block discounting payables - secured

	<-----As at 31 Mar----->				As at 31 Aug
	2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
Gross block discounting payables					
- not later than one year	9,920,535	10,231,203	11,430,752	15,334,359	15,453,883
- later than one year but not later than five years	16,972,588	13,078,097	13,671,259	15,923,573	15,800,652
	26,893,123	23,309,300	25,102,011	31,257,932	31,254,535
Less: Future block charges	(2,235,803)	(1,659,325)	(1,685,801)	(1,928,137)	(1,993,922)
Net block discounting payables	<u>24,657,320</u>	<u>21,649,975</u>	<u>23,416,210</u>	<u>29,329,795</u>	<u>29,260,613</u>
Repayable as follows:					
Current liabilities:					
- not later than one (1) year	8,734,160	9,270,556	10,430,440	14,103,023	10,137,983
Non-current liabilities:					
- later than one (1) year and not later than five (5) years	15,923,160	12,379,419	12,985,770	15,226,772	19,122,630
	<u>24,657,320</u>	<u>21,649,975</u>	<u>23,416,210</u>	<u>29,329,795</u>	<u>29,260,613</u>

- (a) The effective interest rate of block discounting payable is 5.30% to 5.97% (FYE 2012: 5.20% to 5.97%, 2011: 5.20% to 6.12%, 2010: 5.29% to 5.86%, 2009: 5.75% to 5.86%) per annum.
- (b) The block discounting payables are secured by:
- (i) the assignments of the hire-purchase agreements as disclosed in Section 9.1.12 in this Report; and
  - (ii) corporate guarantee by the Company.
- (c) The currency profile of the block discounting payables of the Group is in Ringgit Malaysia.
- (d) Information of financial risks of block discounting payables is disclosed in Section 9.1.29 in this Report.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.21 Term loans

	<-----As at 31 Mar----->				As at 31 Aug
	2009 RM	2010 RM	2011 RM	2012 RM	2012 RM
Term loan I is repayable by 20 quarterly instalments of RM500,000 commenced on 1 March 2011 - unsecured	-	10,000,000	9,500,000	7,500,000	6,500,000
Term loan II is repayable by 23 quarterly instalments of RM1,042,000 and final instalments of RM1,034,000 commenced on 29 September 2011 - secured	-	25,000,000	25,000,000	21,874,000	20,832,000
	-	35,000,000	34,500,000	29,374,000	27,332,000
Repayable as follows:					
Current liabilities:					
- not later than one (1) year	-	500,000	5,126,000	6,168,000	6,168,000
Non-current liabilities:					
- later than one (1) year and not later than five (5) years	-	23,630,000	24,172,000	22,172,000	21,164,000
- later than five (5) years	-	10,870,000	5,202,000	1,034,000	-
	-	34,500,000	29,374,000	23,206,000	21,164,000
	-	35,000,000	34,500,000	29,374,000	27,332,000

(a) The effective interest rate of term loans is 5.35% (FYE 2012: 5.10%, 2011: 4.80%, 2010: 4.30 %, 2009: Nil %) per annum.

(b) Term loan I is guaranteed by the Company.

(c) Term loan II is secured by the followings:

(i) the assignments of the hire-purchase agreements as disclosed in Section 9.1.12 in this Report; and

(ii) corporate guarantee by the Company.

(d) The currency profile of term loans of the Group is in Ringgit Malaysia.

(e) Information of financial risks of term loans is disclosed in Section 9.1.29 in this Report.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.22 Trade and other payables

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Trade payables					
Third party	6,160,652	6,232,165	8,252,448	9,961,469	11,434,417
Other payables and accruals					
Other payables	185,002	275,230	204,703	379,879	493,341
Accruals	104,191	166,313	229,227	101,536	528,057
Amount owing to a related company	8,000,000	-	-	-	-
	8,289,193	441,543	433,930	481,415	1,021,398
	14,449,845	6,673,708	8,686,378	10,442,884	12,455,815

- (a) The credit terms available to the Group in respect of trade payables is based on terms of the agreements.
- (b) The amount owing to a related company is in respect of advances which are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- (c) Information of financial risks of trade and other payables are disclosed in Section 9.1.29 in this Report.
- (d) The currency profile of trade and other payables of the Group is in Ringgit Malaysia.

## 9.1.23 Amount owing by/(to) holding company

The amount owing by/(to) holding company represents advances which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

The currency profile of amount owing by/(to) holding company of the Group is in Ringgit Malaysia.

## 9.1.24 Dividends

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Interim dividend paid	-	71,538	-	-	-
Gross dividend per share (sen)	-	0.1908	-	-	-

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.25 Employee benefits

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Salaries, wages and bonus	2,829,239	3,154,172	3,726,395	4,198,014	2,051,003
Defined contribution plans	328,007	357,510	396,587	458,001	238,043
Other employee benefits	31,220	33,507	36,725	39,555	19,616
	<u>3,188,466</u>	<u>3,545,189</u>	<u>4,159,707</u>	<u>4,695,570</u>	<u>2,308,662</u>

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM248,457 (FYE 2012: RM570,160, 2011: RM343,340, 2010: RM288,908, 2009: RM272,892).

## 9.1.26 Commitments

## Operating Lease Commitments

The Group had entered into non-cancellable lease agreements for certain premises and computer equipments, resulting in future rental commitments which can, subject to certain terms in the agreements to be reviewed and revised annually or upon renewal.

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
- Not later than one (1) year	186,000	517,390	485,818	276,948	482,612
- Later than one (1) year but not later than five (5) years	-	872,646	380,438	98,611	88,520
	<u>186,000</u>	<u>1,390,036</u>	<u>866,256</u>	<u>375,559</u>	<u>571,132</u>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.27 Related party disclosures

## (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Eng Lee Kredit Sdn Bhd is a substantial shareholder of Unico-Desa, the holding company of the Group.

The Group has controlling related party relationship with its holding company, Unico-Desa and any direct and indirect subsidiaries of the holding company.

## (b) Significant related parties' transactions

In addition to the transactions detailed elsewhere in the Report, the Group had the following significant transactions with related parties during the financial years:

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Rental paid to					
- Eng Lee Kredit					
Sdn. Bhd.	360,000	360,000	360,000	360,000	150,000

The Directors of Group are of the opinion that the above transactions were entered in the ordinary course of business and at terms mutually agreed between the parties.

## (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial years was as follows:

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
Salaries, bonus and					
allowances	243,100	257,400	306,000	508,250	221,250
Defined contribution plan	29,172	30,888	36,720	61,032	26,580
Other employee benefits	620	620	620	878	627
	272,892	288,908	343,340	570,160	248,457

The estimated monetary value of benefits-in-kind received by the Director otherwise than in cash from the Group amounted to RM2,708 (FYE 2012: RM22,222, 2011: RM21,388, 2010: RM23,865, 2009: RM15,499).



## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.28 Financial instruments

## (a) Capital management

The Group will manage its capital which comprises debts and equity with an objective to ensure that the Group would be able to continue as going concern while maximising the return to shareholder.

The debts and equity balance will be adjusted accordingly in response to the changes in business and economic environment.

No changes were made in the objectives, policies or processes during the financial years ended 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012 and financial period ended 31 August 2012.

## (a) Categories of financial instruments

	<-----As at 31 Mar----->				As at 31 Aug
	2009	2010	2011	2012	2012
	RM	RM	RM	RM	RM
<b>Financial assets</b>					
<i>Loans and receivables</i>					
Hire-purchase receivables	140,012,281	152,104,701	164,120,230	180,962,894	191,383,776
Amount owing by holding company	-	-	-	53,267	-
Trade and other receivables	427,241	402,740	513,830	314,864	307,157
Cash and cash equivalents	733,648	869,698	1,754,325	714,962	555,419
	<u>141,173,170</u>	<u>153,377,139</u>	<u>166,388,385</u>	<u>182,045,987</u>	<u>192,246,352</u>
<b>Financial liabilities</b>					
<i>Other financial liabilities</i>					
Bank overdrafts	6,731,515	2,212,165	2,844,670	186,381	2,025,317
Block discounting payables	24,657,320	21,649,975	23,416,210	29,329,795	29,260,613
Term loans	-	35,000,000	34,500,000	29,374,000	27,332,000
Trade and other payables	14,449,845	6,673,708	8,686,378	10,442,884	12,455,815
Amount owing to holding company	20,000,000	-	-	-	-
	<u>65,838,680</u>	<u>65,535,848</u>	<u>69,447,258</u>	<u>69,333,060</u>	<u>71,073,745</u>

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**9. ACCOUNTANTS' REPORT**


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*ELK-Desa Resources Berhad (Company No. 180164-X)*  
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**9. AUDITED FINANCIAL STATEMENTS (continued)****9.1 ELK-Desa Resources Group (continued)****9.1.28 Financial instruments (continued)****(c) Fair values of financial instruments**

The carrying amounts of financial instruments approximate their fair values.

**(d) Method and assumptions used to estimate fair value**

- (i) The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and bank overdrafts, are reasonable approximation of fair value due to relatively short-term maturity of these financial instruments.
- (ii) The estimated market interest rate used for discounting contracted cash flow to determine the fair value of hire-purchase receivables are approximately equal to the effective interest rate used for computing the carrying amount of hire-purchase receivables.
- (iii) The fair values of block discounting payables are estimated by discounting the future contractual cash flows using the estimated borrowings rate applicable to the Group at the end of the reporting period for similar loans with similar duration and terms.
- (iv) The carrying amounts of term loans as at the end of the reporting date approximate their fair values as they are variable rate financial instruments.

**9.1.29 Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. Financial risk management is carried out through risk review programmes, internal control system and adherence to the Group's financial risk management policies.

The Group is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. The management reviews and agrees policies for managing each of these risks and they are summarised below:

**(i) Credit risk**

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the Group's policy to monitor the financial standing of these counter parties and perform credit evaluation on customers requiring credit.

The Group's primary exposure to credit risk arises through its hire-purchase receivables. The credit terms are in accordance with the repayment schedules as contained in the hire-purchase agreements. The Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At the end of the reporting period, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Group was represented by the carrying amount of each financial asset shown in the statements of financial position.

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.29 Financial risk management objectives and policies (continued)

## (i) Credit risk (continued)

In respect of the deposits, cash and cash equivalents placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Financial assets that are neither past due nor impaired

Information regarding hire-purchase receivables that are neither past due nor impaired is disclosed in Section 9.1.12 in this Report.

Financial assets that are past due but not impaired

Information regarding hire-purchase receivables that are past due but not impaired is disclosed in Section 9.1.12 in this Report.

Financial assets that are impaired

Information regarding hire-purchase receivables that are impaired is disclosed in Section 9.1.12 in this Report.

## (ii) Liquidity and cash flow risk

The Group adopts a prudent liquidity risk management in maintaining sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Company also manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within one year RM	One to five years RM	Over five years RM	Total RM
<b>31 August 2012</b>				
<b>Financial liabilities</b>				
Block discounting payables	15,453,883	15,800,652	-	31,254,535
Term loans	7,408,051	23,113,672	-	30,521,723
Bank overdrafts	2,025,317	-	-	2,025,317
Trade and other payables	12,455,815	-	-	12,455,815
<b>Total undiscounted financial liabilities</b>	<b>37,343,066</b>	<b>38,914,324</b>	<b>-</b>	<b>76,257,390</b>

## 9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report*

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.29 Financial risk management objectives and policies (continued)

## (ii) Liquidity and cash flow risk (continued)

	Within one year RM	One to five years RM	Over five years RM	Total RM
<b>31 March 2012</b>				
<b>Financial liabilities</b>				
Block discounting payables	15,334,359	15,923,573	-	31,257,932
Term loans	7,539,911	24,589,171	1,047,147	33,176,229
Bank overdrafts	186,381	-	-	186,381
Trade and other payables	10,442,884	-	-	10,442,884
<b>Total undiscounted financial liabilities</b>	<b>33,503,535</b>	<b>40,512,744</b>	<b>1,047,147</b>	<b>75,063,426</b>
<b>31 March 2011</b>				
<b>Financial liabilities</b>				
Block discounting payables	11,430,752	13,671,259	-	25,102,011
Term loans	6,704,870	27,563,317	5,389,251	39,657,438
Bank overdrafts	2,844,670	-	-	2,844,670
Trade and other payables	8,686,378	-	-	8,686,378
<b>Total undiscounted financial liabilities</b>	<b>29,666,670</b>	<b>41,234,576</b>	<b>5,389,251</b>	<b>76,290,497</b>

## 9. ACCOUNTANTS' REPORT



**ELK-Desa Resources Berhad (Company No. 180164-X)**  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.29 Financial risk management objectives and policies (continued)

## (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group interest rate risk is related to the Group's bank borrowings. Interest rates exposure arises from the Group's borrowings are managed through the use of floating rate debts. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table indicates the approximate (decrease)/increase in profit for the financial years in response to reasonably possible changes in an interest rate to which the Group has significant exposure at the end of reporting period. In determining the effect of profit for the financial years, we assumed that the change in interest rate had occurred at the end of the reporting period and all other variables remain constant.

	FYE 31 Mar 2011 RM	FYE 31 Mar 2012 RM	FPE 31 August 2012 RM
Applicable interest rate on floating instruments:			
- Increase by 100 basis points	(328,931)	(203,149)	(199,171)
- Decrease by 100 basis points	328,931	203,149	199,171

## 9. ACCOUNTANTS' REPORT



## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.29 Financial risk management objectives and policies (continued)

## (iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Section	Effective interest rate range/ Weighted average effective interest rate %	Within 1 year RM	More than				Total RM		
			1-2 years RM	3-4 years RM	4-5 years RM	5 years RM			
<b>At 31 August 2012</b>									
<b>Fixed rates</b>									
Hire-purchase receivables	9.1.12	13.60-18.20	62,323,729	50,444,724	37,983,026	24,499,642	12,531,592	3,601,063	191,383,776
Block discounting payables	9.1.20	5.30-5.97	(10,137,983)	(11,280,570)	(5,371,656)	(2,224,797)	(245,607)	-	(29,260,613)
<b>Floating rates</b>									
Term loans	9.1.21	5.35	(6,168,000)	(6,168,000)	(4,668,000)	(4,160,000)	-	-	(27,332,000)
Bank overdrafts	9.1.19	6.10	(2,025,317)	-	-	-	-	-	(2,025,317)
<b>At 31 March 2012</b>									
<b>Fixed rates</b>									
Hire-purchase receivables	9.1.12	13.60-18.20	59,817,849	48,484,925	36,605,040	22,358,108	10,740,656	2,956,316	180,962,894
Block discounting payables	9.1.20	5.20-5.97	(14,103,023)	(10,346,273)	(4,174,938)	(705,561)	-	-	(29,329,795)
<b>Floating rates</b>									
Term loans	9.1.21	5.10	(6,168,000)	(6,168,000)	(6,168,000)	(5,668,000)	(4,168,000)	(1,034,000)	(29,374,000)
Bank overdrafts	9.1.19	6.10	(186,381)	-	-	-	-	-	(186,381)

## 9. ACCOUNTANTS' REPORT



## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.29 Financial risk management objectives and policies (continued)

## (iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Section	Effective interest rate range/ Weighted average effective interest rate %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM	
									At 31 March 2011
<b>Fixed rates</b>									
Hire-purchase receivables	9.1.12	13.60 - 18.20	53,093,874	44,929,776	34,678,909	21,112,851	8,485,681	1,819,139	164,120,230
Block discounting payables	9.1.20	5.20 - 6.12	(10,430,440)	(8,044,035)	(3,634,835)	(1,094,454)	(212,446)	-	(23,416,210)
<b>Floating rates</b>									
Term loans	9.1.21	4.80	(5,126,000)	(6,168,000)	(6,168,000)	(6,168,000)	(5,202,000)	(5,202,000)	(34,500,000)
Bank overdrafts	9.1.19	5.80	(2,844,670)	-	-	-	-	-	(2,844,670)

## 9. ACCOUNTANTS' REPORT



## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.29 Financial risk management objectives and policies (continued)

## (iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the financial year and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Section	Effective interest rate range/ Weighted average effective interest rate %	Within 1 year RM	Effective interest rate RM					Total RM	
			1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM		
<b>At 31 March 2010</b>									
<b>Fixed rates</b>									
Hire-purchase receivables	9.1.12	13.60 - 18.20	38,548,139	43,958,419	35,270,980	22,293,756	10,443,701	1,589,706	152,104,701
Block discounting payables	9.1.20	5.29 - 5.86	(9,270,556)	(7,023,153)	(3,870,795)	(1,274,950)	(210,521)	-	(21,649,975)
<b>Floating rates</b>									
Term loans	9.1.21	4.30	(500,000)	(5,126,000)	(6,168,000)	(6,168,000)	(17,038,000)	-	(35,000,000)
Bank overdrafts	9.1.19	5.30	(2,212,165)	-	-	-	-	-	(2,212,165)
<b>At 31 March 2009</b>									
<b>Fixed rates</b>									
Hire-purchase receivables	9.1.12	13.60 - 18.20	31,260,299	38,536,259	33,293,341	22,937,217	11,459,832	2,525,333	140,012,281
Block discounting payables	9.1.20	5.75 - 5.86	(8,734,160)	(8,021,781)	(5,278,469)	(2,165,912)	(456,998)	-	(24,657,320)
<b>Floating rates</b>									
Bank overdrafts	9.1.19	5.05	(6,731,515)	-	-	-	-	-	(6,731,515)



## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
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## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.30 Adjustments and reclassifications

Certain figures in the audited financial statements have been reclassified to conform with the presentation for the FYE 31 March 2012 and FPE 31 August 2012, as follows:

	As previously reported	Reclassifications	As restated
	RM	RM	RM
<b><u>31 March 2009</u></b>			
<b>Statements of Comprehensive Income</b>			
Cost of sales	(3,787,721)	3,787,721	-
Other income	795,823	(506,267)	289,556
Administrative expenses	(10,908,430)	10,908,430	-
Selling and distribution costs	(471,898)	471,898	-
Cost of inventories sold	-	(177,673)	(177,673)
Other expenses	-	(5,355,995)	(5,355,995)
Depreciation of property, plant and equipment	-	(143,644)	(143,644)
Impairment allowance	-	(8,984,470)	(8,984,470)
<b><u>31 March 2010</u></b>			
<b>Statements of Comprehensive Income</b>			
Cost of sales	(3,519,991)	3,519,991	-
Other income	1,170,541	(922,865)	247,676
Administrative expenses	(8,024,826)	8,024,826	-
Selling and distribution costs	(489,407)	489,407	-
Cost of inventories sold	-	(65,576)	(65,576)
Other expenses:	-	(6,183,628)	(6,183,628)
Depreciation of property, plant and equipment	-	(150,328)	(150,328)
Impairment allowance	-	(4,711,827)	(4,711,827)
<b><u>31 March 2011</u></b>			
<b>Statements of Comprehensive Income</b>			
Cost of sales	(3,590,007)	3,590,007	-
Other income	855,272	(526,984)	328,288
Administrative expenses	(8,649,330)	8,649,330	-
Selling and distribution costs	(528,402)	528,402	-
Cost of inventories sold	-	(100,181)	(100,181)
Other expenses	-	(6,963,552)	(6,963,552)
Depreciation of property, plant and equipment	-	(164,063)	(164,063)
Impairment allowance	-	(5,012,959)	(5,012,959)

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.31 Effects on adoption of FRS 139

The opening statement of financial position as at 1 April 2010, primarily reflecting the effects arising from the adoption of FRS 139 is restated as follows:

<u>Statement of Financial Position</u>	As previously reported 1 April 2010 RM	Effect of adoption of FRS 139 RM	Restated as at 1 April 2010 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	810,707	-	810,707
Deferred tax assets	1,139,481	598,450	1,737,931
Hire-purchase receivables	124,668,950	(11,112,388)	113,556,562
	<u>126,619,138</u>	<u>(10,513,938)</u>	<u>116,105,200</u>
<b>Current assets</b>			
Inventories	630,927	-	630,927
Trade and other receivables	411,636	-	411,636
Hire-purchase receivables	32,676,145	5,871,994	38,548,139
Tax recoverable	8,953	-	8,953
Cash and cash equivalents	869,698	-	869,698
	<u>34,597,359</u>	<u>5,871,994</u>	<u>40,469,353</u>
<b>TOTAL ASSETS</b>	<u>161,216,497</u>	<u>(4,641,944)</u>	<u>156,574,553</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	50,000,000	-	50,000,000
Retained earnings	45,148,166	(4,604,368)	40,543,798
<b>TOTAL EQUITY</b>	95,148,166	(4,604,368)	90,543,798
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	46,879,419	-	46,879,419
	46,879,419	-	46,879,419
<b>Current liabilities</b>			
Trade and other payables	6,673,708	-	6,673,708
Borrowings	12,020,297	(37,576)	11,982,721
Current tax liabilities	494,907	-	494,907
	<u>19,188,912</u>	<u>(37,576)</u>	<u>19,151,336</u>
<b>TOTAL LIABILITIES</b>	<u>66,068,331</u>	<u>(37,576)</u>	<u>66,030,755</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>161,216,497</u>	<u>(4,641,944)</u>	<u>156,574,553</u>

## 9. ACCOUNTANTS' REPORT



ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report

## 9. AUDITED FINANCIAL STATEMENTS (continued)

## 9.1 ELK-Desa Resources Group (continued)

## 9.1.32 Effects on adoption of MFRS 1

The opening statement of financial position as at 1 April 2008, primarily reflecting the effects arising from the adoption of MFRS 1 is restated as follows:

<u>Statement of Financial Position</u>	As previously reported 1 April 2008 RM	Effect of adoption of MFRS 1 RM	Restated as at 1 April 2008 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	632,752	-	632,752
Deferred tax assets	997,797	-	997,797
Hire-purchase receivables	104,274,347	-	104,274,347
	<u>105,904,896</u>	-	<u>105,904,896</u>
<b>Current assets</b>			
Inventories	792,732	-	792,732
Trade and other receivables	426,920	-	426,920
Hire-purchase receivables	25,128,723	-	25,128,723
Tax recoverable	13,677	-	13,677
Cash and cash equivalents	612,079	-	612,079
	<u>26,974,131</u>	-	<u>26,974,131</u>
<b>TOTAL ASSETS</b>	<u>132,879,027</u>	-	<u>132,879,027</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	50,000,000	-	50,000,000
Capital reserve	23,000,000	(23,000,000)	-
Retained earnings	(5,602,009)	23,000,000	17,397,991
<b>TOTAL EQUITY</b>	67,397,991	-	67,397,991
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11,814,495	-	11,814,495
	11,814,495	-	11,814,495
<b>Current liabilities</b>			
Trade and other payables	40,592,063	-	40,592,063
Borrowings	11,965,819	-	11,965,819
Current tax liabilities	1,108,659	-	1,108,659
	<u>53,666,541</u>	-	<u>53,666,541</u>
<b>TOTAL LIABILITIES</b>	<u>65,481,036</u>	-	<u>65,481,036</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>132,879,027</u>	-	<u>132,879,027</u>

9. ACCOUNTANTS' REPORT



*ELK-Desa Resources Berhad (Company No. 180164-X)  
Accountants' Report*

Yours faithfully

A handwritten signature in black ink that reads 'BDO'. The letters are stylized and connected.

BDO  
AF : 0206  
Chartered Accountants

A handwritten signature in black ink that reads 'Ooi Thiam Poh'. The signature is written in a cursive style with a long horizontal stroke at the beginning.

Ooi Thiam Poh  
2495/01/14 (J)  
Chartered Accountant

10. INDEPENDENT MARKET RESEARCH REPORT

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Protégé  
ASSOCIATES

BRAND | FINANCE | MARKET

The Board of Directors  
ELK-Desa Resources Berhad  
15-17, Jalan Brunei Utara,  
Off Jalan Pudu,  
55100 Kuala Lumpur.

29 OCT 2012

Dear Sirs,

**Executive Summary of the Strategic Analysis of the Hire Purchase Market for Used Motor Vehicles in Malaysia**

This Executive Summary of the 'Strategic Analysis of the Hire Purchase Market for Used Motor Vehicles in Malaysia' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Prospectus to the shareholders of ELK-Desa Resources Berhad in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

**Economic Overview of Malaysia**

The Malaysian economy performed well in 2011 against the backdrop of a challenging international economic environment by recording an annual expansion of 5.1 percent or a real GDP at 2000 prices of RM588.3 billion. A robust domestic demand has been credited as the main factor driving its growth ascension. Domestic demand increased by 8.2 percent in 2011 as compared to 6.3 percent in 2010 spurred by private sector spending and public sector consumption.

Despite the positive results revealed in most of Malaysia's key economic indicators for 2011, the Malaysian Government is mindful of the challenging external environment that may dampen the growth in the local economy. In the near future, the growth in the Malaysian economy is expected to be driven again by private investment and robust domestic demand. Bank Negara Malaysia has projected Malaysia's real GDP at 2000 prices to grow by between 4.0 to 5.0 percent in 2012.

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**An Introduction to the Hire Purchase Market for Used Motor Vehicles**

Hire purchase generally refers to the hiring of goods with the option to buy the aforesaid goods at the end of the agreed term as stipulated under a hire purchase agreement. According to the Hire-Purchase Act 1967 ("HP Act") which is administered by the Ministry of Domestic Trade, Cooperatives and Consumerism, a hire purchase agreement involves a letting of goods with an option to purchase and an agreement for the purchase of goods by instalments (whether the agreement describes the instalments as rent or hire or otherwise), but does not include any agreement: -

- a) whereby the property in the goods comprised therein passes at the time of the agreement or upon or at any time before delivery of the goods; or
- b) under which the person by whom the goods are being hired or purchased is a person who is engaged in the trade or business of selling goods of the same nature or description as the goods comprised in the agreement.

A hire purchase agreement is essentially a legal hire purchase financing contract entered into by two parties namely the hirer and the owner. Hirer is defined under the HP Act as the person who takes or has taken goods from an owner under a hire-purchase agreement and includes a person to whom the hirer's rights or liabilities under the agreement have passed by assignment or by operation of law. Owner is defined under the HP Act as a person who lets or has let goods to a hirer under a hire purchase agreement and includes a person to whom the owner's rights or liabilities under the agreement have passed by assignment or by operation of law. The hire purchase financier is typically known as the owner.

The goods which are commonly hired under hire purchase agreements include motor vehicles and consumer goods. However, for the purpose of this report, Protégé Associates will delve only on hire purchase for motor vehicle. The term 'motor vehicles' is defined in the First Schedule of the HP Act as follows:

- a) Invalid carriages;
- b) Motorcycles;
- c) Motorcars including taxi cabs and hire cars;
- d) Goods vehicles (where the maximum permissible laden weight does not exceed 2,540 kilogrammes); and
- e) Buses including stage buses.

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Motor vehicles can be further divided into two namely new motor vehicles and used motor vehicles. If a motor vehicle has previously had one or more retail owners, it is known as a used motor vehicle. Used motor vehicle is also known as pre-owned motor vehicle or second hand motor vehicle. Meanwhile, a new motor vehicle has no retail owner yet.

There are two common types of hire purchase financing in the market namely the fixed rate financing and the variable rate financing. The maximum term charges and late payment charges allowed for hire purchase financing is set under the HP Act as detailed in Figure 1.

**Figure 1: Term Charges and Late Payment Charges for Fixed Rate Financing and Variable Rate Financing**

Charges	Fixed Rate Financing	Variable Rate Financing
Maximum term charges	<ul style="list-style-type: none"> <li>• Not more than 10 percent flat per annum</li> <li>• Term charges are calculated on initial amount financed over the entire hire purchase tenure</li> </ul>	<ul style="list-style-type: none"> <li>• Not more than 17 percent per annum</li> <li>• Term charges are calculated at a margin percentage above the base lending rate ("BLR") of the banking institution</li> </ul>
Maximum late payment charges	<ul style="list-style-type: none"> <li>• Not more than eight percent per annum calculated on a daily basis on overdue instalments</li> </ul>	<ul style="list-style-type: none"> <li>• A rate of two percent above the prevailing rate of term charges imposed</li> </ul>

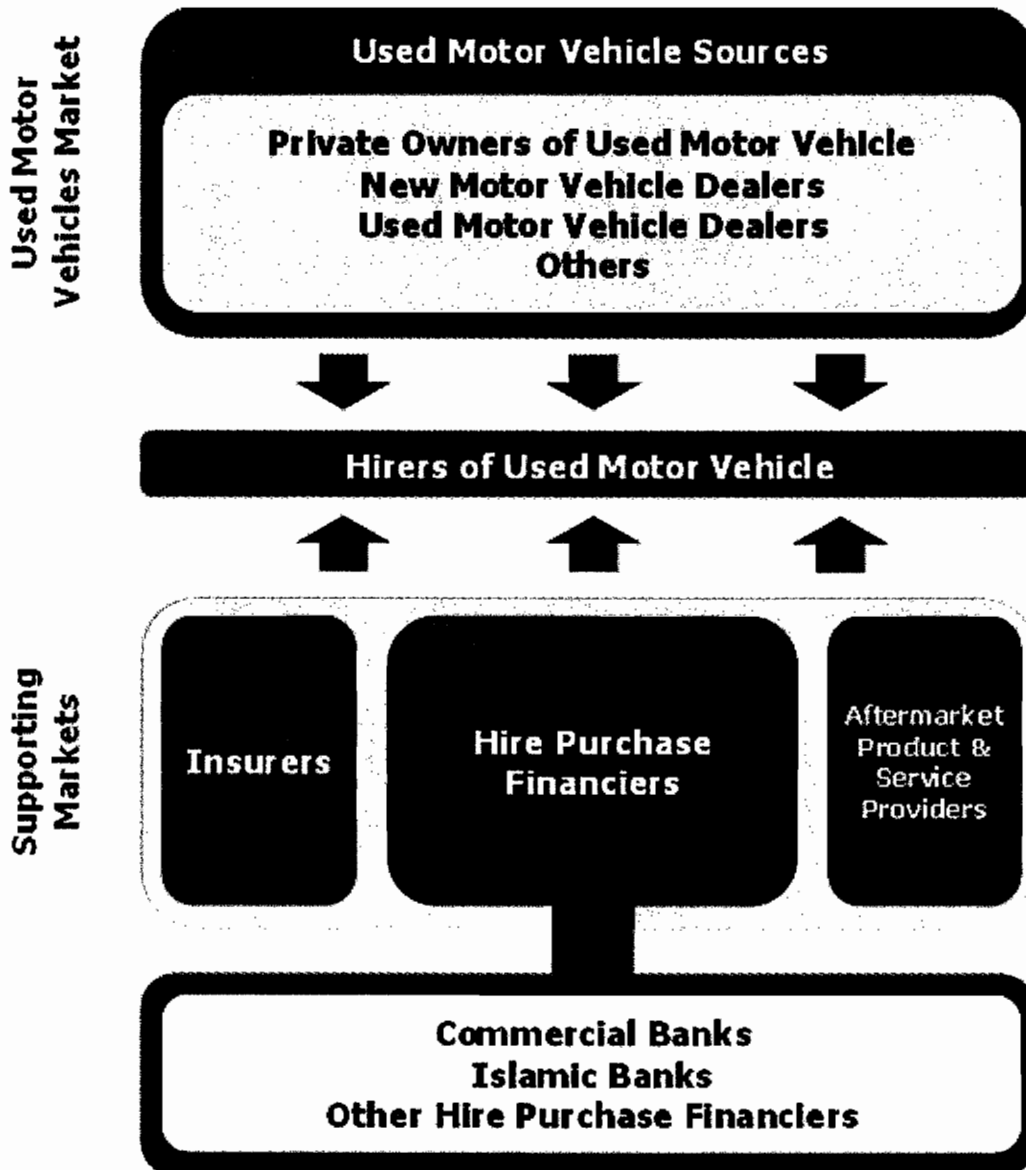
Note:

- 1) Term charges refer to total interest charged on the hire purchase facility and is calculated based on a flat rate on the amount financed over the duration of the facility
- 2) BLR refers to a minimum interest rate calculated by banking institutions based on a formula which takes into account the institutions' cost of funds and other administrative costs

Source: IMR Report

Hire purchase is considered to be a traditional financial option used to purchase motor vehicle over a period of time. It is commonly the preferred financial option for most people who are not willing to pay or are unable to fork out the total amount when first making the motor vehicle purchase. It is considered an effective method of financing motor vehicle where ownership is a priority.

**Figure 2: A Closer Snapshot of the Hire Purchase Market for Used Motor Vehicles**



Source: IMR Report

1) Used motor vehicle sources

The trading of used motor vehicles is considered an important economic activity in the used motor vehicles market. The used motor vehicles market, in turn, is considered to be closely related to the broader automotive industry. The primary sources of buying used motor vehicles are private owners of used motor vehicles, new motor vehicle dealers and used motor vehicle dealers. Dealers that deal exclusively in used motor vehicles are common sources for used motor vehicles. Besides that, new car dealers are also



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approached by buyers who are looking for used motor vehicles given that most new motor vehicle buyers are likely to end up trading their motor vehicles to the new motor vehicle dealers. New and used motor vehicle dealers typically have a larger portfolio of used motor vehicles for sale as compared to each private owner who is likely to have only one motor vehicle to sell. Other sources of used motor vehicle include auctions and car rental agencies.

2) Hirers of used motor vehicle

Hirers of used motor vehicle consist of corporate bodies or people who have reached the mandatory minimum legal age requirement in entering into a legal contract i.e. a hire purchase agreement.

3) Supporting markets

The supporting markets to the automotive industry include insurers, hire purchase financiers and aftermarket product and service providers amongst others. Insurers provide the necessary motor insurance coverage to the new owners of used motor vehicle while aftermarket product and service providers offer post-sale automotive parts and components as well as maintenance and repairing services.

Commercial banks, Islamic banks and other hire purchase financiers provide a vital financial supports to hirers to enable them to have the chance of owning the hired used motor vehicles upon full settlement of all outstanding balance and the opportunity to utilise the used motor vehicles first without having to pay the total amount required. Other hire purchase financiers include subsidiaries of make or franchise holders that specialise in providing financial options vehicle finance to their respective customers and companies that specialise in only providing hire purchase financing for used motor vehicles amongst others.

**Historical Market Performance and Growth Forecast of the Hire Purchase Market for Used Motor Vehicles in Malaysia**

The Malaysian hire purchase market for used motor vehicles performed reasonably well in 2011 on the back of stronger purchasing power and higher demand from customers. This result is commendable given the rather flat performance in the broader local automotive industry which was negatively impacted by the disruption in the automotive supply chain. The market expanded by an estimated 3.6 percent from RM17.09 billion in 2010 to RM17.71 billion in 2011. Figure 3 depicts the estimated and forecast market size of the Malaysian hire purchase market for used motor vehicles from 2010 to 2016.

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**Figure 3: The Estimated and Forecast Market Size of the Malaysian Hire Purchase Market for Used Motor Vehicles, 2010-2016**

Year	Market Size (RM billion)	Annual Growth (%)
2010	17.09	-
2011	17.71	3.6
2012	18.12	2.3
2013	18.54	2.3
2014	19.15	3.3
2015	19.78	3.3
2016	20.43	3.3

Note:

- 1) CAGR (2011 – 2016) = 2.9 percent
- 2) All figures are rounded
- 3) The base year is 2011
- 4) Market size refers to total new hire purchase disbursements during the calendar year

Source: IMR Report

The Malaysian hire purchase market for used motor vehicles is expected to continue growing albeit at a slower pace in the near future. The pace of growth in the Malaysian hire purchase market for used motor vehicles is expected to be 2.3 percent in 2012 and 2013 – hindered by the stricter hire purchase financing environment that impacts mostly on the banking and financial institutions following a new guideline issued by the Bank Negara Malaysia late last year. However, this market is expected to gather pace albeit moderately to 3.3 percent from 2014 to 2016. The CAGR of the market for the 2011-2016 period is projected to be 2.9 percent.

**Competitive Analysis of the Hire Purchase Market for Used Motor Vehicles in Malaysia**

The Malaysian hire purchase market for used motor vehicles is competitive with the presence of many established hire purchase financiers. These hire purchase financiers are generally members of the AHPCM in Malaysia. There are around 500 AHPCM members but not all of them are involved in the provision of hire purchase financing for used motor vehicles. It is estimated that the number of hire purchase financiers for used motor vehicles in Malaysia stood at less than 200. Protégé Associates estimates that there are around 100 ELK-Desa Resources’ competitors in the Klang Valley. Hire purchase financiers typically compete on various competitive factors such as:

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- New or used motor vehicle financed
- Age profile of motor vehicle financed
- Credit profile of hirer
- Geographical area of hire purchase operations
- Cost of borrowings used as working capital
- Size of each hire purchase disbursement provided
- Size of total hire purchase receivables
- Size of motor vehicle dealers network
- Non-performing loan rate

The hire purchase financiers in the Malaysian hire purchase market for used motor vehicles can be distinctly divided into four categories namely the banking and financial institutions as well as motor vehicle make- or franchise holder-backed, independent and other hire purchase financiers.

a) Banking and financial institutions

'Banking and financial institutions' refers to any institution licensed or deemed to be licensed under section 6(4) of the Banking and Financial Institutions Act 1989 ("BAFIA"). These hire purchase financiers are typically well capitalised. As such, financial institution-backed hire purchase financiers are able to provide more hire purchase loans and hold higher total hire purchase receivables. Besides that, they are also in a good position to provide a larger amount of hire purchase financing depending on the age profile of the motor vehicles financed. In addition, there is also a high degree of shared resources arrangement made between the hire purchase division and the rest of the divisions within each financial institution – leading to significant savings in the cost of operations. Banking and financial institutions typically have the widest geographical reach to local consumers among all the hire purchase financiers in Malaysia. These hire purchasers are able to tap onto a large network of branches nationwide as sales and collection of repayment points.

Banking and financial institutions by virtue of their large working capital are considered as the major players in the Malaysian hire purchase market in general. However, these hire purchase financiers are more inclined towards providing hire purchase financings for new motor vehicles and used motor vehicles with a relatively

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newer age profile. The term charges that are imposed on such hire purchase financing are relatively low particularly for new motor vehicles. Nevertheless, the hire purchase receivables are of better 'quality' given the higher resale or residual value of newer motor vehicles as compared to the older ones. Banking and financial institutions are also very stringent in terms of credit requirements for hirers. They typically target hirers with good income credit profile – resulting in lesser likelihood of default in repayments which can lead to higher delinquency rate.

b) Independent Hire Purchase Financiers

Independent hire purchase financiers refer to hire purchase financiers who are not directly related (through full or partial ownership or having common shareholders) to any banking and financial institution as well as any motor vehicle make or franchise holder and are principally involved in the provision of hire purchase financing for used motor vehicles. As compared to banking and financial institutions, these hire purchase financiers have a relatively smaller working capital and manpower. They tend to rely heavily on credit facility particularly block discounting provided by banking and financial institutions to finance and expand the size of their hire purchase operations. The size of their hire purchase receivables is dependent to a large extent on the amount of financing that they can access to. Independent hire purchase financiers provide lesser hire purchase loans and hold lower total hire purchase receivables as compared banking and financial institutions.

Independent hire purchase financiers typically embark on a niche business strategy instead of competing head-on with their larger and more resourceful counterparts (banking and financial institutions). They are mindful of overstretching their resources and believe that they stand a better chance of growing their business by embarking on a niche business strategy. This niche business strategy generally revolves around targeting hirers with low to medium income credit profile, financing used motor vehicles with older age profile, operating and marketing across a narrower geographical area to leverage on their deep local knowledge, limiting the hire purchase financing size provided to each hirer as well as limiting the number of hire purchase loan made available to the same hirer. Hire purchase disbursements involving hirers with low to medium income credit profile have a higher risk of turning into non-performing loans as compared to those involving hirers with good income credit profile. Nevertheless, these independent hire purchase financiers stand to

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garner a higher profit margin due to the relatively high term charges that they impose for such HP financing.

Based on Protégé Associates' research, it is estimated that there are around 20 independent HP financiers in the Klang Valley.

c) Motor Vehicle Make- or Franchise Holder-backed Hire Purchase Financiers

Motor vehicle make- or franchise holder-backed hire purchase financiers are hire purchase financiers that are directly or indirectly linked to a particular motor vehicle make or franchise holder. These hire purchase financiers are considered as the finance arm of the motor vehicle make or franchise holder to help the latter in providing hire purchase financing to intending hirers of their new motor vehicles as well as for used motor vehicles which were traded-in.

d) Other Hire Purchase Financiers

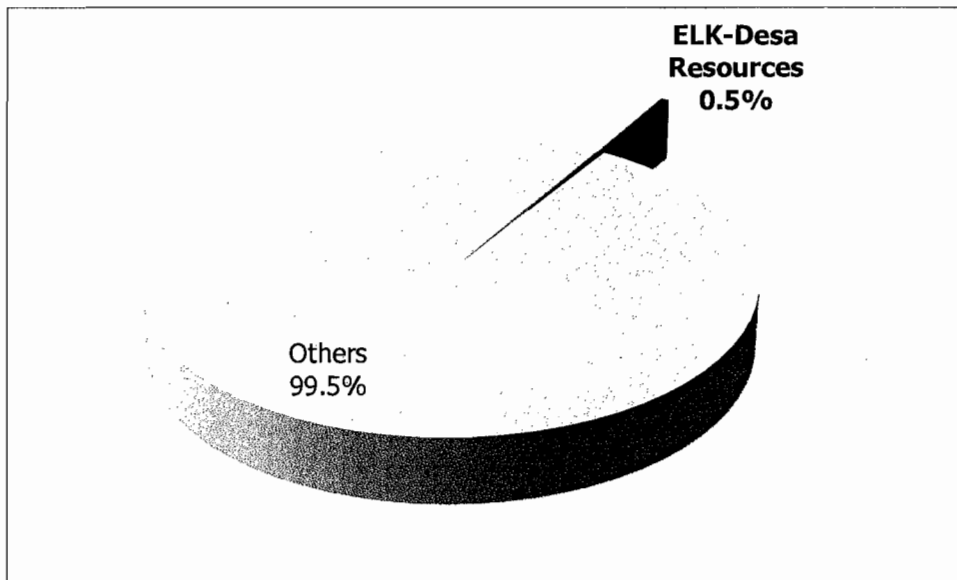
Other hire purchase financiers also include used motor vehicle dealers who directly but not actively offer hire purchase financing to their customers to facilitate fast disposal of their old stocks (used motor vehicles) or earn hire purchase income.

**Estimated ELK-Desa Resources' Market Share**

ELK-Desa Resources is incorporated in Malaysia as a private limited company under the Company Act 1965 on 24 March 1989. Through its subsidiary, ELK-Desa Capital Sdn Bhd ("ELK-Desa Capital"), it is involved in the provision of hire purchase financing for used motor vehicles, primarily small to medium passenger vehicles. Additionally, the ELK-Desa Capital's hire purchase business is supported by its network of more than 700 motor vehicle dealers located in Kuala Lumpur and Klang, Selangor as at the end of its financial period ended 31 August 2012.

In 2011, new hire purchase disbursements by ELK-Desa Resources (through ELK-Desa Capital) involving used motor vehicles totalled RM87.6 million according to data provided by the company. As such, ELK-Desa Resources' market share of the Malaysian hire purchase market for used motor vehicles in 2011 is estimated to be 0.5 percent as depicted in Figure 4. The estimated ELK-Desa Resources' 0.5 percent market share of the Malaysian hire purchase market for used motor vehicles in 2011 is derived by dividing its new hire purchase disbursements in 2011 (RM88 million) over the estimated total market size of the Malaysian hire purchase market for used motor vehicles in 2011 (RM17.71 billion).

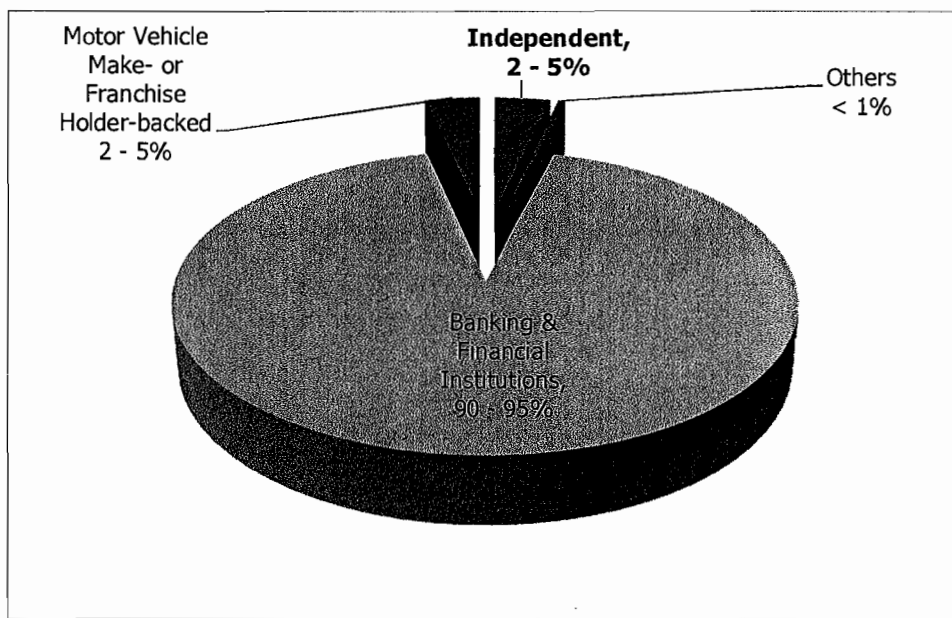
**Figure 4: Estimated ELK-Desa Resources' Market Share of the Malaysian Hire Purchase Market for Used Motor Vehicles, 2011**



*Source: IMR Report*

On a closer look at the Malaysian hire purchase market for used motor vehicles in 2011, the banking and financial institutions are considered as the market leader with estimated market share of between 90 to 95 percent. This is mainly due to their considerable available working capital or access to the necessary funding to support large scale hire purchase operations. On the other hand, independent hire purchase financiers accounted for only an estimated of between 2 to 5 percent. Figure 5 depicts the estimated breakdown of the market share of the Malaysian hire purchase market for used motor vehicles by types of hire purchase financiers in 2011.

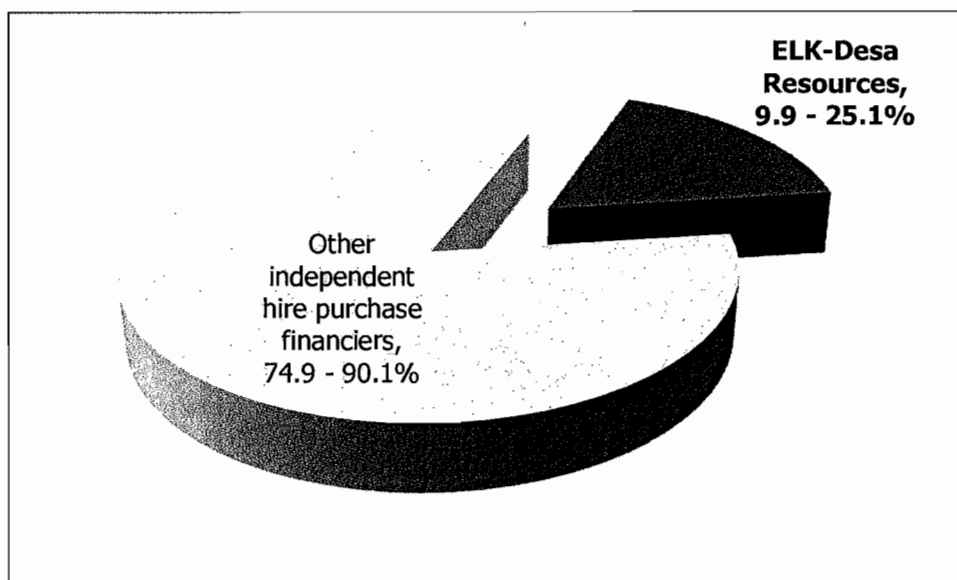
**Figure 5: Estimated Breakdown of the Market Share of the Malaysian Hire Purchase Market for Used Motor Vehicles by Types of Hire Purchase Financiers, 2011**



Source: IMR Report

Based on the breakdown in Figure 5, independent hire purchase financiers' portion of the Malaysian hire purchase market for used motor vehicles in 2011 is estimated to be between RM0.35 billion to RM0.89 billion of the estimated total RM17.71 billion. Hence, ELK-Desa Resources' market share of this total independent HP financiers' portion for 2011 is estimated to be between 9.9 to 25.1 percent as depicted in Figure 6 – making it one of the major independent hire purchase financiers for used motor vehicles in Malaysia. This market share percentage is derived by dividing ELK-Desa Resources new hire purchase disbursements in 2011 (RM88 million) over the top range (RM0.89 billion) and bottom range (RM0.35 billion) estimated portion of the independent hire purchase financiers' portion of the Malaysian hire purchase market for used motor vehicles in 2011.

**Figure 6: Estimated ELK-Desa Resources' Market Share of the Total Independent Hire Purchase Financiers' Portion, 2011**



Source: IMR Report

**Demand and Supply Conditions of the Hire Purchase Market for Used Motor Vehicles in Malaysia**

Demand and supply conditions refer to market factors that can positively or negatively affect future market size and growth by specifically altering demand or supply dynamics. These demand and supply factors can include trends, key developments or events that spur market expansion, leading to increases in sales or revenues, or developments that negatively affect market growth.

**Figure 7: Demand Conditions Affecting the Hire Purchase Market for Used Motor Vehicles in Malaysia, 2012**

Condition	Type	Impact
The Growing Prominence of Motor Vehicles in Modern Living	Demand	+
Sizeable Number of Existing Motor Vehicles Provide a Relatively Large Pool of Potential Demand for Hire Purchase Financing Involving Used Motor Vehicles	Demand	+
The Continuing Expansion in the Local Economy	Demand	+
Innovative and Attractive Offers and Schemes for New Motor Vehicle Buyers	Demand	-
Prohibition on Imports of Used Parts and Components	Demand	-
Intensifying Efforts in Developing the Local Urban Public Transportation System	Demand	-



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Condition	Type	Impact
The Displacement of Third-party Motor Insurance Covers	Demand	-

Source: IMR Report

### The Growing Prominence of Motor Vehicles in Modern Living

In today's modern day life, owning a motor vehicle is considered by many to be a necessary mode of transport that can provide a sense of freedom and independence. The growing prominence of motor vehicles is equally visible in Malaysia given that passenger cars and/or motorcycles can be found in most homes here. Motor vehicle owners are able to travel and transport people and goods from one point to another conveniently at any point in time without being restricted to schedules and availability of public transportation. It is also not surprising that the purchase of transport vehicles has remained the second highest contributor to household debts in Malaysia. In addition, the number of drivers in Malaysia has been increasing since 2008. Total drivers in Malaysia had exceeded 12 million in 2010 according to the Road Transport Department. Figure 8 depicts the number and the total accumulated drivers in Malaysia from 2005 to 2010.

**Figure 8: Number of Drivers and Total Accumulated Drivers in Malaysia, 2005-2010**

Year	Number of Drivers	Total Accumulated Drivers
2005	427,991	9,928,238
2006	423,094	10,351,332
2007	418,199	10,769,531
2008	457,613	11,227,144
2009	470,162	11,697,306
2010	538,948	12,236,254

Source: IMR Report

This development augurs well for the Malaysian hire purchase market for used motor vehicles as it can stand to ride on any uptake in used motor vehicle ownership. It also helps that the price entry level for used motor vehicles is relatively low – further increasing their appeal to the local consumers.

### Sizeable Number of Existing Motor Vehicles Provide a Relatively Large Pool of Potential Demand for Hire Purchase Financing Involving Used Motor Vehicles

The total number of motor vehicles in Malaysia finally breached the '20-million' mark in 2010 – a key milestone in the history of road transportation in Malaysia. According to the Road Transport Department, the total number of motor vehicles in Malaysia for 2011 stood at around 21.4 million units. This development augurs well for the Malaysian hire purchase market for used motor vehicles as it also represents a sizeable pool of potential demand for hire purchase financing. With more motor vehicles on the road, trading activities on used motor vehicles are also expected to be highly possible or more frequent. Figure 9 depicts the total motor vehicles in Malaysia by type and state in 2011.

**Figure 9: Total Motor Vehicles in Malaysia by Type and State, 2011**

State	Motorcycle	Motorcar	Bus	Others	Total
Perlis	63,152	19,197	208	3,434	85,991
Kedah	727,501	274,700	3,293	59,854	1,065,348
Penang	1,172,311	945,444	5,960	90,032	2,213,747
Perak	1,137,656	649,025	4,890	107,198	1,898,769
Selangor	1,091,261	1,020,981	7,557	243,534	2,363,333
Federal Territory	1,435,496	3,093,778	19,418	414,954	4,963,646
Negeri Sembilan	462,086	294,579	2,828	51,096	810,589
Malacca	384,451	286,589	2,041	32,880	705,961
Johor	1,488,653	1,234,331	10,268	190,646	2,923,898
Pahang	472,228	325,611	2,078	56,362	856,279
Terengganu	298,988	170,705	1,178	28,530	499,401
Kelantan	421,446	248,874	2,033	36,381	708,734
Sabah	239,132	528,073	6,837	168,395	942,437
Sarawak	590,947	629,560	3,195	139,434	1,363,136
<b>Malaysia</b>	<b>9,985,308</b>	<b>9,721,447</b>	<b>71,784</b>	<b>1,622,730</b>	<b>21,401,269</b>

Source: IMR Report

However, as depicted in Figure 9, the distribution of these motor vehicles was uneven across the states in Malaysia. Only four states namely Federal Territory, Johor, Selangor and Penang had more than two million units of motor vehicles and these states accounted for more than

half of the total motor vehicles in Malaysia for 2011. These states are also expected to be dominant in terms of number of used motor vehicle trading activities. Seven states in Malaysia namely Perlis, Negeri Sembilan, Malacca, Pahang, Terengganu, Kelantan and Sabah had less than one million units in 2011.

### **The Continuing Expansion in the Local Economy**

The Malaysian hire purchase market for used motor vehicles is sensitive to movements in the economic cycles and also affected by conditions in the local Malaysian economy. Any unfavourable local economic conditions may lead to the deterioration of consumer sentiment, employment and income level – leading to the delay, cancellation or reduction of plans to buy used motor vehicles and ultimately the demand for hire purchase financing. However, hire purchase financiers have reason to be optimistic as the Malaysian economy is poised to continue its growth ascension in 2012.

The Malaysian economy expanded by 5.1 percent in the first half of 2012. The faster than expected pace in its economic growth was largely due to a stronger expansion in domestic demand. Judging from this encouraging economic performance, the Malaysian economy is on track to meet or exceed the real GDP target set by Bank Negara Malaysia for 2012. The Malaysian economy is expected to expand between 4.5 to 5.0 percent based on the recent Economic Report 2012/2013 issued by the Ministry of Finance Malaysia. In addition, Malaysia's gross national income ("GNI") at current prices is expected to grow by 8.0 percent to RM897.40 billion in 2012. The labour market conditions in Malaysia are also anticipated to remain healthy. These developments are expected to boost positive consumer sentiment and drive private consumption in Malaysia including demand for used motor vehicles – leading to higher growth in the Malaysian hire purchase market for used motor vehicles.

### **Innovative and Attractive Offers and Schemes for New Motor Vehicle Buyers**

Motor vehicle companies in Malaysia have been undertaking aggressive sales campaign from time to time in order to boost their new motor vehicle sales. Certain new models have been introduced at competitive prices while relatively low interest rate hire purchase loans have also been offered to new motor vehicle buyers. Besides that, new motor vehicle buyers may also be offered free gifts or maintenance services as well as extended warranty period. This development poses a substitution threat to used motor vehicles particularly those that are less than three years old given that the market value of such motor vehicles is not lower significantly as compared to the price of newer ones. It also does not help that a much lower

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interest rate is normally imposed on hire purchase financing for new motor vehicles and used motor vehicles are more vulnerable to frequent maintenance services as well as parts replacement due to wear and tear effects. If a decision to purchase a new motor vehicle is made, then the Malaysian hire purchase market for used motor vehicles will miss out on a chance to grow its market size.

**Prohibition on Imports of Used Parts and Components**

The importation of used parts and components is gradually prohibited from June 2011 onwards under the review of the National Automotive Policy ("NAP") due to safety and environmental concerns. The first phase of the policy implementation involves critical items like brake linings, brake pads, tyres and batteries. This policy is expected to hurt the used motor vehicle business given that new parts and components are likely to be costlier and more importantly, it is expected to be increasingly difficult to find certain parts and components for old motor vehicles. This is further compounded by the vulnerability of used motor vehicles to break down. Hence, local consumers may be more reluctant to buy very old motor vehicles if given a choice. This development does not bode well for the growth in the Malaysian hire purchase market for used motor vehicles.

**Intensifying Efforts in Developing the Local Urban Public Transportation System**

The Malaysian Government has earmarked 'Improving Urban Public Transport' as one of the six National Key Result Areas ("NKRAs") under the Government Transformation Programme ("GTP") – reiterating its seriousness in developing a comprehensive and efficient public transport network that can significantly increase public transport ridership in Greater Kuala Lumpur ("KL"), Penang and Johor Bahru. During the first two years of the Tenth Malaysia Plan ("10MP"), a sum of approximately RM2.8 billion is allocated to improve urban public transportation. Various initiatives have already been planned or undertaken by the Malaysian Government under the 10MP namely:

- Extending the Kelana Jaya and Ampang light rail transit ("LRT") lines by 17 kilometres ("km") each
- Increasing the capacity of the Kelana Jaya LRT line from approximately 24,000 to 98,000 passengers per hour by taking the full delivery of the 35 sets of new four-car trains
- Augmenting the capacity of the KTM Komuter system via the purchase of 38 new six-car Electric Multiple Units ("EMUs") to be delivered by 2012

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- Implementing a 49-km Greater KL Bus Rapid Transit ("BRT") system consisting of three major corridors
- Upgrading 14 Hentian Akhir Bandar ("HAB") or city centre bus hubs and two inter-urban transport terminals to facilitate the flow of bus services from satellite cities surrounding the KL city centre
- Introducing an integrated cashless ticketing system across all 16 public transport operators in Greater KL to eliminate the need for multiple tickets across various operators and shortening journey times
- Providing passengers with easily accessible information on stations and journey schedules to improve the ease of using public transport
- Upgrading bus stops to display scheduling information for all bus operators
- Establishing a central website to display public transport-related information across all modes
- Establishing key performance indicators ("KPIs") for land public transport operators
- Strengthening enforcement of existing laws restricting the entry of heavy motor vehicles into the Central Business District ("CBD") area during peak hours to reduce congestion through joint enforcement initiatives by Land Public Transport Commission, the Road Transport Department and the traffic police.

In addition, the Malaysian Government had also given the green light for the Klang Valley Mass Rail Transit ("MRT") project under the ETP with the first 51 kilometres long line from Sungai Buloh to Kajang being estimated to cost around RM38 million according to Performance Management & Delivery Unit ("PEMANDU")'s director of urban public transport & greater Kuala Lumpur. There are two other possible MRT lines that have been identified by the Malaysian Government with feasibility studies currently being conducted.

The Malaysian Government has targeted to increase the public transport modal share from 12 percent in 2009 to 30 percent by 2015. This development is expected to have a moderately negative impact on the Malaysian hire purchase market for used motor vehicles as consumers would be encouraged to use public transportation. By utilising the urban transportation systems, these consumers stand to gain from extra cost savings from lesser fuel consumption and potential interest on loans. Hence, there is expected to be less incentive or urgency to purchase motor vehicles.

### **The Displacement of Third-party Motor Insurance Covers**

The Malaysian motor tariff, which helps determine motor insurance premiums and the scope of coverage under motor insurance policies, has not been revised since 1978. In other words, the changing profile of risks associated with motor insurance and takaful coverage including the increasing frequency and escalating costs of motor accidents from 1978 onwards have not been taken into consideration until now. This has resulted in a widening gap between insurance premiums collected and claims paid out by the insurance industry that lead to more insurers and takaful operators not being able to continue sustaining such business on a commercially viable basis. Hence, it is not surprising that there seems to be displacement of third-party motor insurance covers which resulted in some used motor vehicle owners having to purchase their motor insurance policies from the Malaysian Motor Insurance Pool ("MMIP"). Local consumers are also likely to be more reluctant to buy used motor vehicles that are old due to difficulty in getting the necessary motor insurance coverage and incurring potential high premiums – indirectly giving a negative impact to the Malaysian hire purchase market for used motor vehicles.

MMIP is a high risk insurance pool established by insurance companies registered under the Insurance Act 1996 and managed by MMIP Services Sdn Bhd (one of the subsidiaries of MNRB Holdings Bhd) to provide motor insurance to motor vehicle owners who are unable to obtain insurance protection for their motor vehicles. In other words, MMIP is effectively an insurer of last resort for high motor risks. On a more positive note, Bank Negara Malaysia is mindful of this development and has initiated a review of the existing motor insurance framework in Malaysia. It was announced in early January 2012 that the motor tariff premium rates in Malaysia would be revised on a gradual basis over the next four years with immediate effect from 16 January 2012 leading to the de-tariffing of local motor insurance sector by 2016. Besides that, the efficiency in the claims settlement process is also expected to be enhanced under the new framework to ensure that all claims would be settled within 6 to 18 months. A motor insurance claims kit and a nationwide 24-hour call centre are expected to be introduced in 2012.

**Figure 10: Supply Conditions Affecting the Hire Purchase Market for Used Motor Vehicles in Malaysia, 2012**

Condition	Type	Impact
Close Collaboration with Motor Vehicle Dealers	Supply	+
A Relatively Low and Stable Interest Rate Environment Provides a Favourable Finance Option	Supply	+
AHPCM Providing the Necessary Leadership in Spearheading the Hire Purchase Market in Malaysia	Supply	+
The Integration of Hire Purchase Financing with Other Business Operations	Supply	+
Stricter Hire Purchase Financing Environment	Supply	-
Challenging Operating Environment Due to the Amendments in the HP Act	Supply	-

*Source: IMR Report*

### **Close Collaboration with Motor Vehicle Dealers**

The hire purchase financiers for used motor vehicles typically have close collaboration with motor vehicle dealers. This is mainly because new and used motor vehicle dealers are considered as the most important sources of referral to hire purchase financiers for used motor vehicles. Buyers of used motor vehicle at these distributorships are often referred to its panel of financiers for their hire purchase financing needs if required. Such close collaboration can only help to strengthen the business relationship between both parties.

On the one hand, motor vehicle dealers may stand to earn some incentives from the financiers for their successful referrals to them and have a higher chance of securing sales for their used motor vehicles with the potential availability of financial option for their customers. On the other hand, hire purchase financiers for used motor vehicles indirectly stand to gain access to multiple sale points or marketing channels via their respective panel of motor vehicle dealers. By engaging motor vehicle dealers, hire purchase financiers are also seen as exercising a prudent risk management strategy as they are able to tighten the control on the integrity of the used motor vehicles involved in a hire purchase agreement. This is because these motor vehicle dealers are diligently and carefully assessed before they can qualify to be in the panel list of the hire purchase financiers for used motor vehicles. The track record of these motor vehicle dealers in terms of sales and integrity of the used motor vehicles sold can also be closely monitored from time to time. In addition, hire purchase financiers for used motor vehicles stand to gather valuable feedbacks from their respective panel of motor vehicle dealers who typically have direct contacts with their customers as well as prospective buyers – giving them a deep knowledge and understanding on the current pulse of the

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market. Hence, it is unsurprising that hire purchase financiers for used motor vehicles generally strive to have a large network of motor vehicle dealers on their respective panel.

### **A Relatively Low and Stable Interest Rate Environment Provides a Favourable Finance Option**

Hire purchase financiers for used motor vehicles particularly those that are not backed by financial institutions rely to a large extent on financial institutions for their capital needs to finance their respective hire purchase operations. As such, they are likely to reap the benefits derived from any low interest rate environment given that the cost of borrowing for them will also likely to be lower as well. However, the extent of the benefits that they stand to enjoy is dependent on the type of finance that they are using or applying i.e. fixed rate loan and floating rate loan. In a floating rate loan, the interest charged fluctuates according to the movement of a certain indicator such as the BLR. As such, hire purchase financiers that obtained such a loan stand to enjoy higher interest savings as compared to those that obtained fixed rate loan whereby interest charged is fixed throughout the tenure of the loan. Besides that, hire purchase financiers can also stand to refinance their old loans with costlier interest rate with more favourable new loans under a low or trending down interest rate environment. A low interest rate environment bodes well for the hire purchase business given that hire purchase financiers can only impose a maximum term charge of not more than 10 percent flat per annum for fixed rate financing and not more than 17 percent per annum for variable rate financing. As such, the hire purchase financiers that borrow from the financial institutions will likely suffer a loss if the cost of borrowing exceeds the maximum term charge allowed – dampening the hire purchase business.

Hire purchase financiers for used motor vehicles have been enjoying a relatively low and stable interest rate environment in Malaysia over the last ten years. Figure 11 depicts the historical average BLR at commercial banks in Malaysia from 1985 to 2011.

**Figure 11: The Historical Average BLR at Commercial Banks in Malaysia, 1985-2011**

Average Rates During the Period	BLR at Commercial Banks
1985	11.54
1986	10.69
1987	8.19
1988	7.25
1989	7.00



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Average Rates During the Period	BLR at Commercial Banks
1990	7.16
1991	8.02
1992	9.22
1993	8.85
1994	7.29
1995	7.44
1996	8.89
1997	9.53
1998	10.61
1999	7.29
2000	6.77
2001	6.66
2002	6.39
2003	6.13
2004	5.99
2005	6.00
2006	6.61
2007	6.72
2008	6.70
2009	5.62
2010	6.02
2011	6.45

*Source: IMR Report*

As depicted in Figure 11, average BLR at commercial banks in Malaysia has only been hovering around 5.62 percent to 6.77 percent since 2000 – a relatively low rate as compared to a simple average BLR of 8.43 percent (the summation of the average BLR in each year from 1990 to 1999 divided by 10) for the 1990s period. The interest rate environment in the commercial banks of Malaysia is expected to remain stable and relatively low during the forecast period with continued close supervision from the Bank Negara Malaysia. The average BLR at commercial banks in 2011 was 6.45 percent. With inflationary pressure seems to ease and the world economy is expected to grow at a slower pace, the central bank is expected to be more inclined towards maintaining a low interest environment.

### **AHPCM Providing the Necessary Leadership in Spearheading the Hire Purchase Market in Malaysia**

The Association of Hire Purchase Companies of Malaysia or AHPCM in short is registered under the Societies Act 1966 and is a name synonymous with the local hire purchase market. It can count on a relatively large pool of local finance, credit, leasing, new and used car companies as well as motor cycle companies as its members and is widely considered as the face of the hire purchase market in Malaysia. AHPCM helps to promote, enhance, protect and safeguard the interests of its members which include the hire purchase financiers for used motor vehicles. More importantly, AHPCM acts as a single collective voice for the local hire purchase market when engaging policy makers and relevant government bodies – leading to an increase in bargaining power. According to AHPCM, some of the services that it rendered when addressing the hire purchase market's numerous trading and legal issues which include:

- Holding regular dialogue sessions with the Road Transport Department and Ministry of Transport to discuss on the Road Transport Act and Rules on Motor Vehicles (previously known as the Road Traffic Ordinance);
- Holding regular dialogue sessions with the Ministry of Domestic Trade and Consumer Affairs on the Hire Purchase Act;
- Liaising with the Royal Malaysian Customs Department on detained vehicles and their releases;
- Liaising with the Royal Malaysia Police on preventive measures to avoid theft and fraud; and
- Liaising with other relevant government bodies on problems encountered.

In addition, AHPCM has also jointly established a computer service bureau named Financial Information Services Sdn Bhd ("FIS") with the Association of Finance Companies of Malaysia in 1986. FIS is established to undertake registration of motor vehicles and equipment financed by member companies of both the associations on hire purchase, leasing and block discounting and store records on motor vehicles, equipment, hirers, lessees and guarantors on the master file of FIS Vehicle and Equipment Registry. Records on stolen motor vehicles obtained from the Royal Malaysia Police as well as motor vehicles and equipment detained by the Royal Malaysian Customs Department are also constantly updated in the master file of FIS Vehicle and Equipment Registry. These records can help its members, including hire purchase financiers for used motor vehicles, to access useful information for credit

assessment such as level of credit exposure i.e. number of existing hire purchase financing facilities and conduct of repayment for existing hire purchase financing facilities to mitigate any downside risks arising from the possibility of multiple financing transactions. Besides that, all relevant and updated information are constantly disseminated to its members via its regular circulars. Moving forward, AHPCM is expected to continue playing a significant role in helping to address any issues or problems faced by the local hire purchase market and guide the market to a successful future.

### **The Integration of Hire Purchase Financing with Other Business Operations**

There are hire purchase financiers in the Malaysian hire purchase market for used motor vehicles that integrate their hire purchase financing with other business operations. Notable other business operations include acting as a motor insurance agent as well as a new and/ or used motor vehicle dealer – all which related to the automotive industry and thus, can provide synergistic benefits to their hire purchase financing business. These hire purchase financiers stand to boost its source of revenue and income by cross-selling motor insurance policies as well as profit from selling new and/ or used motor vehicles. For those that are involved in selling motor insurance, they are able to leverage on their existing customer database and network of motor vehicle dealers. In addition, these hire purchase financiers can also move closer to being a one-stop centre for their customers' motor vehicle, hire purchase financing and insurance needs.

### **Stricter Hire Purchase Financing Environment**

Hire purchase financiers led by the banking and financial institutions seem to be increasingly exploring options to tighten hire purchase financing for motor vehicles including used motor vehicles. This development coincides with the Bank Negara Malaysia's move to tighten lending to consumers in late 2011. For example, the new guidelines by Bank Negara Malaysia issued to the banking and financial institutions focus on using net income instead of gross income as due consideration of hirer's repayment capability. Various options that are reported being taken into consideration by hire purchase financiers include a 50 percent upfront payment for luxury motor vehicles and a limit of two motor vehicle hire purchase financings at any one time by the same hirer as well as the requirement for 30 to 35 percent downpayment for the second motor vehicle hire purchase financing. Any further restriction in hire purchase financing may hamper the sales of used motor vehicles and weaken the growth in the Malaysian hire purchase market for used motor vehicles as more potential hirers are likely to struggle in getting their applications approved.

Non-banking and financial institution hire purchase financiers (which are not regulated by the Bank Negara Malaysia) are expected to monitor closely any actions taken by their bigger counterparts. Although they stand to benefit from this development as rejected hire purchase financing applicants with the banking and financial institutions may approach them instead for their credit needs, they generally do not have large and sizeable working capital to cushion the potential gap in hire purchase financing disbursements left behind by the banking and financial institutions. In addition, if they also opt to impose stricter hire purchase financing requirements, there is expected to be further downward pressure on the overall size of the total hire purchase financing disbursements – dampening the growth in the Malaysian hire purchase market for used motor vehicles.

#### **Challenging Operating Environment Due to the Amendments in the HP Act**

The Malaysian hire purchase market for used motor vehicles is expected to face challenging operating environment due to the amendments made to the HP Act. Some of the proposed amendments are highlighted under the 'Relevant Laws and Regulations Governing the Market and Peculiarities of the Market' section. When the amendments took effect on 15 June 2011, stakeholders in the automotive industry such as car retailers and hire purchase financiers had voiced out their concerns on the teething problems in the car-buying process which can lead a rise in booking cancellations and longer lead time for the completion of sales – hurting car retail trade. The local hire purchase market for used motor vehicles is expected to face a challenging operating environment particularly at the early phase of the newly implemented amendments given the lack of experience and exposure in dealing with the new regulatory changes. However, the negative impact is expected to taper down over time as the hire purchase financiers leverage on their experience to tweak their internal system and operating methods to better adapt to the amendments. Moreover, relevant stakeholders such as the MAA have also been engaging in talks with the Domestic Trade, Cooperatives and Consumerism Ministry to iron out various issues regarding the amendments.

#### **Market Reliance on and Vulnerability to Imports**

Hire purchase financing has been widely accepted locally by consumers as a viable financial option to purchase used motor vehicles in Malaysia over the years. ***This financial option has also been widely offered in Malaysia by all the types of hire purchase financier for used motor vehicles. In addition, the local hire purchase financiers for used motor vehicles have continued to rely heavily on local financial institutions for their capital needs to finance their respective hire purchase operations and this is expected to continue in the near future as well.*** Meanwhile, there is also a large pool of

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locally produced used motor vehicles in Malaysia which can be potentially traded particularly given the dominance of PROTON Holdings Berhad and Perusahaan Otomobil Kedua Sdn Bhd in the local automotive industry. As such, ***the Malaysian hire purchase market for used motor vehicles is less reliance on and vulnerable to imports.***

**Substitute Products or Services**

The Malaysian hire purchase market for used motor vehicles typically relies on the intention or decision made by local consumers in whether opting to gain ownership of an used motor vehicle or not. The market will not be able to gain new business if the local consumers opt not to own any motor vehicles by choosing only to rent or lease motor vehicles (via finance lease or contract hire) or not to purchase any motor vehicles altogether or they opt to buy new motor vehicles instead.

Local consumers can opt for cash or credit term when purchasing their desired used motor vehicles. Hire purchase is considered a type of credit term. As such, this financial option can be substituted if the local consumers choose to pay by cash. The source of the cash to pay the required full price at the beginning of the used motor vehicle purchase can come from their internal savings or other financial options such as personal loan and overdraft facility.

**Relevant Laws and Regulations Governing the Market and Peculiarities of the Market**

- HP Act

In Malaysia, the form and content of hire purchase agreements and rights and duties of parties to such agreements are presently regulated under the HP Act. This HP Act shall apply only to hire purchase agreements relating to the goods specified in the First Schedule of the HP Act which include motor vehicles. The HP Act was amended with effect from 15 June 2011. Some of the pertinent changes are as follows:

- A court order is required before repossessing a motor vehicle if the payment of instalments made amounts to more than 75 percent of the total cash price of the motor vehicles;
- Repossessors must be registered with the Ministry of Domestic Trade, Cooperatives and Consumerism; and
- Mandating the 1 percent maximum booking fee (based on the total selling price) which requires car sellers to refund 90 percent of the booking fee if the deal falls through.

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- Ministry of Domestic Trade, Cooperatives and Consumerism

The Ministry of Domestic Trade, Cooperatives and Consumerism is responsible for administering the HP Act.

- Bank Negara Malaysia (Applicable to Banking and Financial Institutions Only)

Bank Negara Malaysia was established on 26 January 1959 under the Central Bank of Malaysia Act 1958 (which was subsequently repealed by the Central Bank of Malaysia Act 2009 effective on 25 November 2009). ***Although Bank Negara Malaysia does not administer the HP Act, it is indirectly involved via BAFIA in the supervision of hire purchase financing activities conducted by the banking and financial institutions in Malaysia.***

- Others

- The Frequent Uses of Block Discounting

Block discounting is a key credit facility which is often used by non-bank related hire purchase financiers to release a certain amount of capital tied up in their hire purchase receivables to fund further business expansion. Blocks of hire purchase receivables are discounted for present cash in a block discounting arrangement with financial institutions in order to augment their working capital and further fund their hire purchase operations. In other words, block discounting means raising finance on the income stream from hire purchase financing of goods such as used motor vehicles.

- Challenges in Repossession of Motor Vehicles

The hire purchase financier can start initiating actions to repossess motor vehicle hired in the following situation:

- The hirer is in default of two successive monthly instalments; or
- In the case where the hirer is deceased, defaults in four successive monthly instalments.

However, the repossessing process may not be that clear cut or smooth given that the repossessors are likely to face some resistance from a reluctant hirer. According to industry sources, there were cases where the motor vehicle concerned could not be traced, the number plates of the motor vehicles were intentionally changed or suffered interior damage. As such, hire purchase financiers are not able to sell these

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motor vehicles to recover the outstanding amount due. They need to sue the hirers concerned in court, a time consuming process, in order to get back the outstanding amount due.

- **The Absence of End-of-life Vehicle Policy**

There is currently no end-of-life vehicle policy ("ELV") policy in Malaysia. Under the ELV policy, motor vehicles that are older than a certain age are taken off the roads and turned in for dismantling and recycling useful auto parts and components. The earlier voluntary scrap scheme which allowed car owners to turn in vehicles of more than 10 years for a RM5,000 discount to buy a new Proton or Perodua was scrapped in late 2009.

- **Barriers to Entry**

The need to possess sizeable working capital and having access to cheap funding to support and grow the entire hire purchase operations to a meaningful size are significant barriers to entry for potential new entrants to this market. The level of business growth that can be enjoyed by hire purchase financiers is limited to the extent of capital resources made available to disburse out hire purchase financing to hirers. Potential new entrants also need to have sufficient working capital to bridge any potential gap in the timing of cash flow (due to hire purchase repayments largely being paid in monthly instalments over a period of time) that results in the need to tap into internal resources to fund existing operational activities and to allocate an allowance for doubtful debt. Besides that, potential new entrants that fail to get cheap funding may not be able to enjoy a healthy profit margin. As such, potential new entrants need to have a long-term investment horizon in order to stand a chance to enjoy significant business growth and profit margin. It does not help that banking and financial institutions are generally less inclined to provide the necessary financing let alone a cheaper financing to potential new entrants in the absence of operational track record, existing hire purchase receivables or other types of collateral. In addition, potential entrants may also struggle to build up relationship with used motor vehicle dealers over a short period of time – hindering their ability to build a large network that is crucial in growing their hire purchase business.

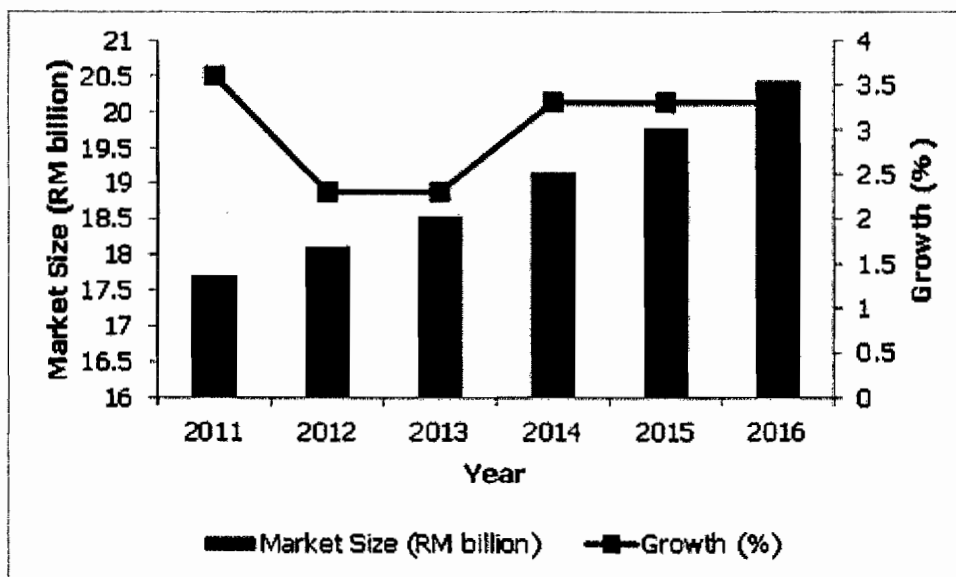
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**Prospects and Outlook of the Hire Purchase Market for Used Motor Vehicles in Malaysia**

The Malaysian hire purchase market for used motor vehicles, like most other markets, managed to register an improved performance in 2011. The market size of the Malaysian hire purchase market for used motor vehicles in 2011 is estimated to be RM17.71 billion as compared to RM17.09 billion in 2010. The Malaysian hire purchase market for used motor vehicles is projected to continue growing during the forecast period albeit at a more moderate pace as depicted in Figure 12.

**Figure 12: The Estimated and Forecast Sales Performance of the Malaysian Hire Purchase Market for Used Motor Vehicles, 2011-2016**



Source: IMR Report

The positive outlook on the demand for the Malaysian hire purchase market for used motor vehicles stems mainly from the growing prominence of motor vehicles in modern living, sizeable number of existing motor vehicles which provide a relatively large pool of potential demand for hire purchase financing involving used motor vehicles as well as the continuing expansion in the local economy that spurs positive consumer sentiment. In addition, the close collaboration with motor vehicle dealers, a relatively low and stable interest rate environment that provides a favourable finance option, the leadership provided by AHPCM and the integration of hire purchase financing with other business operations are expected to provide a favourable and conducive business landscape for participating hire purchase financiers to sustain and grow their businesses. Nevertheless, participating hire purchase financiers need to be mindful of challenges or growth restraining factors posed by innovative and attractive



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offers and schemes for new motor vehicle buyers, prohibition on imports of used parts and components, intensifying efforts in developing the local urban public transportation system and the displacement of third-party motor insurance covers. Besides that, any stricter hire purchase financing environment is likely to pose further downside risk to the overall growth in the Malaysian hire purchase market for used motor vehicles.

On another note, stakeholders in the local automotive industry seem to be waiting anxiously for the introduction of the new NAP which is expected to be announced in the near future. The new NAP is expected to take into consideration the technological advancements and trends of the global automotive industry in order to facilitate growth in the local automotive industry.

Moving forward, the size of the Malaysian hire purchase market for used motor vehicles is expected to reach RM20.43 billion in 2016. Its CAGR for the 2011-2016 period is projected to be 2.9 percent. Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

TAN CHIN HOW

Director

Protégé Associates Sdn. Bhd.

11. DIRECTORS' REPORTS

(Prepared for inclusion in this Prospectus)

永聯資源有限公司  
**ELK-DESA RESOURCES BERHAD** (180164-X)

15-17, Jalan Brunei Utara, Off Jalan Pudu, 55100 Kuala Lumpur, Malaysia.

Tel: 03-21457000 Fax: 03-21458258

12 NOV 2012

The Shareholders of  
**ELK-Desa Resources Berhad**  
15-17, Jalan Brunei Utara  
Off Jalan Pudu  
55100 Kuala Lumpur

Dear Sir/Madam,

On behalf of the Board of Directors of ELK-Desa Resources Berhad. ("**ELK-Desa Resources**"), I wish to report after due enquiry by the Board of Directors of ELK-Desa Resources, that between the period from 31 August 2012 (being the date to which the last audited financial statements of ELK-Desa Resources and our subsidiaries ("**Group**") have been made up) to 12 NOV 2012, being a date not earlier than 14 days before the issuance of this Prospectus, that:-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in **Section 8.4.3** of this Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by the Group;
- (e) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings by the Company or any of our subsidiaries; and
- (f) save as disclosed in the Proforma Consolidated Financial Information set out in **Section 8.7** and since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully  
For and on behalf of the Board of Directors  
**ELK-Desa Resources Berhad**



**Lim Keng Chin**  
Executive Director

## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

### 12.1 SHARE CAPITAL

- (a) No Shares will be allocated or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (b) Neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option.
- (c) As at the date of this Prospectus there is 1 class of shares in our Company, being ordinary shares of RM1.00 each, the details of which are outlined in **Section 2.4**.
- (d) Save as disclosed in **Sections 2.4, 2.5, 4.1 and 4.2**, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years preceding from the date thereof.
- (e) Neither our Company nor our subsidiaries have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.
- (f) There is currently no scheme for or involving our Directors or employees in the capital of our Company or our subsidiaries.

### 12.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association.

#### **Transfer of securities**

The provisions in our Company's Articles of Association in respect of the arrangement for the transfer of securities are as follows:

<u>Article</u>	<u>Provision</u>
34.	The transfer of any Deposited Securities or listed Security or class of listed Security of the Company shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.
35.	No share shall in any circumstance be knowingly transferred to any partnership or unincorporated association or body or infant, bankrupt or person of unsound mind.
36.	The Directors may in their absolute discretion decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules. If the Directors refuse to register a transfer they shall within one (1) month after the date on which the transfer was lodged with it send to the transferee written notice of the refusal.

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37. In the case of Deposited Securities, the Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules where the reason for the transfer does not fall under any of the approved reasons provided for in the Rules or that does not comply with Central Depositories Act and the Rules subject to the provisions of the Central Depositories Act and the Rules.
38. Subject to the Act, the Company may charge a fee as the Directors may from time to time determine and which the Company may be permitted to charge by law and by the Exchange (excluding any stamp duty and other charges payable) for the registration of each probate or letter of administration, certificate of death, stop notice, power of attorney or other document relating to or affecting the title to any shares or other Securities, or otherwise for making any entry in the Register or any other register affecting the title to any shares or other Securities.
39. Subject to the Central Depositories Act and the Rules, any Member may transfer all or any of its securities by instrument in writing in the form prescribed and approved by the Exchange and the Registrar (as the case may be). Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law. The instruments shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register and/or Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.
41. Subject to the Act, every entry in the Register, purporting to have been made on the basis of an instrument of transfer or other document in good faith by the Company shall be conclusively deemed to have been duly and properly made including (without limitation) where:
- (a) the instrument of transfer or other document is obtained or created fraudulently or is otherwise void, voidable or otherwise unenforceable; or
  - (b) the Company or any of its Directors or officers may have notice that such instrument of transfer was signed, executed and/or delivered by the transferor or other authorised person in blank as to the name of the transferee or the particulars of the shares transferred or otherwise made defectively,
- and any person who becomes the registered holder of any shares by reason of any such entry shall be entitled to be recognised as the registered holder of such shares, and the Company, its Directors and/or other officers shall not be liable to any person by reason of any such entry being made.
42. Neither the Company nor any of its Directors shall be liable for any transfer of shares effected by the Depository.

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

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**Remuneration of Directors**

The provisions in our Company's Articles of Association in respect of the remuneration of our Directors are as follows:

<u>Article</u>	<u>Provision</u>
108.	<p>The fees of the Directors shall be such fixed sum as shall from time to time be determined by ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office provided always that:</p> <ul style="list-style-type: none"><li>(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;</li><li>(b) salaries and other emoluments payable to executive Directors pursuant to a contract service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;</li><li>(c) fees payable to Directors shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;</li><li>(d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.</li></ul>
109.	<p>The salary of any executive Director for his services shall be determined by the Directors and may be of any description but such salary may not include a commission on or percentage of turnover.</p>
110.	<p>The Directors shall be entitled to be reimbursed for all travelling, hotel or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committees established by the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. The Directors shall also be entitled to receive any meeting allowances or fees for attending any Board's or committees' meetings, and such meeting allowances or fees shall be determined by the Directors and be by way of a fixed sum.</p>

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

111. If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him a fixed sum, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged provided that the special remuneration payable to:

- (a) executive Directors shall not include a commission on or a percentage of turnover; and
- (b) non-executive Directors shall not include a commission on or percentage of profits or turnover.

**Voting and borrowing powers of Directors**

The provisions in our Company's Articles of Association in respect of voting and borrowing powers of our Directors are as follows:

<u>Article</u>	<u>Provision</u>
124.	<p>Subject to the Act, the Listing Requirements and any other relevant laws, the Directors may:</p> <ul style="list-style-type: none"> <li>(a) exercise all the powers of the Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, and any part thereof and to issue debentures and other Securities, whether as primary or collateral security for any debt, liability or obligation of the Company or its Subsidiaries or any unrelated third party;</li> <li>(b) guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise;</li> <li>(c) exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries or any unrelated third party.</li> </ul>
125.	<p>The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.</p>

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

132. Subject to these Articles, questions arising at any meeting of the Directors shall be decided by a majority of votes. In the event of an equality of votes, the Chairman of the meeting shall have a second or casting vote. However, in the event where two (2) Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) directors are competent to vote on the question at issue shall not have a casting vote.
135. Every Director shall comply with the provisions of Sections 131 and 135 of the Act and the Listing Requirements in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.
136. (1) No Director may deliberate and vote in regard to any contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other Securities in that other company. A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act and the Listing Requirements.
- (2) A general notice that a Director, alternate Director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be deemed to be a sufficient disclosure under this clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.
137. A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinabove mentioned are considered or where any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 131, 131A and all other relevant provisions of the Act and of these Articles.
141. Subject to and unless otherwise exempted under Section 131A of the Act, a Director shall not participate in any discussion nor vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest (and if he shall do so his vote shall not be counted). A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract.

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

142. Subject to the Act, a Director may vote in respect of:-
- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
  - (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

**Changes in capital or variation of class rights**

The provisions in our Company's Articles of Association in respect of the changes in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows:

<u>Article</u>	<u>Provision</u>
64.	Without prejudice to the rights attached to any existing shares or class of shares, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.
67.	Subject to the Act and any applicable law or regulation, the Company may from time to time by ordinary resolution: <ol style="list-style-type: none"> <li>(a) increase the share capital by such sum to be divided into Shares of such amount as the resolution shall prescribe;</li> <li>(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived;</li> <li>(d) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and</li> <li>(e) subject to the provisions of these Articles and the Act, convert and/or reclassify any class of shares into other class of shares.</li> </ol>

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## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

71. The Company may by special resolution, subject to the Securities Laws, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised by the Act, subject to any conditions prescribed, and subject to any consent required by law.
73. If at any time the share capital is divided into different classes of shares, the right, privileges or conditions for the time being attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be modified, affected, extended, surrendered or varied or abrogated with the consent in writing of the holders of not less than three-fourths ( $\frac{3}{4}$ ) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third ( $\frac{1}{3}$ ) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll to one (1) vote for every such shares held by him. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.
74. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be modified, affected, extended, surrendered or varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects pari passu therewith.

### 12.3 LIMITATION OF RIGHTS

There are no limitations on the right to own securities including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

### 12.4 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contract which is not in the ordinary course of business of our Group within 2 years preceding the date of this Prospectus:-

- (a) Tenancy Agreement dated 21 July 2011 between Chang Yuet Wah @ Tsen Nget Fah (as landlord) and ELK-Desa Capital (as tenant) for the rental by ELK-Desa Capital of the premises known as Ground Floor, No. 13, Jalan Brunei Utara, Off Jalan Pudu, 55100 Kuala Lumpur at a monthly rental of RM4,500; and the letter dated 23 March 2012 from ELK-Desa Capital to Chang Yuet Wah @ Tsen Nget Fah (which has been acknowledged by Chang Yuet Wah @ Tsen Nget Fah).
- (b) Underwriting agreement dated 24 October 2012 between ELK-Desa Resources, MIDF Investment and JF Apex Securities Berhad to underwrite the 25,000,000 Public Issue Shares to be issued to the Malaysian public, eligible employees of Unico-Desa, ELK-Desa Resources (excluding Directors of Unico-Desa and ELK-Desa Resources) and the subsidiary companies of ELK-Desa Resources at the commission rate of 1.0% of the issue price of RM1.16 per Share.

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

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**12.5 MATERIAL LITIGATION OR ARBITRATION**

We are not presently involved in any material litigation and arbitration, whether as plaintiff or defendant or as a third party, which has a material effect on our position or business, and we are not aware of any proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which might materially affect our position or business.

**12.6 GENERAL INFORMATION**

During the last financial year and the current financial year to date, there were no:

- (a) Public take-over offers by third parties in respect of our Company's shares; and
- (b) Public take-over offers by our Company in respect of other companies' shares.

**12.7 CONSENTS**

The written consents of the Adviser, Managing Underwriter and Underwriters, Solicitors for the IPO, Principal Bankers, Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

The written consent of the Independent Business and Market Research Consultants for the inclusion in this Prospectus of its name and Executive Summary of its Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

**12.8 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of our Company during normal business hours for a period of 12 months from the date of this Prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Directors' Report referred to in **Section 11**;
- (c) the Accountants' Report as included in **Section 9**;
- (d) the Reporting Accountants' letter relating to the Proforma Consolidated Financial Information as set out in **Section 8.7**;
- (e) the audited financial statements of ELK-Desa Resources for the past four (4) years for FYE 31 March 2009 to FYE 31 March 2012 and five (5) months FPE 31 August 2012;
- (f) the audited financial statements of ELK-Desa Capital, ELK-Desa Marketing, ELK-Desa Risk Agency and ELK-Desa Development for the past four (4) years for FYE 31 March 2009 to FYE 31 March 2012 and five (5) months FPE 31 August 2012;
- (g) the Executive Summary as set out in **Section 10** and IMR Report prepared by Protégé Associates Sdn. Bhd.;

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

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- (h) the material contract referred to in **Section 12.4**; and
- (i) the letters of consent referred to in **Section 12.7**.

**12.9 RESPONSIBILITY STATEMENTS**

This Prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

MIDF Investment acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

#### 13.1 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 21 November 2012 and will remain open until 5.00 p.m. on 6 December 2012 or such later date or dates as our Directors, the Offeror and the Managing Underwriter may in their absolute discretion mutually decide. **Late Applications will not be accepted.**

In the event the closing date for the application for our IPO Shares is extended, you will be notified of the change in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia.

#### 13.2 METHODS OF APPLICATION

Application of our IPO Shares must be made using the method designated for each of the categories of investors identified as follows:

Class of applicants	Type of Application Form
Eligible employees (excluding Directors of Unico-Desa and ELK-Desa Resources) of Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources	Pink Application Form only
Bumiputera investors approved by MITI	White Application Form only
Malaysian Public (individuals)	White Application Form or Electronic Share Application or Internet Share Application
Malaysian Public (non-individuals)	White Application Form only
Shareholders of Unico-Desa as at the Entitlement Date ("Entitled Shareholders")	Green Offer Acceptance Form only

#### 13.3 PROCEDURES FOR APPLICATIONS

Each application for our IPO Shares must be made on the Application Form for the relevant category of investors issued together with this Prospectus and must be completed in accordance with the notes and instructions printed therein in the respective category of the Application Form. The Application Forms together with the notes and instructions shall constitute an integral part of this Prospectus. Applications which do not conform strictly to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. ALL APPLICANTS ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

You may submit only 1 application for our IPO Shares by way of Application Form or by way of Electronic Share Application or Internet Share Application. For example, if you submit an application using an Application Form, you may not submit an application by way of Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application or Internet Share Application.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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**You MUST have a CDS account before you can submit your application by way of Application Forms.**

Directors and employees of Equiniti and their immediate families are strictly prohibited from applying for our IPO Shares.

**13.3.1 Application by the Malaysian Public**

Applications for the 4,865,000 Public Issue Shares made available for the Malaysian Public must be made on the **White Application Forms** provided or by way of Electronic Share Application through a Participating Financial Institution or Internet Share Application through an Internet Participating Financial Institution. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM1.16 per Public Issue Share.

**13.3.2 Application by eligible employees (excluding Directors of Unico-Desa and ELK-Desa Resources) of Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources**

Applications for the 4,510,000 Public Issue Shares made available for eligible employees (excluding Directors of Unico-Desa and ELK-Desa Resources) of Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources must be made on the **Pink Application Forms** provided and NOT any other Application Form or by way of Electronic Share Application through a Participating Financial Institution or Internet Share Application through an Internet Participating Financial Institution. The amount payable in full on application is RM1.16 per Public Issue Share.

**13.3.3 Application by Bumiputera investors approved by MITI by way of private placement**

Application for the 15,625,000 Issue Shares made available for Bumiputera investors approved by MITI must be made on the **White Application Forms** provided and NOT any other Application Form or by way of Electronic Share Application through a Participating Financial Institution or Internet Share Application through an Internet Participating Financial Institution. The amount payable in full on application is RM1.16 per Issue Share.

**13.3.4 Application by Entitled Shareholders under the Restricted Offer for Sale**

Entitled Shareholders will find enclosed with this Prospectus, the Notice of Provisional Offer ("NPO") notifying the Entitled Shareholder of the offer of the Restricted Offer Shares and the Green Offer Acceptance Form (together with the notes and instructions printed therein) to enable them to subscribe for the Restricted Offer Shares which will be offered to them, as well as to apply for excess Restricted Offer Shares with, if he/she choose to do so.

In determining an Entitled Shareholder's entitlement to the Restricted Offer Shares, any fractional entitlement will be disregarded and the aggregate of such fractions will be dealt with in such manner or such terms as our Board may deem fit in a fair and equitable manner or such terms that are in the best interests of our Company.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE****Form of Issuance**

**THE RESTRICTED OFFER FOR SALE IS NON-RENOUNCEABLE. The number of Restricted Offer Shares provisionally offered to you will not be credited into your CDS account and there will not be any trading of the Restricted Offer Shares during the offer period. The number of Restricted Offer Shares provisionally offered to you is also non-transferable.**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed our Shares as Prescribed Securities. In consequence thereof, our Share issued/ offered through this Prospectus will be deposited/credited directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

**Upon the acceptance of the offer, the number of Offer Shares accepted or successfully applied for will be credited into the CDS account of successful applicant. The acceptance of the Restricted Offer Shares by Entitled Shareholders shall mean that they consent to receiving such Restricted Offer Shares as deposited securities credited directly into their CDS accounts. The Restricted Offer Shares will be credited into the CDS accounts of the respective applicants and notices of transfer will be despatched to them by ordinary post at the address as stated in the records of Bursa Depository at the applicant's own risk, within eight (8) Market Days from the last date of the acceptance and payment in respect of the Restricted Offer for Sale.**

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RESTRICTED OFFER SHARES OFFERED TO THE ENTITLED SHAREHOLDER(S), EXCESS APPLICATION FOR THE RESTRICTED OFFER SHARES AND THE PROCEDURES TO BE FOLLOWED, ARE SET OUT IN THIS PROSPECTUS, THE NPO AND THE ACCOMPANYING GREEN OFFER ACCEPTANCE FORM.**

**ENTITLED SHAREHOLDERS ARE ADVISED TO READ THIS PROSPECTUS, THE GREEN OFFER ACCEPTANCE FORM AND NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.**

**Procedures for full or part acceptance by Entitled Shareholders**

Acceptance and payment for the Restricted Offer Shares offered to an Entitled Shareholder must be made on the Green Offer Acceptance Form enclosed with this Prospectus and must be completed in accordance with the notes and instructions contained in the Green Offer Acceptance Form. Acceptances which do not conform to the terms of this Prospectus, NPO or Green Offer Acceptance Form or the notes and Instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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**An Entitled Shareholder accepting the offered Restricted Offer Shares are required to complete Part I (A) and II of the Green Offer Acceptance Form in accordance with the notes and instructions provided therein. Each completed Green Offer Acceptance Form together with the relevant payment must be despatched by ORDINARY POST or DELIVERED BY HAND using the envelope provided (at your own risk) to the Share Registrar for the Restricted Offer for Sale at the following addresses:**

Tricor Investor Services Sdn Bhd,  
Level 17, The Gardens North Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur,  
Malaysia.

so as to arrive not later than 5.00 p.m. on 6 December 2012, being the last time and date for acceptance and payment, or such later date or dates as our Directors, the Offeror and Managing Underwriter may in their absolute discretion mutually decide.

If you have more than one CDS account being entitled to the provisionally offered Restricted Offer Shares, you are required to use separate Green Offer Acceptance Form to accept the offer relating to the respective CDS account. If successful, such number of Restricted Offer Shares subscribed by an Entitled Shareholder(s) will be credited into the respective CDS accounts as stated in the Record of Depositors. You may not request for the Restricted Offer Shares applied for in a particular CDS account to be credited into another or more than one (1) CDS account.

The Entitled Shareholder(s) should take note that a trading board lot will comprise 100 Shares. The minimum number of securities that can be subscribed for or accepted is one (1) Restricted Offer Shares.

**Payment must be made in the exact amount. Any acceptance with insufficient payment may be rejected at the absolute discretion of our Board. Cheques or any other mode of payments are not acceptable.**

If acceptance and payment for the Restricted Offer Shares offered to an Entitled Shareholder(s) is not received by the Share Registrar for the Restricted Offer for Sale by 5.00 p.m. on 6 December 2012, being the last time and date for acceptance and payment, or such later date or dates as our Directors, the Offeror and Managing Underwriter may in their absolute discretion mutually decide, the Entitled Shareholder(s) will be deemed to have declined such offer and it will be cancelled. Such Restricted Offer Shares not taken up will be allotted to the applicants applying for excess Restricted Offer Shares.

Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar for the Restricted Offer for Sale. Our Board reserves the right not to accept or to accept in part only any application without providing any reason.

An Entitled Shareholder who lose, misplace or for any other reason require another copy of the Green Offer Acceptance Form, may obtain additional copies from stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), the Share Registrar for the Restricted Offer for Sale at the address stated above or our Registered Office.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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EACH COMPLETED GREEN OFFER ACCEPTANCE FORM MUST BE ACCOMPANIED BY VALID REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "ELK-DESA OFFER ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY THE SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE GREEN OFFER ACCEPTANCE FORM.

THE GREEN OFFER ACCEPTANCE FORM IS FOR USE ONLY BY PERSON(S) TO WHOM THE FORM IS ADDRESSED AND IS NOT TRANSFERABLE.

**Procedure for excess application**

Any Restricted Offer Shares not applied for will be made available for excess application. Entitled Shareholders, who accept the offered Restricted Offer Shares may apply for excess Restricted Offer Shares by completing Part I (B) of the excess Restricted Offer Shares application section in the Green Offer Acceptance Form (in addition to Parts I (A) and II) and forwarding it (together with a separate valid remittance(s) for the full amount payable on the excess Restricted Offer Shares applied) to the Share Registrar for the Restricted Offer for Sale at the address above so as to arrive no later than 5.00 p.m. on 6 December 2012 (or such extended time and date as set out in **Section 13.1** above) being the last time and date for acceptance and payment.

Payment for the excess Restricted Offer Shares applied for should be made in the same manner as described above, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia which is crossed "**ACCOUNT PAYEE ONLY**" and has to be made payable to "**ELK-DESA EXCESS OFFER ACCOUNT**" and endorsed on the reverse side with the same name and CDS account of the application in block letters to be received by the Share Registrar for the Restricted Offer for Sale.

**Basis of allotment of excess Restricted Offer Shares**

Our Board reserves the rights to allot the excess Restricted Offer Shares applied for in a fair and equitable basis and in such manner as it deems fit and expedient and in the best interest of our Company. As such, it is the intention of our Board to allot the excess Restricted Offer Shares in the following priority:

- (i) firstly, to minimize the incidence of odd lots; and
- (ii) secondly, for allocation to applicants who applied for excess Restricted Offer Shares at the IPO Price, on a pro-rata basis calculated based on the entitlement as at the Entitlement Date; and
- (iii) thirdly, for allocation to applicants who applied for excess Restricted Offer Shares at the IPO Price, on a pro-rata basis calculated based on the quantum of excess Restricted Offer Shares applied for.



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Our Board will also consider, on a fair and equitable manner, other factors including the level of acceptances, cost effectiveness and timeliness in finalising the allocation to meet Bursa Securities' timeline, during the allocation process. Nevertheless, our Board reserves the right to allot any application of excess Restricted Offer Shares, in full or in part, and on such basis as it deems fit or expedient and in the best interest of our Company without assigning any reason thereof, subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board set out in **Section 13.3.4 (i) – (iii)** are achieved.

Any Restricted Offer Shares that remain unsubscribed subsequent to the above shall be retained by the Offeror, Unico-Desa.

There will be no minimum number of excess Restricted Offer Shares which the Entitled Shareholders may apply for. However, it should be noted that a trading board lot comprise 100 shares.

No acknowledgement of the receipt of the Green Offer Acceptance Form, excess Restricted Offer Shares applications or applications monies will be made by our Company or the Share Registrar for the Restricted Offer for Sale. However, notices of transfer will be issued and forwarded by ordinary post to the accepting Entitled Shareholders at their own risk to the address stated in the records of Bursa Depository within 8 Market Days from the last date of the acceptance and payment in respect of the Restricted Offer Shares.

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RESTRICTED OFFER SHARES APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN 10 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RESTRICTED OFFER SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

**Laws of foreign jurisdictions**

This Prospectus and its accompanying documents will not be registered under any applicable securities legislation of any country or jurisdiction other than Malaysia and the Restricted Offer for Sale will not be offered or deemed to be offered for subscription in any country or jurisdiction other than Malaysia.

Accordingly, this Prospectus and its accompanying documents will not be sent to foreign addressed shareholders. Such shareholders may collect the Prospectus from the Share Registrar for the Restricted Offer for Sale, in which event, the Share Registrar for the Restricted Offer for Sale shall be entitled to request for such evidence as they may deem necessary to satisfy themselves as to the identity and authority of the persons collecting this Prospectus.

An Entitled Shareholder may only exercise his/her rights in respect of the Restricted Offer for Sale to the extent that it would be lawful to do so, and our Company, the Offeror, Promoters, advisers, Managing Underwriter, any of their respective directors or any other persons involved in our IPO, would not in connection with the Restricted Offer for Sale, be in breach of the laws of any jurisdiction to which the Entitled Shareholders might be subject to. Each Entitled Shareholder shall be solely responsible to seek advice or consultation as to the laws of any jurisdiction to which he/she may lawfully so participate without our Company, the Offeror, Promoters, advisers, Managing Underwriter, any of their respective directors or any other persons involved in our IPO, being in breach of the laws of any jurisdiction.

## 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

The foreign addressed shareholders will have no rights or claim whatsoever against our Company, the Offeror, Promoters, advisers, Managing Underwriter, any of their respective directors or any other persons involved in our IPO, in respect of their rights entitlements or to any proceeds thereof if respect of the Restricted Offer for Sale and our Company, the Offeror, Promoters, advisers, Managing Underwriter, any of their respective directors or any other persons involved in our IPO shall not accept any responsibility and liability in the event that any acceptance/excess application under the Restricted Offer for Sale is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in such countries or jurisdictions.

### 13.4 APPLICATION USING APPLICATION FORM

#### 13.4.1 Application Forms

The following relevant Application Forms issued with the notes and instructions are accompanied with this Prospectus:

- (i) **White Application Forms** for applications by the Malaysian Public and Bumiputera investors approved by MITI; and
- (ii) **Pink Application Forms** for applications by the eligible employees (excluding Directors of Unico-Desa and ELK-Desa Resources) Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources.

**White Application Forms** together with copies of this Prospectus may be obtained, subject to availability from the following parties:

- (i) MIDF Investment;
- (ii) Participating organisations of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia;
- (iv) Members of the Malaysian Investment Banking Association; and
- (v) Equiniti.

You may submit only 1 Application Form and your application must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. We wish to caution you that if you submit multiple applications in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

Your application for the Issue Shares must be made on the Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors may at their absolute discretion not accept applications, which do not STRICTLY conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("NRIC") number must be the same as that stated in:

- (i) (a) your NRIC; or
- (b) your "Resit Pengenalan Sementara (KPPK 09) issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; or
- (c) any valid temporary identity document as issued by the National Registration Department from time to time; or
- (ii) the Records of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number (as the case may be), must be the same as that stated in your authority card.

If you are a corporation/ institution, the name and certificate of incorporation number must be the same as that stated in the corporation's/ institution's certificate of incorporation.

We, together with Equiniti, will not issue any acknowledgement of receipt for your Application Form or application monies.

#### 13.4.2 Terms and conditions for applications using Application Form

Your application by way of White and Pink Application Form shall be made on, and subject to, the terms and conditions as set out below:

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).  
If you are an individual, you must have a CDS account and a correspondence address in Malaysia (Pink Application Forms only);
- (ii) If you are a corporation/ institution incorporated in Malaysia, you must have a CDS account and be subject to the following:
  - (a) if you are a corporation/ institution with share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (b) there is a majority of Malaysian citizens on the board of Directors/ trustee.
- (iii) If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/ institutions referred to in **Sections 13.4.2** (ii) and (iii) above or the trustees thereof.
- (v) Application for our IPO Shares must be made on the respective Application Forms accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Our Directors may at their absolute discretion not accept applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (vi) Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:
- (a) BANKER'S DRAFT or CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
  - (b) MONEY ORDER or POSTAL ORDER (for applicants from Sabah and Sarawak only); or
  - (c) Guaranteed Giro Order ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
  - (d) ATM STATEMENT obtained from any of the following financial institutions:
    - Affin Bank Berhad;
    - Alliance Bank Malaysia Berhad;
    - AmBank (M) Berhad;
    - CIMB Bank Berhad;
    - Hong Leong Bank Berhad;
    - Malayan Banking Berhad;
    - RHB Bank Berhad,
- and must be made out in favour of **EQSB SHARE ISSUE ACCOUNT NO. 648** and crossed "**A/C PAYEE ONLY**" (excluding ATM statements) and endorsed on the reverse side with your name and address.
- (vii) We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's draft, cashier's order, GGO, money order, postal order or ATM statement. You must state the details of the payment in the appropriate boxes provided in the Application Form.
- (viii) You must state your CDS account number in the space provided in the Application Form. You shall be deemed to have authorized Bursa Depository to disclose information pertaining to your CDS account to Equiniti and/or our Company.
- (ix) If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of Equiniti at anytime within 14 days of the date of notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expense incurred or to be incurred by you for the purpose of complying with this provision.
- (x) Equiniti, on the authority of our Directors reserves the right to reject any application which does not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) Equiniti, on the authority of our Directors reserves the right to reject or accept any application in whole or in part without giving any reason. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

- (xii) Where your application is not accepted or accepted in part only, the full amount or the balance of your application monies, as the case may be, will be returned without interest and despatched within 10 Market Days from the date of the final ballot of the application lists by ordinary post or registered post to your address registered with Bursa Depository, or if your application is rejected because you did not have a CDS account, to the address stated in your NRIC or "Resit Pengenaln Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time or the Authority Card in the case of armed forces/ police personnel, at your own risk.
- (xiii) You shall ensure that your personal particulars stated in the Application Form are identical with your records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository
- (xiv) Equiniti, on the authority of our Directors reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially successful Bumiputera applicants. These monies will be refunded by ordinary post or registered post to your last address maintained with Bursa Depository without interest and shall be despatched to you within 10 Market Days from the date of the final ballot of the application lists, at your own risks.
- (xv) You may submit your application together with the appropriate remittance and legible photocopy of the relevant documents by **ORDINARY POST** in the official envelopes provided, to the following address:  
  
Equiniti Services Sdn Bhd (11324-H)  
Level 8, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur  
P.O. Box 11122  
50736 Kuala Lumpur  
  
or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the Ground Floor of Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 6 December 2012 or such later date or dates as our Board and the Managing Underwriter may in their absolute discretion decide.
- (xvi) You may contact Equiniti if you have any queries on the White Application Form at the telephone number 03-21660933 or 03-21660811 (during office hours only).

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## **13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

### **13.5 APPLICATION USING ELECTRONIC SHARE APPLICATION**

#### **13.5.1 Steps for Electronic Share Application through a Participating Financial Institution**

- (i) You must have an account with a Participating Financial Institution (as detailed in **Section 13.5.2** below) and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) You **MUST** have a CDS account;
  - You may apply for our IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in **Section 13.5.3** below under the term and conditions for Electronic Share Application. You will have to enter at least the following information through the ATM where the institutions on the ATM screen requires you to do so:
    - Personal Identification Number (PIN);
    - EQSB Share Issue account number 648;
    - CDS account number;
    - Number of our IPO Shares applied for and/or the RM amount to be debited from the account; and
    - Confirmation of several mandatory statements.

#### **13.5.2 Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

#### **13.5.3 Terms and conditions for Electronic Share Applications**

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). You must complete all the Steps and follow the instructions set out on the ATM screen to complete an Electronic Share Application. You are advised to read and understand the terms of this prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application. Any reference to "applicant/you" in the terms and conditions for Electronic Share Application and the Steps shall mean the applicant who applies for our IPO Shares through an ATM of any of the Participating Financial Institutions.

If you are an individual, you must have a CDS account to be eligible to utilise the facility.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

You must have an existing bank account with, and be an ATM cardholder of, 1 of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is a record that you have completed a transaction at the ATM and not a record that Equiniti or us have received any part of your application. Do not submit your Transaction Record with any Application Form. It is for your own retention.

Upon the closing of the offer for the application for our IPO Shares, on 6 December 2012 at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers' applications for our IPO Shares to Equiniti as soon as practicable but not later than 12.00 p.m. of the 2<sup>nd</sup> business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our IPO Shares via an ATM that accepts the ATM card of the Participating Financial Institution with which you have an account, subject to you making only 1 application.

**YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN APPLYING FOR OUR IPO SHARES, EVEN WHEN YOU HAVE A JOINT ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS. YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING CONDITIONS.**

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions appearing below:

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our M&A.
- (ii) You will have to confirm and undertake that the following statements are true and correct (by pressing the designated keys (or buttons) on the ATM keyboard):
  - You are at least 18 years of age as at the Closing Date and Time of our IPO Share application;
  - You are a Malaysian citizen residing in Malaysia;
  - You have read the Prospectus and understood and agreed with the terms and conditions of this application;
  - This is the only application that you are submitting; and
  - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to Equiniti and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institutions. By doing so, you will be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to Equiniti or any relevant regulatory bodies.

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- (iii) **You confirm that you are not applying for our IPO Shares as a nominee of any other persons and that your Electronic Share Application is made on your own account as a beneficial owner. You will only make 1 Electronic Share Application and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.**
- (iv) You must have sufficient funds in your bank account with the relevant Participating Financial Institutions at the time you make the Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of our IPO Shares applied for as stated on the Transaction Record or any lesser number of our IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by action of depressing the pre-designated key (or button) on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum & Articles of Association.
- (vi) Equiniti, on the authority of our Directors reserves the right to reject or accept any Electronic Share Application in whole or in part without giving any reason. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.
- (vii) If your Electronic Share Application is not successful or successful in part only, Equiniti shall inform the relevant Participating Financial Institutions of the non-successful or partially successful applications within 2 Market Days after the balloting date. The relevant Participating Financial Institutions will credit the full amount of the application monies or the balance of it (as the case may be) in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from Equiniti. You may check your account on the 5<sup>th</sup> Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institutions will credit the balance of the application monies without interest into your account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from Equiniti. A number of applications will be held in reserve to replace any successfully balloted applications, which are subsequently rejected. The application monies relating to this applications which are subsequently rejected, will be refunded (without interest or any share of revenue or other benefit arising therefrom) by Equiniti by crediting into the applicant's account with the Participating Financial Institutions within 10 Market Days from the date of the final ballot.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

If you encounter any problems in your applications, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- (a) to credit our IPO Shares allotted or allocated to you into your CDS account; and
  - (b) to issue share certificate(s) representing such IPO Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
- (ix) You, acknowledging that the Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of Equiniti, the Participating Financial Institutions or Bursa Depository, irrevocably agree that if:
- (a) We or Equiniti do/does not receive your Electronic Share Application; and
  - (b) Your application data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible to us or Equiniti, or not transmitted or communicated to us or Equiniti,
- you shall be deemed not to have made an Electronic Share Application and shall not claim whatsoever against us, Equiniti, the Participating Financial Institutions or Bursa Depository for our IPO Shares applied for or for any compensation, loss or damage arising from it.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct, and we, Equiniti and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, the Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- (a) in consideration of our Company making available the Electronic Share Application facility to you, through the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) we, Equiniti, the Participating Financial Institutions and Bursa Depository shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/ their control;
  - (c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase our IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notice of allocation by us or on our behalf for prescribed securities in respect of our IPO Shares;

### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allotted to you; and
  - (e) you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xiii) If you are successful in your Electronic Share Application, our Directors reserve the right to require you to appear in person at the registered office of Equiniti within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) Equiniti, on the authority of our Directors reserves the right to reject applications which do not conform on these instructions.
- (xv) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
- Affin Bank Berhad – No fee will be charged for application by their account holders;
  - AmBank (M) Berhad – RM1.00;
  - CIMB Bank Berhad – RM2.50
  - HSBC Bank Malaysia Berhad – RM2.50;
  - Malayan Banking Berhad – RM1.00;
  - Public Bank Berhad – RM2.00;
  - RHB Bank Berhad – RM2.50; or
  - Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50

#### 13.6 APPLICATION USING INTERNET SHARE APPLICATION

##### 13.6.1 Steps for Internet Share Application through an Internet Participating Financial Institution

The exact steps for Internet Share Application for our IPO Shares are set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purpose only, we have set out below the possible steps of an application for our IPO Shares using Internet Share Application.

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINE BELOW.**

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for our IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (ii) Log in to the Internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the outline application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) After selecting the designated hyperlink on the screen, you will confirm and undertake that the following mandatory statements are true and correct:
  - (a) You are at least 18 years of age as at the Closing Date and Time of our IPO Share application.
  - (b) You are a Malaysian citizen residing in Malaysia.
  - (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.
  - (d) You agree to all terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares.
  - (e) The Internet Share Application is the only application that you are submitting for our IPO Shares.
  - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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- (g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Equiniti and the Authorised Financial Institution, the SC and any other relevant authority.
- (h) You are not applying for our IPO Shares as a nominee of any other persons and the application is made in your own name as a beneficial owner and subject to the risks referred to in this Prospectus.
- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with our IPO Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our IPO Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application of our IPO Shares.
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen on the website through which the online payment for the application of our IPO Shares is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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**13.6.2 Terms and conditions of Internet Share Application**

Your application for our IPO Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my) or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com) or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my) or
- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com) or
- RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my) or
- Public Bank Berhad at [www.pbebank.com.my](http://www.pbebank.com.my)

PLEASE READ THE TERMS OF THIS PROSPECTUS, TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, BEFORE YOU MAKE IN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out below:

- (i) In order to make an Internet Share Application, you must:
  - (a) be an individual with a CDS account;
  - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification and PIN/password for the relevant Internet financial services facilities; and
  - (c) be a Malaysian citizen and have a Malaysian address.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

You are advised to note that the User Identification and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms and conditions of this Prospectus and our M&A.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services websites of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
  - (a) You have attained 18 years of age as at the date of the application for our IPO Shares.
  - (b) You are a Malaysian citizen residing in Malaysia.
  - (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares.
  - (e) The Internet Share Application is the only application that you are submitting for our IPO Shares.
  - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.
  - (g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institutions, the Authorised Financial Institutions and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Equiniti, the Authorised Financial Institution, the SC and any other relevant authority.
  - (h) You are not applying for our IPO Shares as a nominee of any other persons and the application is made in your own name, as a beneficial owner and subject to the risks referred to in this Prospectus.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (i) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with our IPO Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our IPO Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.
- (iv) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this section of the Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of our IPO Shares applied for, which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in **Section 13.6.2 (iii)** above.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not strictly conform to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made, shall be rejected.
- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of our IPO Share applied for as stated on the Confirmation Screen or any lesser number of such IPO Shares that may be allotted or allocated to you. In the event that we decide to allot or allocate any lesser number of our IPO Shares or not to allot or allocate any of our IPO Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (a) your acceptance of the number of our IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (b) your agreement to be bound by our M&A.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. Equiniti, on the authority of our Directors reserves the right to reject or accept any Internet Share Application in whole or in part without assigning any person. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (viii) If your Internet Share Application is unsuccessful or successful in part only, Equiniti shall inform the relevant Internet Participating Financial Institutions of the unsuccessful or partially successful Internet Share Applications within 2 Market Days after the balloting date. The Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it (as the case may be) in RM (without interest or any share of revenue or other benefit arising there from) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from Equiniti.

A number of applications will be reserved to replace any successfully balloted applications that are subsequently rejected. The application monies relating to this applications which are subsequently rejected, will be refunded (without interest or any share of revenue or other benefit arising therefrom) by Equiniti by crediting into the applicant's account with the Internet Participating Financial Institutions within 10 Market Days from the date of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institutions will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within 10 Market Days from the day of the final ballot.

Except where Equiniti is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of our IPO Shares allotted, if any, before trading of our Shares on the Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 6 December 2012 or such later date or dates as our Directors, the Offeror and the Managing Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Application will not be accepted.
- (x) You irrevocably agree and acknowledge that the Internet Share Application is subject to the risk of electrical, electronic, technical, transmission and communication and computer related faults and breakdowns, fires and other events which are not in our control, or the control of Equiniti, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If we, Equiniti, the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, Equiniti or the Internet Participating Financial Institutions and the Authorised Financial Institutions in relation to our IPO Shares applied for or for any compensation, loss or damage arising from it.



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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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- (xi) All of your particulars in the records of the relevant Internet Participating Financial Institutions at the time of the Internet Share Application shall be deemed to be true and correct, and we, Equiniti, the Internet Participating Financial Institutions and all other persons who are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institutions are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an Internet Share Application, you are deemed to have agreed that:
- (a) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institutions acting as our agents, the Internet Share Application is irrevocable;
  - (b) you have irrevocably requested and authorised us to register our IPO Shares allotted to you for deposit into your account;
  - (c) neither us nor the Internet Participating Financial Institutions, shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to Equiniti and Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in **Section 13.6.2 (x)** herein or to any cause beyond our/ their control;
  - (d) you shall hold the Internet Participating Financial Institutions harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, Equiniti and/or the Internet Participating Financial Institutions for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institutions;
  - (e) the acceptance of your offer to subscribe for and the purchase of our IPO Shares for which your Internet Share Application has been successfully complete shall be constituted by the issue of a notice of allotment by us or on our behalf for prescribed securities in respect of our IPO Shares, notwithstanding the receipt of any payment by us or on behalf;
  - (f) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
  - (g) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Managing Underwriter, Principal Adviser and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and

### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (h) our acceptance of your Internet Share Application and the contract resulting from our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:
- CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
  - CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
  - RHB Bank Berhad ([www.rhb.com.my](http://www.rhb.com.my)) – RM2.50; and
  - Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00.

No fee will be charged by Affin Bank Berhad for applications by their account holders.

#### 13.7 APPLICATION AND ACCEPTANCE

Equiniti, on the authority of our Directors reserves the right to reject any application which does not strictly comply with the instructions or to accept any application in part only without giving any reason.

The submission of an Application Form does not necessarily mean that the application will be successful.

#### **ALL APPLICATION MUST BE FOR AT LEAST 100 SHARES OR MULTIPLES THEREOF.**

In the event of an over-subscription of the Public Issue Shares to the Malaysian public, Equiniti will conduct a ballot in a fair and equitable manner as approved by our Directors to determine acceptance of applications. In determining the manner of balloting, our Directors will consider the desirability of distributing the Issue Shares, to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

Pursuant to the Listing Requirements, we need at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. However, if the above requirement is not met pursuant to our IPO, we may not be allowed to proceed with our Listing. Then, monies paid in respect of all applications will be returned without interest.

Any Restricted Offer Shares not subscribed for by the Entitled Shareholders pursuant to the Restricted Offer for Sale shall be made available for excess application at the IPO Price and thereafter any unsubscribed Restricted Offer Shares shall be retained by the Offeror, Unico-Desa.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

The Shares allocated to the eligible employees (excluding Directors of Unico-Desa and ELK-Desa Resources) of Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources shall also be reallocated to the Malaysian Public at the IPO Price in the event of an over-subscription of the Public Issue Shares to the Malaysian public and under-subscription of the Public Issue Shares to the eligible employees (excluding Directors of Unico-Desa and ELK-Desa Resources) of Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources.

Any Shares not subscribed for by the Bumiputera investors under the Bumiputera Offer shall be made available for application by the retail Bumiputera investors as part of our IPO balloting process. Thereafter, any Shares that were allocated to the retail Bumiputera investors (as part of our IPO balloting process) and not taken up by the retail Bumiputera investors, shall be made available for application by the Malaysian Public.

**IF YOUR APPLICATION VIA APPLICATION FORM IS UNSUCCESSFUL OR SUCCESSFUL IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST, AND DESPATCHED BY ORDINARY POST OR REGISTERED POST TO YOU WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION TO YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY, AT YOUR OWN RISK.**

**EQUINITI, ON THE AUTHORITY OF OUR DIRECTORS RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL BUMIPUTERA APPLICANTS, WHICH WOULD SUBSEQUENTLY BE REFUNDED TO YOU WITHOUT INTEREST, AND DESPATCHED BY ORDINARY POST OR REGISTERED POST TO YOU WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION TO YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY, AT YOUR OWN RISK.**

**NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

**13.8 CDS ACCOUNT**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed our Shares as Prescribed Securities. In consequence thereof, our Share issued/ offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

If you make an application by way of Application Form, you must have a CDS account. You should state your CDS account number in the space provided on the Application Form and shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Equiniti or us, and any relevant regulatory bodies (as the case may be). If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares.

In the case of an application by way of Electronic Share Application, you must have a CDS account. You must furnish your CDS account number to the participating Financial Institution by way of keying in your CDS account number when the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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If you make an application by way of Internet Share Application, you must have a CDS account. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institutions. Subsequently, your CDS account number would automatically appear in the electronic online application form.

Failure to comply with the specific instructions or inaccuracy in the CDS account number arising from the use of invalid, third party or nominee accounts, may result in the application being rejected. If you are successful in your application but fail to state your CDS account number, Equiniti, on the authority of our Directors reserves the right to reject your application. Applications may also be rejected if your particulars provided in the Application Form, or your records with the Participating Financial Institutions (in the case of Electronic Share Application) or Internet Participating Financial Institutions (in the case of Internet Share Application) differ from those in Bursa Depository's records such as your identity card number, name and nationality.

**13.9 NOTICE OF ALLOTMENT**

If you are successful or partially successful in your application, our Shares allotted to you will be credited to your CDS account. We will not be issuing any share certificate to you. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository, at your own risk, prior to our Listing. This is your only acknowledgement of acceptance of the application. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his/her address last maintained with Bursa Depository at the applicant's own risk prior to our Listing. This is the only acknowledgement of the application.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on your successful or partially successful allotment shall be sent to your registered or correspondence address last maintained with Bursa Depository.

**13.10 ENQUIRIES**

You may contact Equiniti if you have any queries on the White Application Form at 03-2166 0933 or 03-21660811 between 5 to 10 Market Days (during office hours only) after the balloting date. If you have enquiry with regards to your Electronic Share Application, you may refer to the relevant Participating Financial Institution. If you have enquiry with regards to your Internet Share Application, you may refer to the relevant Internet Participating Financial Institution or the Authorised Financial Institution.

If you have queries on the NPO and Green Offer Acceptance Form, you may refer to the Share Registrar for the Restricted Offer for Sale, Tricor Investor Services Sdn Bhd, at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

If you are applying for our IPO Shares as a Malaysian Public under our IPO, you may check the status of your application by logging onto Equiniti's website at [www.equiniti.com.my](http://www.equiniti.com.my) or by calling your ADAs at the telephone number stated in **Section 13.11** of this Prospectus or Equiniti's Enquiry Services Telephone Hotline at 03-21660933 or 03-21660811 between 5 to 10 Market Days (during office hours only) after the balloting date.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE****13.11 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:

Name	Address and Telephone Number	Broker Code
<b>KUALA LUMPUR</b>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No: 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	3rd Floor, Chulan Tower No. 3 Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.:03-26976333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	32 <sup>nd</sup> Floor, Menara Multi-Purpose Capital Square No.8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2591 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Bangunan ECM Libra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.:03-2089 1800	052-001

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Name	Address and Telephone Number	Broker Code
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7 <sup>th</sup> , 22 <sup>nd</sup> and 23 <sup>rd</sup> Floor 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak Shell Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No.: 03-79818811	054-005
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th - 14th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No: 03-21688800	053-001

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Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-21649080	073-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No.: 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD (FORMERLY KNOWN AS ASEAMBANKERS MALAYSIA BERHAD)	Level 8, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11 <sup>th</sup> & 12 <sup>th</sup> Floor, Menara MIDF 82 Jalan Raja Chulan 50400 Kuala Lumpur Tel No.: 03-21738888	026-001
HONG LEONG INVESTMENT BANK BERHAD (Formerly known as MIMB Investment Bank Berhad)	Level 18, Menara Raja Laut 288 Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-26910200	066-006
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD	62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No. 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No. 03-90587222	056-058

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	Ground Floor Menara PMI No.2 Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 <sup>th</sup> Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 10, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One, No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	058-003

**SELANGOR DARUL EHSAN**

AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No.3, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 7717 3388	065-009



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1 <sup>st</sup> Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.:03-3348 8080	052-015
HONG LEONG INVESTMENT BANK BERHAD	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77246888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
JF APEX SECURITIES BERHAD	6 <sup>th</sup> Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No.4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy, Lot 72 Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-51920202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005

**MELAKA**

CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71(A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, Tingkat 1 Bangunan Tabung Haji Jalan Banda Kaba 75000 Melaka Tel No.: 06-283 3622	087-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>PERAK DARUL RIDZUAN</b>		
A.A. ANTHONY SECURITIES SDN. BHD.	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05 - 623 2328	078-009
CIMB INVESTMENT BANK BHD	Ground, 1st, 2nd and 3rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05 – 208 8688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 0888	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor) Level 1 & 2 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-245 3400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014
OSK INVESTMENT BANK BERHAD	1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034
OSK INVESTMENT BANK BERHAD	Ground Floor 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-467 1801	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052
TA SECURITIES HOLDINGS BERHAD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2, Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No: 05-253 1313	058-001

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1st Floor, Heng Guan Building 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BHD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Tel No.: 04 - 261 1688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04 - 226 1818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-238 5900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7 <sup>th</sup> & 8 <sup>th</sup> Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 <sup>th</sup> Floor Sentral Tower 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	2 <sup>nd</sup> Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004
OSK INVESTMENT BANK BERHAD	64 & 64D Ground, 3 <sup>rd</sup> & 5 <sup>th</sup> Floor Lebuhr Bishop 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-390 0022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Bayan Point, Medan Kampung Relau 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-227 3000	064-004

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>PERLIS INDRA KAYANGAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-976 5200	076-003
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat Satu No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04 - 979 3888	056-061
<b>KEDAH DARUL AMAN</b>		
A.A. ANTHONY SECURITIES SDN. BHD.	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04 - 732 2111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011
OSK INVESTMENT BANK BERHAD	No.112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim, Kedah Darul Aman Tel No.: 04-496 4888	056-019



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-720 9888	056-021

**NEGERI SEMBILAN DARUL  
KHUSUS**

ECM LIBRA INVESTMENT BANK BERHAD	1 C-G & 1 D-G Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3011	056-040

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002

**JOHOR DARUL TAKZIM**

A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7 Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-333 2000	078-001
A. A. ANTHONY SECURITIES SDN BHD	42-8, Main Road, Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 6658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Tel No.: 07-351 3218	078-006
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor, No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 06-467 8885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008
KENANGA INVESTMENT BANK BERHAD	No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi No. 1, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005
HONG LEONG INVESTMENT BANK BERHAD (Formerly known as MIMB Investment Bank Berhad)	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07 - 222 7388	066-005
HONG LEONG INVESTMENT BANK BERHAD (Formerly known as MIMB Investment Bank Berhad)	1st Floor, No. 9, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No.: 07 – 3413 688	066-004
OSK INVESTMENT BANK BERHAD	6 <sup>th</sup> Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 8262	056-025
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat Satu No. 119 dan 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 3 Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No.: 07-776 9655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039
OSK INVESTMENT BANK BERHAD	Tingkat Bawah, Tingkat 1 dan Tingkat 2 Nos. 21 dan 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043
PM SECURITIES SDN BHD	No.41 Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre Johor Darul Takzim Tel No.: 07-433 3608	064-008

**PAHANG DARUL MAKMUR**

ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002
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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
CIMB INVESTMENT BANK BERHAD	No. A-27 Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-205 7800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19 Lorong Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-513 3289	052-007
OSK INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-516 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041

**KELANTAN DARUL NAIM**

OSK INVESTMENT BANK BERHAD	No. 3953-H, Ground & 1st Floor Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004

**TERENGGANU DARUL IMAN**

ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009
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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-850 2730	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055

**SARAWAK**

AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082 – 244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No.6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No.1 Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4 Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 1-5 Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Lot 1269, 2 <sup>nd</sup> Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2 <sup>nd</sup> Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006

**SABAH**

CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088 - 328 878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 <sup>th</sup> Floor CPS Tower Centre Point Sabah No.1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
UOB KAY HIAN SECURITIES (M) SDN BHD (Formerly known as Innosabah Securities Berhad)	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	056-010

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-222 275	056-057

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