4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.3 **Business combinations**

Business combinations from 1 April 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(i) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(ii) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.3 **Business combinations (continued)**

Business combinations from 1 April 2011 onwards (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 April 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 April 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 April 2011.

4.4 **Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Computer equipment	3 years
Office equipment	10 years
Furniture and fittings	10 years
Signboard	10 years
Motor vehicles	10 years
Renovation	10 years

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company have the power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significant lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories represent repossessed or purchased motor vehicles of the Group.

Cost of repossessed motor vehicles represents the principal amount of the outstanding hire-purchase financing receivables plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.10 **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 (4) 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 at 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 at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at 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 are 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 determined 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.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.10 **Financial instruments (continued)**

(a) Financial assets (continued)

(iii) Loans and receivables

Financial assets classified as loans and receivable 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 methods. 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, fixed deposits pledged to financial institutions, 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 purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

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.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.10 **Financial instruments (continued)**

(a) Financial assets (continued)

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using settlement date accounting.

(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 (2) 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 at 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 at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at 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 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 amortised 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 expired. 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.

Any 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable to settle the obligation and a reliable estimate can be made of amount of the obligation.

At the end of every reporting period, the Group assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

(c) Equity

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 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. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(c) Equity (continued)

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

4.11 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.

(a) Held-to-maturity investment and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on held-to-maturity investment and 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 held-to-maturity investment is directly reduced by the impairment loss whilst 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.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.11 **Impairment of financial assets (continued)**

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 **Borrowing costs**

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

4.13 **Income taxes**

Income taxes include all taxes on taxable profit. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(a) Current tax

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 and real property gains taxes payable on disposal of properties.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.13 **Income taxes (continued)**

(b) 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 future 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 a 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.

Deferred tax would be recognised as income or expense and included in 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 are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on announcement of tax rates and tax laws by the Government in annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.14 **Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would 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 period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would 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.

4.15 **Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would 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.

A contingent asset is a possible asset that arises from past events whose existence would 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 a contingent asset but discloses its existence where the 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.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.16 **Employee benefits**

(a) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving 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.

(b) Defined contribution plans

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

4.17 **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.

4.18 **Revenue recognition**

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would 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 receipt basis.

(v) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(vi) Sale of goods

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods have been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(vii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. **ADOPTION OF NEW MFRSs, AMENDMENT TO MFRSs AND IC INTERPRETATIONS**

5.1 **New MFRSs adopted during the current financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

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

5. **ADOPTION OF NEW MFRSs, AMENDMENT TO MFRSs AND IC INTERPRETATIONS (continued)**

5.1 **New MFRSs adopted during the current financial year (continued)**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (continued)

Title		**Effective Date**
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012

5. ADOPTION OF NEW MFRSs, AMENDMENT TO MFRSs AND IC INTERPRETATIONS (continued)

5.1 New MFRSs adopted during the current financial year (continued)

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (continued)

Title		**Effective Date**
IC Interpretation 115	*Operating Leases - Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129	*Disclosure - Service Concession Arrangements*	1 January 2012
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets - Web Site Costs*	1 January 2012

(a) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group and the Company have early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 April 2011.

(b) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group and the Company have early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5. **ADOPTION OF NEW MFRSs, AMENDMENT TO MFRSs AND IC INTERPRETATIONS (continued)**

5.2 **New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013**

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

Title		**Effective date**
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurements*	1 January 2013
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1	*Government Loans*	1 January 2013
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009-2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
MFRS 9	*Financial Instruments*	1 January 2015

The Group and the Company is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 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 significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 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 may have the most significant effect on the amounts recognised in these financial statements other than the following:

(a) Contingent liabilities

The determination of treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(b) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees of the Company are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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 and useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(b) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses recoverability of receivables based on historical loss experience for assets with similar credit risk characteristics, historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivable.

(c) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has also been used to determine the discount rate for cash flows and the future growth of the business.

(d) Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(e) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(f) 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 profits would be available against which the impairment allowance on hire-purchase receivables could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extend of future taxable profits together with future tax planning strategies.

(g) Write down of slow moving or obsolete inventories

The Group writes down its obsolete or slow moving inventories based on an 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 judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(h) 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. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Balance as at 1.4.2012 RM	Additions RM	Disposals RM	Written off RM	Balance as at 31.3.2013 RM
Cost					
Computer equipment	393,713	63,472	-	(3,537)	453,648
Office equipment	298,052	50,776	-	(5,634)	343,194
Furniture and fittings	128,162	500	-	-	128,662
Signboard	22,380	3,980	-	-	26,360
Motor vehicles	517,146	-	(166,300)	-	350,846
Renovation	920,294	104,519	-	(4,575)	1,020,238
	2,279,747	223,247	(166,300)	(13,746)	2,322,948

Accumulated depreciation	Balance as at 1.4.2012 RM	Charge for the financial year RM	Disposals RM	Written off RM	Balance as at 31.3.2013 RM
Computer equipment	283,223	56,988	-	(3,535)	336,676
Office equipment	75,110	32,455	-	(1,321)	106,244
Furniture and fittings	48,822	12,846	-	-	61,668
Signboard	8,580	2,372	-	-	10,952
Motor vehicles	263,705	31,577	(94,726)	-	200,556
Renovation	139,068	93,408	-	(611)	231,865
	818,508	229,646	(94,726)	(5,467)	947,961

Group 2012	Balance as at 1.4.2011 RM	Additions RM	Disposals RM	Balance as at 31.3.2012 RM
Cost				
Computer equipment	290,294	103,419	-	393,713
Office equipment	251,052	47,000	-	298,052
Furniture and fittings	126,084	2,078	-	128,162
Signboard	14,880	7,500	-	22,380
Motor vehicles	517,146	-	-	517,146
Renovation	713,589	274,706	(68,001)	920,294
	1,913,045	434,703	(68,001)	2,279,747

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2012	Balance as at 1.4.2011 RM	Charge for the financial year RM	Disposals RM	Balance as at 31.3.2012 RM
Accumulated depreciation				
Computer equipment	251,057	32,166	-	283,223
Office equipment	47,381	27,729	-	75,110
Furniture and fittings	36,113	12,709	-	48,822
Signboard	7,030	1,550	-	8,580
Motor vehicles	217,162	46,543	-	263,705
Renovation	75,635	78,167	(14,734)	139,068
	634,378	198,864	(14,734)	818,508

Company 2013	Balance as at 1.4.2012 RM	Additions RM	Balance as at 31.3.2013 RM
Cost			
Signboard	-	3,980	3,980

	Balance as at 1.4.2012 RM	Charge for the financial year RM	Balance as at 31.3.2012 RM
Accumulated depreciation			
Signboard	-	133	133

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Carrying amount				
Computer equipment	116,972	110,490	-	-
Office equipment	236,950	222,942	-	-
Furniture and fittings	66,994	79,340	-	-
Signboard	15,408	13,800	3,847	-
Motor vehicles	150,290	253,441	-	-
Renovation	788,373	781,226	-	-
	1,374,987	1,461,239	3,847	-

8. INVESTMENTS IN SUBSIDIARIES

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	-	-	95,000,000	95,000,000

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

	Interest in equity held by				
	Company		Subsidiary		
Name of Company	2013 %	2012 %	2013 %	2012 %	Principal activities
ELK-Desa Capital Sdn. Bhd.	100	100	-	-	Provision of hire-purchase financing
Subsidiaries of ELK-Desa Capital Sdn. Bhd.					
ELK-Desa Risk Agency Sdn. Bhd.	-	-	100	100	Insurance agent
ELK-Desa Marketing Sdn. Bhd.	-	-	100	100	Trading of used motor vehicles
Subsidiary of ELK-Desa Marketing Sdn. Bhd.					
ELK-Desa Development Sdn. Bhd.	-	-	100	100	Dormant

9. HIRE-PURCHASE RECEIVABLES

	Group 2013 RM	Group 2012 RM
Gross hire-purchase receivables		
- not later than one (1) year	94,384,203	90,044,701
- later than one (1) year but not later than five (5) years	164,533,897	154,362,702
- later than five (5) years	3,330,249	3,175,763
	167,864,146	157,538,465
	262,248,349	247,583,166
Less: Unearned hire-purchase interest income	(60,583,117)	(56,140,055)
Net hire-purchase receivables	201,665,232	191,443,111
Less: Accumulated collective impairment allowance	(4,901,013)	(4,640,074)
Accumulated individual impairment allowance	(5,194,237)	(5,840,143)
	191,569,982	180,962,894

9. HIRE-PURCHASE RECEIVABLES (continued)

	Group 2013 RM	Group 2012 RM
Receivables are as follows:		
Current assets		
- not later than one (1) year	62,874,863	59,817,849
Non-current assets		
- later than one (1) year but not later than five (5) years	125,585,907	118,188,729
- later than five (5) years	3,109,212	2,956,316
	128,695,119	121,145,045
	191,569,982	180,962,894

(a) The credit terms of hire-purchase receivables of the Group are in accordance with the repayment schedules as contained in the hire-purchase agreements.

(b) Certain hire-purchase agreements of hire-purchase receivables with a carrying amount of RM70,192,123 (2012: RM86,247,664) are assigned to licensed banks for block discounting, term loan and bank overdrafts facilities as disclosed in Notes 19, 20 and 23 to the financial statements.

(c) The effective interest rate range from 13.6 % to 18.2% (2012: 13.6% to 18.2%) per annum.

(d) All hire-purchase receivables are denominated in Ringgit Malaysia ('RM').

9. **HIRE-PURCHASE RECEIVABLES (continued)**

(e) The ageing analysis of hire-purchase receivables of the Group are as follows:

Group	**Contractually**		**Net**	**Individual**	**Collective**	**Net receivables after**
As at 31 March 2013	**Undue RM**	**Due RM**	**receivables RM**	**impairment RM**	**impairment RM**	**impairment RM**
Not past due	84,643,008	-	84,643,008	-	(2,116,076)	82,526,932
Past due:						
- 1 to 90 days	104,701,935	6,695,565	111,397,500	-	(2,784,937)	108,612,563
- more than 90 days	4,344,291	1,280,433	5,624,724	(5,194,237)	-	430,487
	109,046,226	7,975,998	117,022,224	(5,194,237)	(2,784,937)	109,043,050
	193,689,234	7,975,998	201,665,232	(5,194,237)	(4,901,013)	191,569,982
As at 31 March 2012						
Not past due	77,122,580	-	77,122,580	-	(1,928,064)	75,194,516
Past due:						
- 1 to 90 days	101,887,274	6,593,114	108,480,388	-	(2,712,010)	105,768,378
- more than 90 days	4,500,209	1,339,934	5,840,143	(5,840,143)	-	-
	106,387,483	7,933,048	114,320,531	(5,840,143)	(2,712,010)	105,768,378
	183,510,063	7,933,048	191,443,111	(5,840,143)	(4,640,074)	180,962,894

9. **HIRE-PURCHASE RECEIVABLES (continued)**

(e) The ageing analysis of hire-purchase receivables of the Group are as follows: (continued)

Hire-purchase receivables that are not past due

These are the receivables that are contractually due on or after the last day of the financial year. These receivables amounted to RM84,643,008 (2012: RM 77,122,580)

Hire-purchase receivables that are past due

These are the receivables where the hirer has failed to pay the hire-purchase instalment when contractually due one or more days after the contractual due date.

Contractually undue receivables represent instalments that are due on or after the last day of the financial year which amounted to RM109,046,226 (2012: RM106,387,483).

Contractually due receivables represent instalments that are due before the last day of the financial year which amounted to RM7,975,998 (2012: RM7,933,048).

Hire-purchase receivables that are impaired

Receivables that are impaired amounted to RM10,095,250 (2012: RM10,480,217).

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 with the Hire-Purchase Act.

If no objective evidence on impairment exists 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.

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

	Group	
	2013	**2012**
	RM	**RM**
Balance as at 1 April 2012/2011	10,480,217	10,121,527
Impairment allowance for the financial year (Note 27)	6,569,329	6,389,027
Write off for the financial year	(6,954,296)	(6,030,337)
Balance as at 31 March 2013/2012	10,095,250	10,480,217

(g) Information on financial risks of hire-purchase receivables are disclosed in Note 37 to the financial statements.

10. DEFERRED TAX ASSETS

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

	NOTE	Group 2013 RM	Group 2012 RM
Balance as at 1 April 2012/2011		2,477,599	2,428,193
Recognised in profit or loss	28		
- current year		(88,323)	34,755
- under-provision in prior years		33,667	14,651
		(54,656)	49,406
Balance as at 31 March 2013/2012		2,422,943	2,477,599
Presented after appropriate offsetting:			
Deferred tax assets		2,523,813	2,620,055
Deferred tax liabilities		(100,870)	(142,456)
		2,422,943	2,477,599

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

Deferred tax assets of the Group	**Impairment allowance on hire-purchase receivables 2013 RM**	**2012 RM**
Balance as at 1 April 2012/2011	2,620,055	2,530,381
Recognised in profit or loss	(96,242)	89,674
Balance as at 31 March 2013/2012	2,523,813	2,620,055

Deferred tax liabilities of the Group	**Property, plant and equipment 2013 RM**	**2012 RM**
Balance as at 1 April 2012/2011	142,456	102,188
Recognised in profit or loss	(41,586)	40,268
Balance as at 31 March 2013/2012	100,870	142,456

11. INVENTORIES

	Group	
	2013	2012
	RM	RM
At net realisable value		
Repossessed motor vehicles	971,219	900,052

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

The Group recovered RM333,660 (2012: RM360,622) in respect of inventories previously written down in the previous financial year as the Group was able to sell these inventories above their carrying amounts.

12. TRADE RECEIVABLES

(a) Trade receivables arose from the sale of motor vehicles.

(b) The average credit term offered by the Group in respect of trade receivables are 90 days (2012: 90 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) All trade receivables are denominated in RM.

(d) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2013	2012
	RM	RM
Neither past due nor impaired	214,850	116,600

(e) Information of financial risks of trade receivables are disclosed in Note 37 to the financial statements

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Other receivables	140,166	32,641	-	-
Deposits	205,012	165,623	4,500	-
Prepayments	-	734,768	-	734,768
	345,178	933,032	4,500	734,768

13. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)**

(a) Other receivables, deposits and prepayments of the Group and of the Company are denominated in RM.

(b) Information of financial risks of other receivables, deposits and prepayments are disclosed in Note 37 to the financial statements.

14. **AMOUNT OWING BY FORMER HOLDING COMPANY**

The amount owing by former holding company represented advances which was unsecured, interest free and repayable on demand in cash and cash equivalents.

The amount owing by former holding company was denominated in RM.

15. **AMOUNTS OWING BY A SUBSIDIARY**

The amount owing by a subsidiary represents advances, which is unsecured, interest free and repayable on demand in cash and cash equivalents.

The amount owing by a subsidiary is denominated in RM.

16. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statements of cash flows comprise the following as at the end of the reporting period:

	Group		**Company**	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Cash and bank balance	1,863,804	714,962	173,391	20,212
Fixed deposits with licensed bank	29,523,632	-	29,523,632	-
As stated in statements of financial position	31,387,436	714,962	29,697,023	20,212
Bank overdrafts (Note 23)	(967,720)	(186,381)	-	-
As stated in statements of cash flows	30,419,716	528,581	29,697,023	20,212

(a) Bank balances are deposits held at call with licensed banks.

(b) Fixed deposits with licensed banks of the Group and of the Company have maturity periods ranging from 7 days to 181 days (2012: Nil) with interest ranging from 2.30% to 3.35% (2012: Nil) per annum.

(c) All cash and cash equivalents are denominated in RM.

(d) Information on financial risks of the cash and cash equivalents are disclosed in Note 37 to the financial statements.

17. **SHARE CAPITAL**

	Group and Company			
	2013		2012	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised:				
Balance as at 1 April	300,000,000	300,000,000	50,000,000	50,000,000
Increase in authorised share capital	-	-	250,000,000	250,000,000
Balance as at 31 March	300,000,000	300,000,000	300,000,000	300,000,000
Ordinary shares of RM1.00 each:				
Issued and fully paid:				
Balance as at 1 April	50,000,000	50,000,000	50,000,000	50,000,000
Ordinary shares issued pursuant to:				
- bonus issue	50,000,000	50,000,000	-	-
- public issue	25,000,000	25,000,000	-	-
Balance as at 31 March	125,000,000	125,000,000	50,000,000	50,000,000

In the previous financial year, the Company increased its authorised share capital from RM50,000,000 comprising 50,000,000 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.

During the financial year, the issued and paid up share capital of the Company was increased from 50,000,000 to 125,000,000 by ways of:

(a) Bonus issue

Pursuant to the authority given by the shareholder of the Company at the Extraordinary General Meeting held on 3 October 2012, the issued and paid-up share capital of the Company was increased from RM50,000,000 to RM100,000,000 by way of bonus issue of 50,000,000 new ordinary shares of RM1.00 each from retained profits on the basis of one (1) new ordinary share for every one (1) existing share held.

17. **SHARE CAPITAL (continued)**

(b) Public issue

On 18 December 2012, the Company was listed on Main Market of Bursa Malaysia Securities Berhad and made a public issue of 25,000,000 ordinary shares at RM1.16 each ('Public Issue'). The total proceeds from the Public Issue is RM29,000,000.

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

18. **RESERVES**

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Share premium	2,820,736	-	2,820,736	-
Retained earnings	31,037,215	67,163,761	15,838,321	53,601,142
	33,857,951	67,163,761	18,659,057	53,601,142

(a) Share premium

	Group and Company	
	2013	**2012**
	RM	**RM**
Issuance of 25,000,000 new ordinary shares of RM1.00 each at a premium of RM0.16 per ordinary share	4,000,000	-
Share issue expenses	(1,179,264)	-
	2,820,736	-

(b) Retained earnings

The Company is under single tier system and as a result, there is no restriction on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

19. BLOCK DISCOUNTING PAYABLES - SECURED

	Group 2013 RM	Group 2012 RM
Gross block discounting payables:		
- not later than one (1) year	15,735,081	15,334,359
- later than one (1) year but not later than five (5) years	17,844,158	15,923,573
	33,579,239	31,257,932
Less: Undue block discounting interest expenses	(2,343,475)	(1,928,137)
Net block discounting payables	31,235,764	29,329,795

	Group 2013 RM	Group 2012 RM
Repayable as follows:		
Current liabilities		
- not later than one (1) year	14,406,279	14,103,023
Non-current liabilities		
- later than one (1) year but not later than five (5) years	16,829,485	15,226,772
	31,235,764	29,329,795

(a) Block discounting payables of the Group are secured by:

  (i) the assignments of certain hire-purchase agreements as disclosed in Note 9(b) to the financial statements; and

  (ii) corporate guarantee by the Company.

(b) Block discounting payables of the Group bear interest ranging from 5.30% to 5.97% (2012: 5.20% to 5.97%) per annum.

(c) Block discounting payables of the Group are repayable by equal monthly instalments ranging from 36 to 60 months (2012: 36 to 60 months).

(d) All block discounting payables are denominated in RM.

(e) Information of financial risks of block discounting payables are disclosed in Note 37 to the financial statements.

20. TERM LOANS

	Group 2013 RM	Group 2012 RM
Term loan I repayable by 20 quarterly instalments of RM500,000 which commenced on 1 March 2011 – secured	5,500,000	7,500,000
Term loan II repayable by 23 quarterly instalments of RM1,042,000 which commenced on 29 September 2011 and a final instalments of RM1,034,000 - secured	17,706,000	21,874,000
	23,206,000	29,374,000
Repayable as follows:		
Current liabilities		
- not later than one (1) year	6,168,000	6,168,000
Non-current liabilities		
- later than one (1) year but not later than five (5) years	17,038,000	22,172,000
- later than five (5) years	-	1,034,000
	17,038,000	23,206,000
	23,206,000	29,374,000

(a) Term loan I of the Group is guaranteed by the Company; and

(b) Term loan II of the Group is secured by the following:

  (i) the assignments of certain hire-purchase agreements as disclosed in Note 9(b) to the financial statements; and

  (ii) corporate guarantee by the Company.

(c) Term loans of the Group bear interest ranging from 5.10% to 5.60% (2012: 5.10%) per annum respectively.

(d) Term loans of the Group are denominated in RM.

(e) Information of financial risks of term loans are disclosed in Note 37 to the financial statements.

21. TRADE PAYABLES

	Group	
	2013	2012
	RM	RM
Dealers' retentions	7,470,000	6,890,000
Hire-purchase disbursement creditors	3,201,069	2,864,468
Other temporary clearing accounts	653,197	207,001
	11,324,266	9,961,469

(a) The credit terms available to the Group in respect of trade payables is based on the terms of the agreements.

(b) Dealers' retentions represent amounts retained from cars dealers for hire-purchase applications referred. The dealers' retention will be refunded to the car dealers once the terms for the retention refund in accordance with the retention note have been fulfilled.

(c) Hire-purchase disbursement creditors represent hire-purchase disbursements that have not been disbursed to the car dealers. The hire-purchase disbursement will be disbursed to the car dealers upon the completion of all ownsership transfer documents for the motor vehicles financed.

(d) All trade payables are denominated in RM.

(e) Information of financial risks of trade payables are disclosed in Note 37 to the financial statements.

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Other payables	448,386	379,879	-	300
Accruals	736,385	101,536	345,300	3,700
	1,184,771	481,415	345,300	4,000

(a) All other payables and accruals are denominated in RM.

(b) Information of financial risks of other payables and accruals are disclosed in Note 37 to the financial statements.

23. BANK OVERDRAFTS - SECURED

(a) The bank overdrafts of the Group are secured by the followings:

(i) the assignments of certain hire-purchase agreements as disclosed in Note 9(b) to the financial statements; and

(ii) corporate guarantee by the Company.

(b) Bank overdrafts of the Group bear interest of 6.10% (2012: 6.10%) per annum.

(c) All bank overdrafts are denominated in RM.

(d) Information of financial risks of bank overdrafts are disclosed in Note 37 to the financial statements.

24. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income	-	-	15,000,000	-
Hire-purchase interest income	32,879,677	30,764,492	-	-
Handling and processing fees	4,397,300	4,224,600	-	-
Overdue and service charges	1,745,323	1,846,674	-	-
Insurance commission	1,899,560	1,768,400	-	-
Sale of trade in vehicles	36,000	-	-	-
	40,957,860	38,604,166	15,000,000	-

25. COST OF INVENTORIES SOLD

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

26. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Bank overdraft interest expense	6,619	7,170	-	11
Block discounting interest expense	1,589,948	1,461,796	-	-
Term loans interest expense	1,467,676	1,663,519	-	-
Credit card charges	1,842	3,248	-	-
Bank guarantee commission	750	551	-	-
	3,066,835	3,136,284	-	11

27. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(Loss) before taxation is arrived at after charging:				
Auditors' remuneration				
Statutory audit				
- current year	59,000	38,500	18,000	2,500
- under-provision in prior year	7,600	7,100	5,600	100
Non-statutory audit	6,000	-	6,000	-
Depreciation of property, plant and equipment (Note 7)	229,646	198,864	133	-
Director's remuneration paid and payable to:				
Directors of the Company:				
- payable by the Company	320,000	-	320,000	-
Other emoluments:				
- paid by the Company	12,750	-	12,750	-
- paid by a subsidiary	340,923	476,620	-	-
Impairment allowance (Note 9(f))	6,569,329	6,389,027	-	-
Interest expense on:				
- bank overdrafts	6,619	7,170	-	11
- block discounting	1,589,948	1,461,796	-	-
- term loans	1,467,676	1,663,519	-	-
Listing expenses	2,373,478	-	2,373,478	-
Property, plant and equipment written off	8,279	-	-	-
Rental of:				
- premises	419,000	453,500	-	-
- showroom	48,000	48,000	-	-
- store	33,454	44,653	-	-
- computers	61,213	50,874	-	-
And crediting:				
Interest income	218,518	113,151	166,561	-
Dividend income from a subsidiary	-	-	15,000,000	-

28. TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current tax expense based on profit for the financial year	5,620,785	5,612,486	40,175	-
(Over)/Under-provision in prior years	(53,669)	17,458	-	-
	5,567,116	5,629,944	40,175	-
Deferred tax (Note 10)				
- current year	88,323	(34,755)	-	-
- under-provision in prior years	(33,667)	(14,651)	-	-
	54,656	(49,406)	-	
	5,621,772	5,580,538	40,175	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit/(loss) before taxation	19,495,226	21,523,717	12,277,354	(39,110)
Tax at Malaysian statutory tax rate of 25%	4,873,806	5,380,929	3,069,338	(9,777)
Tax effects in respect of:				
Non-taxable income	(12,990)	(4,278)	(3,750,000)	-
Expenses not deductible for tax purpose	848,292	201,080	720,837	9,777
	5,709,108	5,577,731	40,175	-
(Over)/Under-provision of income tax in prior years	(53,669)	17,458	-	-
Under-provision of deferred tax assets in prior years	(33,667)	(14,651)	-	-
	5,621,772	5,580,538	40,175	-

29. EARNINGS PER SHARE

(a) Basic earnings per ordinary shares

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after adjusting for the bonus issue and the public issue as disclosed in Note 17 to the financial statements. The preceding year comparative figures have been adjusted accordingly.

	Group	
	2013 RM	2012 RM
Profit attributable to equity holders of the parent	13,873,454	15,943,179
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	107,123,288	100,000,000
Basic earnings per ordinary share (sen)	12.95	15.94

(b) Diluted earnings per ordinary shares

Diluted earnings per ordinary share is the same as basic earnings per share as there is no dilutive potential ordinary share.

30. DIVIDEND

The Directors propose a first and final single tier tax exempt dividend of 6.5 sen per ordinary share, amounting to RM8,125,000 in respect of the financial year ended 31 March 2013, which is subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the next financial year.

31. EMPLOYEE BENEFITS

	Group	
	2013 RM	2012 RM
Salaries, wages and bonus	4,940,579	4,198,014
Defined contribution plan	580,717	458,001
Other employee benefits	47,334	39,555
	5,568,630	4,695,570

Included in the employee benefits of the Group are Executive Director's remuneration amounting to RM340,923 (2012: RM476,620).

32. **COMMITMENTS**

Operating Lease Commitments

The Group as lessee

The Group had entered into non-cancellable lease agreements for certain premises and computer equipments, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates. The Group has aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group	
	2013	**2012**
	RM	**RM**
- Not later than one (1) year	322,745	276,948
- Later than one (1) year but not later than five (5) years	159,567	98,611
	482,312	375,559

33. **CONTINGENT LIABILITIES**

	Company	
	2013	**2012**
	RM	**RM**
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary		
- limit of guarantee	97,500,000	40,000,000
- amount utilised	57,752,959	38,757,932

The fair value of such financial corporate guarantee is negligible as the probability of the subsidiary defaulting on the financial facilities is remote.

34. **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 could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;

(ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling activities of the Group directly or indirectly; and

(iii) Affiliates, companies in which certain Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

34. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Dividend received from a subsidiary				
- ELK-Desa Capital Sdn. Bhd.	-	-	15,000,000	-
Rental paid to a substantial shareholder				
- Eng Lee Kredit Sdn. Bhd.	360,000	360,000	-	-

The Directors of the Group and the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

Information regarding outstanding balance arising from related party transactions as at 31 March 2013 is disclosed in Note 15 to the financial statements.

(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 year were as follows:

	Group	
	2013	**2012**
	RM	**RM**
Non-executive Directors		
- Directors fees	320,000	-
- Other emoluments	12,750	-
	332,750	-
Executive Directors		
- Short term employee benefits	304,000	425,000
- Defined contribution plan	36,480	51,000
- Other employee benefits	443	620
	340,923	476,620

The estimated monetary value of benefits-in-kind received by the Executive Directors otherwise than in cash from the Group amounted to RM9,222 (2012: RM8,035)

35. OPERATING SEGMENTS

The Group is primarily involved in the provision of hire-purchase financing and other integrated services (i.e. insurance agents and trading of used motor vehicles) to its hire-purchase customers, principally in Malaysia, all of which are categorised under hire-purchase financing business.

The chief operating decision maker reviews the business performance of the Group as a whole and management monitors the operating results of its hire-purchase financing business together with other integrated services for the purpose of making decisions on resource allocation and performance assessment as the revenue and income generated from other integrated services are mainly dependent on the hire-purchase financing business. As the insurance and trading business is not material, no segmental analysis is prepared.

36. 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 a 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 year ended 31 March 2013 and 31 March 2012.

The Group monitors capital using a gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings (including short term and long term borrowings as shown in the statement of financial position). Capital represents equity attributable to the owners of the parent.

	Group	
	2013	**2012**
	RM	**RM**
Total debts	55,409,484	58,890,176
Total equity	158,857,951	117,163,761
Gearing ratio	0.35	0.50

Other than maintaining a net worth of RM80 million, the Group is also required to maintain a maximum gearing ratio of 1.5 and a minimum security cover ratio of 1.67 to ensure compliance with the bank covenants of its borrowings and all other externally imposed capital requirements.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal or not less than the 25% of the issued and paid-up capital. The Group has complied with this requirement during the financial year ended 31 March 2013.

36. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

(i) Categories of financial instruments

Group	2013 RM	2012 RM
Financial assets		
Loans and receivables		
- Hire-purchase receivables	191,569,982	180,962,894
- Amount owing from former holding company	-	53,267
- Trade receivables	214,850	116,600
- Other receivables, deposits and prepayments	345,178	933,032
Cash and cash equivalents	31,387,436	714,962
	223,517,446	182,780,755
Financial liabilities		
Other financial liabilities		
- Block discounting payables	31,235,764	29,329,795
- Term loans	23,206,000	29,374,000
- Bank overdrafts	967,720	186,381
- Trade payables	11,324,266	9,961,469
- Other payables and accruals	1,184,771	481,415
	67,918,521	69,333,060

Company	2013 RM	2012 RM
Financial assets		
Loans and receivables		
- Amount owing by subsidiary	19,316,500	7,850,000
- Other receivables, deposits and prepayments	4,500	734,768
Cash and cash equivalents	29,697,023	20,212
	49,018,023	8,604,980
Financial liabilities		
Other financial liabilities		
- Other payables and accruals	345,300	4,000

36. **FINANCIAL INSTRUMENTS (continued)**

(b) Financial instruments (continued)

(ii) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair values and whose carrying amounts do not approximate their fair values are as follows:

	Company	
2013/2012	**Carrying amount RM**	**Fair value RM**
Unrecognised		
Financial liabilities		
Contingent liabilities	-	*

* The Company provides corporate guarantees to financial institutions for banking facilities granted to a subsidiary as disclosed in Notes 19, 20 and 23 to the financial statements. The fair value of such financial corporate guarantees is negligible as the probability of the subsidiary defaulting on the financial facilities is remote.

(c) Determination of fair values

Method and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are at reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables and trade and other payables, are reasonable approximation of fair value due to relatively short-term maturity of these financial instruments.

(ii) Hire-purchase receivables

The estimated market interest rate used for discounting contracted cash flows 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) Block discounting payables

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 borrowings with similar duration and terms.

37. 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.

In respect of the 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.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk for the Group is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

Credit risk concentration profile

As at the end of the reporting period, the Group and the Company have no other significant concentration of credit risk except for the Company has an amount owing by a subsidiary of RM19,316,500 (2012: RM7,850,000).

Financial assets that are not past due

Information regarding hire-purchase receivables that are not past due is disclosed in Note 9(e) to the financial statements.

Financial assets that are past due

Information regarding hire-purchase receivables that are past due is disclosed in Note 9(e) to the financial statements.

Financial assets that are impaired

Information regarding hire-purchase receivables that are impaired is disclosed in Note 9(e) to the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risks

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 and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group **2013**	**Within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities				
Block discounting payables	15,735,081	17,844,158	-	33,579,239
Term loans	7,306,079	18,529,519	-	25,835,598
Bank overdrafts	967,720	-	-	967,720
Trade payables	11,324,266	-	-	11,324,266
Other payables and accruals	1,184,771	-	-	1,184,771
Total undiscounted financial liabilities	36,517,917	36,373,677	-	72,891,594
2012				
Financial liabilities				
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 payables	9,961,469	-	-	9,961,469
Other payables and accruals	481,415	-	-	481,415
Total undiscounted financial liabilities	33,503,535	40,512,744	1,047,147	75,063,426
Company **2013**				
Financial liabilities				
Other payables and accruals	345,300	-	-	345,300
2012				
Financial liabilities				
Other payables and accruals	4,000	-	-	4,000

37. 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 and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk is related to the Group's bank borrowings, fixed deposits with licensed bank and hire-purchase receivables. Interest rates exposure which arises from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for floating rate instruments

At reporting date, if interest rate had been 100 basis points lower or higher, with all the variable held constant, the Group's profit for the financial year would have been RM162,750 (2012: RM203,149) higher or lower, arising mainly from lower or higher interest expense on floating rate instruments.

The sensitivity was lower in 2013 than 2012 because of a decrease in outstanding borrowings during the financial year.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rates at the end of the reporting period would not affect profit and loss.

37. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(iii) Interest rate risk (continued)

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

Group **2013**	**Note**	**Effective interest rate per annum %**	**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**
Fixed rates									
Hire-purchase receivables	9	13.60 - 18.20	62,874,863	49,925,753	37,732,737	25,041,712	12,885,705	3,109,212	191,569,982
Fixed deposits with licensed banks	16	2.30 - 3.35	29,523,632	-	-	-	-	-	29,523,632
Block discounting payables	19	5.30 - 5.97	(14,406,279)	(8,981,096)	(5,363,169)	(2,485,220)	-	-	(31,235,764)
Floating rates									
Term loans	20	5.10 - 5.60	(6,168,000)	(6,168,000)	(5,668,000)	(4,168,000)	(1,034,000)	-	(23,206,000)
Bank overdrafts	23	6.10	(967,720)	-	-	-	-	-	(967,720)
2012									
Fixed rates									
Hire-purchase receivables	9	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	19	5.20 - 5.97	(14,103,023)	(10,346,273)	(4,174,938)	(705,561)	-	-	(29,329,795)
Floating rates									
Term loans	20	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	23	6.10	(186,381)	-	-	-	-	-	(186,381)

37. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(iii) Interest rate risk (continued)

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

Company	Note	Effective interest rate annum %	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
2013									
Fixed rates									
Fixed deposits with licensed banks	16	2.30 - 3.35	29,523,632	-	-	-	-	-	29,523,632
2012									
Fixed rates									
Fixed deposits with licensed banks	16	-	-	-	-	-	-	-	-

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Pursuant to the authority given by the shareholder of the Company at the Extraordinary General Meeting held on 3 October 2012, the issued and paid-up share capital of the Company was increased from RM50,000,000 to RM100,000,000 by way of bonus issue of 50,000,000 new ordinary shares of RM1.00 each from retained profits on the basis of one (1) new ordinary share for every one (1) existing share held.

On 18 December 2012, the Company was listed on Main Market of Bursa Malaysia Securities Berhad and made a public issue of 25,000,000 ordinary shares at RM1.16 each ('Public Issue'). The total proceeds from the Public Issue is RM29,000,000.

39. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are non-transitioning entities as defined by the MASB, and have adopted the MFRS Framework during the financial year ended 31 March 2013. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2013, as well as comparative information presented in these financial statements for the financial year ended 31 March 2012 and in the preparation of the opening MFRSs statements of financial position at 1 April 2011 (the date of transition of the Group to MFRSs).

There is no impact arising from the transition from FRSs to MFRSs on the Company's financial position, financial performance and cash flows. Thus, the Company has not adjusted any amount previously reported in financial statements that were prepared in accordance with the previous FRS Framework.

The Group has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 April 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position is set out as follows:

(a) Reconciliation of financial position as at 1 April 2011:

	[---------- Group	----------]	
Statement of Financial Position	**As previously reported 1 April 2011 RM**	**Effect of adoption of MFRS 1 RM**	**Restated as at 1 April 2011 RM**
ASSETS			
Non-current assets			
Property, plant and equipment	1,278,667	-	1,278,667
Hire-purchase receivables	111,026,356	-	111,026,356
Deferred tax assets	2,428,193	-	2,428,193
	114,733,216	-	114,733,216

39. **EXPLANATION OF TRANSITION TO MFRSs (continued)**

(a) Reconciliation of financial position as at 1 April 2011: (continued)

Statement of Financial Position	As previously reported 1 April 2011 RM	Effect of adoption of MFRS 1 RM	Restated as at 1 April 2011 RM
Current assets			
Inventories	760,299	-	760,299
Trade receivables	221,560	-	221,560
Hire-purchase receivables	53,093,874	-	53,093,874
Other receivables, deposits and prepayments	302,170	-	302,170
Current tax assets	9,560	-	9,560
Cash and cash equivalents	1,754,325	-	1,754,325
	56,141,788	-	56,141,788
TOTAL ASSETS	170,875,004	-	170,875,004
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	50,000,000	-	50,000,000
Capital reserve	23,000,000	(23,000,000)	-
Retained earnings	28,220,582	23,000,000	51,220,582
TOTAL EQUITY	101,220,582	-	101,220,582
LIABILITIES			
Non-current liabilities			
Block discounting payables - secured	12,985,770	-	12,985,770
Term loans	29,374,000	-	29,374,000
	42,359,770	-	42,359,770
Current liabilities			
Trade payables	8,252,448	-	8,252,448
Other payables and accruals	433,930	-	433,930
Block discounting payables - secured	10,430,440	-	10,430,440
Term loans	5,126,000	-	5,126,000
Bank overdrafts - secured	2,844,670	-	2,844,670
Current tax liabilities	207,164	-	207,164
	27,294,652	-	27,294,652
TOTAL LIABILITIES	69,654,422	-	69,654,422
TOTAL EQUITY AND LIABILITIES	170,875,004	-	170,875,004

39. EXPLANATION OF TRANSITION TO MFRSs (continued)

(b) Notes to reconciliation

(i) Capital reserve

The Group had reclassified the capital reserves which was recognised in accordance with previous GAAP as one type of component of equity; but is a different type of component of equity in accordance with MFRSs as at the date of transition, 1 April 2011.

	Group	
	31.3.2012	**1.4.2011**
	RM	**RM**
Decrease in capital reserve	(23,000,000)	(23,000,000)

(ii) Retained earnings

All the changes described earlier resulted in the following impact on retained earnings:

	Group	
	31.3.2012	**1.4.2011**
	RM	**RM**
Increase in retained earnings	23,000,000	23,000,000

40. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	63,528,126	99,600,727	15,838,321	53,601,142
- Unrealised	2,422,943	2,477,599	-	-
	65,951,069	102,078,326	15,838,321	53,601,142
Less: Consolidation adjustments	(34,913,854)	(34,914,565)	-	-
Total retained earnings as per consolidation accounts	31,037,215	67,163,761	15,838,321	53,601,142

ELK-DESA RESOURCES BERHAD

(Co. No. 180164-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2013

CERTIFIED TRUE COPY

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LOKE WENG FOOK CA(M), ACMA, CGMA
Company Secretary (MIA 6573)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2013

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2013 RM	31.12.2012 RM	31.12.2013 RM	31.12.2012 RM
Revenue	12,326,154	10,039,251	35,008,106	30,484,766
Other income	187,576	73,350	792,392	247,518
Cost of inventories sold	-	(15,312)	-	(35,028)
Depreciation of property, plant and equipment	(73,183)	(57,802)	(204,521)	(170,312)
Impairment allowance	(3,232,918)	(1,513,684)	(8,037,318)	(4,335,706)
Other expenses	(3,088,613)	(2,306,238)	(8,302,126)	(6,777,148)
Finance costs	(806,799)	(752,356)	(2,303,420)	(2,328,477)
Profit before listing expenses and tax	5,312,217	5,467,210	16,953,113	17,085,612
Listing expenses	-	(2,009,902)	-	(2,009,902)
Profit before taxation	5,312,217	3,457,308	16,953,113	15,075,711
Taxation	(1,374,653)	(1,315,928)	(4,347,863)	(4,267,426)
Profit for the financial period	3,937,564	2,141,380	12,605,250	10,808,285
Other comprehensive income	-	-	-	-
Total comprehensive income	3,937,564	2,141,380	12,605,250	10,808,285
Earnings per ordinary share - basic / diluted (sen)	3.15	2.06	10.08	10.67

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2013)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013
(The figures have not been audited.)

	As at 31.12.2013 RM	As at 31.03.2013 RM
ASSETS		
Non-current assets		
Property, plant and equipment	1,892,092	1,374,987
Hire purchase receivables	158,743,651	128,695,119
Deferred tax assets	2,422,943	2,422,943
	163,058,685	132,493,049
Current assets		
Inventories	1,165,789	971,219
Trade receivables	262,710	214,850
Hire purchase receivables	67,851,360	62,874,863
Other receivables, deposits and prepayments	426,719	345,178
Current tax assets	2,053	359
Fixed deposits	12,660,466	29,523,632
Cash and bank balances	628,285	1,863,804
	82,997,382	95,793,905
Total assets	246,056,067	228,286,954
EQUITY AND LIABILITIES		
Equity attributable to owner of the company		
Share capital	125,000,000	125,000,000
Share premium	2,820,736	2,820,736
Retained earnings	35,517,465	31,037,215
Total equity	163,338,201	158,857,951
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	31,413,459	16,829,485
Term loans	6,412,000	17,038,000
	37,825,459	33,867,485
Current liabilities		
Trade payables	13,632,180	11,324,266
Other payables and accruals	1,384,110	1,184,771
Block discounting payables - secured	21,530,516	14,406,279
Term loans	6,168,000	6,168,000
Bank overdrafts - secured	638,486	967,720
Current tax liabilities	1,539,116	1,510,482
	44,892,408	35,561,518
Total liabilities	82,717,866	69,429,003
TOTAL EQUITY AND LIABILITIES	246,056,067	228,286,954
Net assets per share	1.31	1.27

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2013)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 December 2013

(The figures have not been audited.)

	Issued and fully paid ordinary shares of RM1.00 each				
	Number of shares	Nominal value RM	Share premium RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 April 2012	50,000,000	50,000,000	-	67,163,761	117,163,761
Ordinary shares issued pursuant to bonus issue	50,000,000	50,000,000	-	(50,000,000)	-
Ordinary shares issued pursuant to public issue	25,000,000	25,000,000	4,000,000		29,000,000
Share issue expenses			(1,325,874)		(1,325,874)
Total comprehensive income	-	-	-	10,808,285	10,808,285
Balance as at 31 December 2012	**125,000,000**	**125,000,000**	**2,674,126**	**27,972,046**	**155,646,172**
Balance as at 1 April 2013	125,000,000	125,000,000	2,820,736	31,037,215	158,857,951
Total comprehensive income	-	-	-	12,605,250	12,605,250
Dividend for financial year ended 31 March 2013				(8,125,000)	(8,125,000)
Balance as at 31 December 2013	**125,000,000**	**125,000,000**	**2,820,736**	**35,517,465**	**163,338,201**

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2013)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 31 December 2013

(The figures have not been audited.)

	9 months ended	
	31.12.2013	**31.12.2012**
	RM	**RM**
Cash flows from operating activities		
Profit before taxation	16,953,113	15,075,711
Adjustment for non cash items :		
Depreciation of property, plant and equipment	204,521	170,312
Gain on disposal of property, plant and equipment	(12,738)	-
Impairment allowance	8,037,318	4,335,706
Interest expense	2,301,734	2,326,319
Interest income	(555,238)	(19,516)
Listing expenses	-	2,009,902
Operation profit before working capital changes	26,928,710	23,898,433
Increase in inventories	(194,570)	(11,186)
Increase in hire purchase receivables	(43,062,347)	(12,696,539)
Increase in trade receivables	(47,860)	(51,490)
(Increase)/Decrease in other receivables, deposits and prepayments	(81,541)	386,074
Increase in trade payables	2,307,914	241,471
Increase in other payables and accruals	199,339	1,468,653
	(40,879,065)	(10,663,017)
Cash (used in)/generated from operations	(13,950,355)	13,235,416
Tax paid	(4,320,923)	(2,745,632)
Net cash (used in)/from operating activities	**(18,271,278)**	**10,489,784**
Cash flows from investing activities		
Repayment from former holding company	-	53,267
Purchase of property, plant and equipment	(763,889)	(86,888)
Proceeds from disposal of property, plant and equipment	55,000	71,574
Interest received	555,238	19,516
Net cash (used in)/from investing activities	**(153,651)**	**57,469**
Cash flows from financing activities		
Net repayment of term loans	(10,626,000)	(4,626,000)
Net drawdown/(repayment) of block discounting payables	21,720,445	(393,133)
Proceeds from public issue of shares	-	29,000,000
Share issue and listing expenses paid	-	(3,335,776)
Dividend paid	(8,125,000)	-
Interest paid	(2,313,967)	(2,318,995)
Net cash from financing activities	**655,478**	**18,326,096**
Net (decrease)/increase in cash and cash equivalents during the financial period	**(17,769,451)**	**28,873,348**
Cash and cash equivalents as at beginning of financial year	30,419,716	528,581
Cash and cash equivalents as at end of financial period	**12,650,265**	**29,401,929**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 31 December 2013

(The figures have not been audited.)

	9 months ended	
	31.12.2013	**31.12.2012**
	RM	**RM**
Composition of cash and cash equivalents		
Deposits, cash and bank balances	13,288,751	30,597,082
Bank overdraft	(638,486)	(1,195,153)
	12,650,265	**29,401,929**

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2013)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
Notes to the Interim Financial Statements
for the second quarter ended 31 December 2013

A1 Accounting Policies And Basis Of Preparation

The interim financial statements have been prepared in accordance with *MFRS 134: Interim Financial Reporting* and Chapter 9 Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with *IAS 34: Interim Financial Reporting*.

The interim financial statements are unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2013, which had been prepared in accordance with Malaysian Financial Reporting Standards (MFRS).

The accounting policies adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2013 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 April 2013.

On 1 April 2013, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurements*	1 January 2013
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1	*Government Loans*	1 January 2013
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

Application of the above accounting standards, amendments and interpretations are not expected to have a material impact on the financial statements of the Group.

A2 Seasonal and Cyclical Factors

The Group's operations has not been materially impacted by any seasonal or cyclical factors for the financial period ended 31 December 2013.

A3 Unusual Items due to Their Nature, Size or Incidence

There were no unusual items that may affect the amount stated in the interim financial statements during the financial period ended 31 December 2013.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 December 2013.

A5 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance, repurchases and repayment of debt and equity securities and share cancellations during the financial period ended 31 December 2013.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
Notes to the Interim Financial Statements
for the second quarter ended 31 December 2013

A6 Dividend Paid

The Company has paid a single-tier first and final dividend in respect of the financial year ended 31 March 2013 amounting to RM8.125 million on 3 October 2013.

A7 Segmental Reporting

No segmental analysis is prepared as the Group is primarily involved in the provision of hire purchase financing and other integrated services. Besides, all business activities are carried out in Malaysia.

A8 Subsequent Events

There was no material event subsequent to the end of the current quarter.

A9 Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the financial period ended 31 December 2013.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 31 December 2013.

A11 Capital Commitments

There were no material capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 December 2013.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 31 December 2013.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
Notes to the Interim Financial Statements
for the second quarter ended 31 December 2013

B1 Review Of Performance

Current Quarter Performance (FY2014-Q3 vs FY2013-Q3)

The Group's revenue increased by 23% from RM10.04 million to RM12.33 million due to an increase in the hire purchase portfolio. Other income increased from RM73,350 to RM187,576 mainly due to higher fixed deposit interest. There was slight decrease of the profit before listing expenses and tax from RM5.47 million to RM5.31 million due to increase in impairment allowance and other expenses. Profit before tax increased by 54% from RM3.46 million to RM5.31 million due to the RM2.01 million listing expenses incurred in the third quarter of the previous financial year.

Year To Date Performance (FY2014-YTD vs FY2013-YTD)

The Group's revenue increased by 15% from RM30.48 million to RM35.01 million due to an increase in the hire purchase portfolio. Other income increased from RM247,518 to RM792,392 mainly due to higher fixed deposit interest. There was slight decrease of the profit before listing expenses and tax from RM17.09 million to RM16.95 million due to increase in impairment allowance and other expenses. Profit before tax increased by 12% from RM15.08 million to RM16.95 million due to the RM2.01 million listing expenses incurred in the third quarter of the previous financial year.

B2 Comparison of Results with Preceding Quarter

The Group's profit before tax for the current quarter of RM5.31 million was slightly lower as compared to RM5.41 million of the immediate preceding quarter mainly due to increase of other expenses for the current quarter.

B3 Prospects and Outlook

The domestic economy is currently experiencing inflationary pressures on prices of goods and cost of living. As a consequence, our group profit for the whole financial year will be affected due to slower recovery of its hire purchase receivables resulting in higher impairment allowances. Nevertheless, the Group will continue to place strong emphasis on close monitoring and efficient collection of accounts as well as follow-up mechanisms, to minimise this impact.

Despite the current domestic environment, the Group opined that the Malaysian hire purchase market for used motor vehicles would continue growing albeit at a moderate pace. The Group will continue to grow its hire purchase portfolio assertively without compromising the hire purchase assets quality.

B4 Profit Forecasts

The Group did not issue any profit forecasts for the period under review.

B5 Taxation

Tax charge for the quarter and financial period ended 31 December 2013 are set out below:

	3 months ended 31.12.2013	9 months ended 31.12.2013
	RM	RM
(a) Income Tax	1,374,653	4,347,863
(b) Deferred Taxation	-	-
	1,374,653	4,347,863

The effective tax rate of the Group for the financial period ended 31 December 2013 were higher than the statutory tax rate due to certain expenses which were not deductible for tax purposes.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
Notes to the Interim Financial Statements
for the second quarter ended 31 December 2013

B6 Status of Corporate Proposals Announced

On 16 December 2013, on behalf of the Board of Directors of the Company, MIDF Amanah Investment Bank Bhd ("*MIDF* announced that the Company proposed to undertake the proposed renounceable rights issue of irredeemable convertible unsecured loan stock ("*ICULS*") of up to RM100 million in nominal value with coupon rate of 3.25% per annum on the nominal value of the ICULS at 100% of the nominal value of RM1.00 each for a tenure of eight (8) years ("*Rights ICULS*") on the basis of four (4) Rights ICULS of RM1.00 each in nominal value for every five (5) existing ordinary shares of RM1.00 each in the Company held on an entitlement date to be determined later ("*Proposed Rights Issue of ICULS*").

On 6 January 2014, MIDF, on behalf of the Board of Directors of the Company, announced that the Company has submitted the application in relation to the Proposed Rights Issue of ICULS to Securities Commission (Private Debts Securities) and Bursa Malaysia Securities Bhd.

On 27 January 2014, MIDF, on behalf of the Board of Directors of the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") approved the following:

(i) admission to the Official List and the listing and quotation of 100,000,000 units of Rights ICULS to be issued pursuant to the Proposed Rights Issue of ICULS; and

(ii) listing of and quotation for up to 80,000,000 new ELK-Desa Shares to be issued pursuant to the exercise of the ICULS.

The approval by Bursa Securities for the above Proposed Rights Issue of ICULS is subject to certain conditions.

On 10 February 2014, MIDF, on behalf of the Board of Directors of the Company announced that the Securities Commission Malaysia ("SC") had approved the Proposed Rights Issue of ICULS under subsection 214(1) of the Capital Markets & Services Act 2007.

For details of the Proposed Rights Issue of ICULS, please refer to the Company's announcement on both the Company and Bursa Malaysia website.

B7 Group Borrowings

All borrowings as at 31 December 2013 are secured except for one of the term loans amounting to RM4.0 million. The Group does not have any borrowings that are denominated in foreign currency.

		As at 31.12.2013 RM	**As at 31.03.2013 RM**
Block Discounting Payables	- within 1 year	21,530,516	14,406,279
	- later than 1 year	31,413,459	16,829,485
		52,943,975	31,235,764
Term Loans	- within 1 year	6,168,000	6,168,000
	- later than 1 year	6,412,000	17,038,000
		12,580,000	23,206,000
Bank Overdraft	- within 1 year	638,486	967,720
Total Borrowings		66,162,461	55,409,484

B8 Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B9 Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
Notes to the Interim Financial Statements
for the second quarter ended 31 December 2013

B10 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the Group's net profit by the number of ordinary shares in issue during the financial year.

	Quarter ended 31.12.2013	Quarter ended 31.12.2012	Year to date ended 31.12.2013	Year to date ended 31.12.2012
Profit after taxation (RM)	3,937,564	2,141,380	12,605,250	10,808,285
Weighted average number of ordinary shares (units)	125,000,000	103,804,348	125,000,000	101,272,727
Basic earnings per ordinary share (sen)	3.15	2.06	10.08	10.67

Weighted average number of ordinary shares is based on the number of shares that has been adjusted retrospectively following bonus issue made on 3 October 2012.

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2013 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2013 RM	9 months ended 31.12.2013 RM
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income	(92,081)	(555,238)
Interest expense	805,935	2,301,734
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	NA	NA
Gain or loss on derivatives	NA	NA
Exceptional items	NA	NA

B13 Retained Earnings

The following analysis of realised and unrealised retained earnings is prepared in accordance with the guidance issued by the Malaysian Institute of Accountants in the prescribed format by Bursa Malaysia Securities Berhad.

	As at 31.12.2013 RM	As at 31.03.2013 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	68,006,470	63,528,126
- Unrealised	2,422,943	2,422,943
	70,429,413	65,951,069
Less: Consolidation adjustments	(34,911,948)	(34,913,854)
Total retained earnings as per consolidation accounts	35,517,465	31,037,215

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

APPENDIX VI

DIRECTORS' REPORT

Registered Office:

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

Date: - 5 MAR 2014

To : The Shareholders of ELK-Desa Resources Berhad ("ELK-Desa" or the "Company")

Dear Sir/Madam,

On behalf of the Board of Directors of ELK-Desa ("Board"), I wish to report that, after making due enquiries in relation to the interval between 31 March 2013, being the date to which the last audited consolidated financial statements of the Company and its subsidiaries company ("Group") have been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus ("AP"):

(i) in the opinion of the Board, the business of the Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) Save and except as disclosed in Section 11.3 of this AP, and to the best knowledge of the Board, there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;

(v) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings in the Group since the last audited consolidated financial statements of the Group of which the Board is aware of; and

(vi) save as disclosed in this AP, to the knowledge of the Board, there has been no material changes in the published reserves or any unusual factor affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
ELK-DESA RESOURCES BERHAD

TEOH HOCK CHAI @ TEW HOCK CHAI
Non-Independent Non-Executive Chairman

FURTHER INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights ICULS and new ELK-Desa Shares to be issued pursuant to the conversion of ICULS, no securities in our Company will be issued or allotted on the basis of this AP later than twelve (12) months after the date of this AP.

(ii) As at the date of this AP, there is no founder, management or deferred shares in our Company. There is only one (1) class of shares, namely ordinary shares of RM1.00 each in our Company.

(iii) The new ELK-Desa Shares will be subject to all provisions of the Memorandum and Articles of Association of the Company.

The ICULS shall constitute direct, unsecured and unconditional obligations of ELK-Desa ranking *pari passu* amongst themselves and with all other subordinated and unsecured obligations of ELK-Desa, subject only to those preferred by law.

The new ELK-Desa Shares to be issued arising from the full conversion of the ICULS shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing ELK-Desa Shares except that they will not be entitled to any dividends, rights, allotments and/or distributions, that may be declared, made or paid prior to the date of allotment of these new ELK-Desa Shares.

(iv) The names, addresses and professions of our Board are set out under the section on Corporate Directory of this AP.

(v) Save for the Rights ICULS to be issued pursuant to the Rights Issue of ICULS to our Entitled Shareholders, no person has been or is entitled to be granted an option to subscribe for any securities of our Company.

(vi) Save as disclosed in Section 3 of Appendix II, no securities of our Company have been issued or agreed to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this AP.

2. REMUNERATION OF DIRECTORS

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

Article	Provision
108.	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: (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; (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;

Article **Provision**

(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;

(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.

109. 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.

110. 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.

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.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiaries has entered into any other material contract (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business of the Company or its subsidiaries during the two (2) years immediately preceding the date of this AP:

(i) the Trust Deed dated 28 February 2014 entered into between ELK-Desa and the Trustee whereby the Trustee has agreed to act as the trustee for the benefit of the holders of the ICULS;

(ii) the tenancy agreement dated 01.09.13 between Eng Lee Kredit Sdn Bhd (as landlord) and ELK-Desa Capital Sdn Bhd (as tenant) for the rental by ELK-Desa Capital Sdn Bhd of the premises known as Ground, 1st, 2nd (partial) and 3rd Floor, Nos. 15-17 Jalan Brunei Utara, Off Jalan Pudu, 55100 Kuala Lumpur at a monthly rental of RM30,000; and

(iii) the underwriting agreement dated 24.10.12 between ELK-Desa, MIDF Investment and JF Apex Securities Sdn Bhd to underwrite the 25,000,000 public issue shares to be issued to the Malaysian public, eligible employees of Unico-Desa Plantations Berhad, ELK-Desa (excluding Directors of Unico-Desa Plantations Berhad and ELK-Desa) and the subsidiary companies of ELK-Desa at the commission rate of 1.0% of the issue price of RM1.16 per Share.

4. MATERIAL LITIGATION

Neither we nor our subsidiaries are engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of ELK-Desa Group and our Board is not aware of any proceedings, pending or threatened against ELK-Desa or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position and business of ELK-Desa or any of its subsidiaries during the two (2) years immediately preceding the date of this AP.

5. GENERAL

(i) The total expenses of or in connection with the Rights Issue of ICULS including professional fees, fees payable to the relevant authorities, registration and other incidental expenses is estimated to be approximately RM1,300,000 which will be borne by our Company;

(ii) None of our Directors has any existing or service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payments or compensation (other than statutory compensation) within one (1) year from the date of this AP;

(iii) Save as disclosed in this AP and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of funding;

(c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from our operations and the extent to which income was so affected;

(d) known trends or uncertainties which have had, or that our Group reasonably expects will have, a material favourable or unfavourable impact on revenues or operating income; and

(e) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

(i) Our Principal Adviser, Share Registrar, Principal Bankers, Company Secretary and Solicitors have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto, as the case may be, in the form and manner in which they so appear in this AP.

(ii) Our Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consents to the inclusion of their names in this AP, the Reporting Accountants' letter in relation to our proforma consolidated statements of financial position of the Group as at 31 March 2013 and the Auditors' Report on our audited consolidated financial statements of the Group for the FYE 31 March 2013, and all references thereto, in the form and manner in which they so appear in this AP.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of our Company at 15-17, Jalan Brunei Utara, Off Jalan Pudu, 55100 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for a period of twelve (12) months from the date of this AP:

(i) the Memorandum and Articles of Association of ELK-Desa;

(ii) the audited financial statements of ELK-Desa Group for the past two (2) FYE 31 March 2012 and FYE 31 March 2013 and the latest unaudited quarterly report of ELK-Desa Group for the financial period nine (9) months ended 31 December 2013;

(iii) the proforma consolidated statements of financial position of the Company as at 31 March 2013 together with the Reporting Accountants' letter;

(iv) the Directors' Report as set out in Appendix VI of this AP;

(v) the material contracts referred to in Section 3 of Appendix VII of this AP;

(vi) the letter of undertaking referred to in Section 9 of this AP;

(vii) the letters of consent referred to in Section 6 of Appendix VII of this AP; and

(viii) the Trust Deed for the ICULS.

8. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this AP, together with the accompanying NPA and the RSF. They individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in this AP and the accompanying NPA and the RSF false or misleading.

MIDF Investment, being the Principal Adviser for the Rights Issue of ICULS, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS.

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