

ELK-DESA RESOURCES BERHAD

(Co. No. 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
30 SEPTEMBER 2012**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 30 September 2012
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM	RM	RM	RM
Revenue	10,177,245	9,489,805	20,445,515	18,800,001
Other income	95,204	85,105	174,168	167,825
Cost of inventories sold	(5,061)	(2,540)	(19,716)	(5,500)
Depreciation of property, plant and equipment	(56,949)	(46,566)	(112,510)	(94,843)
Impairment allowance	(1,910,732)	(1,656,767)	(2,822,022)	(2,718,277)
Other expenses	(2,339,283)	(2,002,484)	(4,470,910)	(3,847,739)
Finance costs	(786,782)	(814,818)	(1,576,121)	(1,580,280)
Profit before tax	5,173,642	5,051,735	11,618,404	10,721,187
Tax expense	(1,334,918)	(1,291,547)	(2,951,498)	(2,703,154)
Profit for the financial period	3,838,724	3,760,188	8,666,906	8,018,033
Other comprehensive income	-	-	-	-
Total comprehensive income	3,838,724	3,760,188	8,666,906	8,018,033
Earnings per share - basic / diluted (sen)	7.68	7.52	17.33	16.04

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012 and the Accountants' Report as disclosed in the Company's Prospectus issued on 21 November 2012.)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

(The figures have not been audited.)

	As at 30.09.2012	As at 31.03.2012 Restated*	As at 01.04.2011 Restated*
	RM	RM	RM
ASSETS			
Non-current assets			
Property, plant & equipment	1,340,367	1,461,239	1,278,667
Hire purchase receivables	127,863,175	121,145,045	111,026,356
Deferred tax assets	2,207,326	2,477,599	2,428,193
	131,410,868	125,083,883	114,733,216
Current assets			
Inventories	809,541	900,052	760,299
Trade receivables	134,640	116,600	221,560
Hire purchase receivables	62,461,438	59,817,849	53,093,874
Other receivables, deposits and prepayments	1,917,062	933,032	302,170
Amount owing by holding company	-	53,267	-
Current tax assets	162	2,979	9,560
Cash and bank balances	806,870	714,962	1,754,325
	66,129,713	62,538,741	56,141,788
Total assets	<u>197,540,581</u>	<u>187,622,624</u>	<u>170,875,004</u>
EQUITY AND LIABILITIES			
Equity attributable to owner of the company			
Share capital	50,000,000	50,000,000	50,000,000
Retained earnings	75,830,667	67,163,761	51,220,582
Total equity	125,830,667	117,163,761	101,220,582
LIABILITIES			
Non-current liabilities			
Block discounting payables - secured	14,012,917	15,226,772	12,985,770
Term loans	20,122,000	23,206,000	29,374,000
	34,134,917	38,432,772	42,359,770
Current liabilities			
Trade payables	9,885,626	9,961,469	8,252,448
Other payables and accruals	2,771,194	481,415	433,930
Block discounting payables - secured	13,830,278	14,103,023	10,430,440
Term loans	6,168,000	6,168,000	5,126,000
Bank overdrafts - secured	2,713,688	186,381	2,844,670
Current tax liabilities	2,206,211	1,125,803	207,164
	37,574,997	32,026,091	27,294,652
Total liabilities	<u>71,709,914</u>	<u>70,458,863</u>	<u>69,654,422</u>
TOTAL EQUITY AND LIABILITIES	<u>197,540,581</u>	<u>187,622,624</u>	<u>170,875,004</u>
Net assets per share	2.52	2.34	2.02

* Upon the adoption of the MFRS framework, the consolidated statement of financial position as at 31.03.2012 has been restated.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012 and the Accountants' Report as disclosed in the Company's Prospectus issued on 21 November 2012.)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 September 2012

(The figures have not been audited.)

	Issued and fully paid ordinary shares of RM1.00 each		Capital reserve RM	Distributable Retained earnings RM	Total equity RM
	Number of shares	Nominal value RM			
Balance as at 31 March 2011	50,000,000	50,000,000	23,000,000	28,220,582	101,220,582
Effects of the adoption of MFRS 1			(23,000,000)	23,000,000	-
Restated balance as at 1 April 2011	50,000,000	50,000,000	-	51,220,582	101,220,582
Total comprehensive income	-	-		15,943,179	15,943,179
Balance as at 31 March 2012	50,000,000	50,000,000	-	67,163,761	117,163,761
Total comprehensive income	-	-	-	8,666,906	8,666,906
Balance as at 30 September 2012	50,000,000	50,000,000	-	75,830,667	125,830,667

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012 and the Accountants' Report as disclosed in the Company's Prospectus issued on 21 November 2012.)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 September 2012
(The figures have not been audited.)

	6 months ended	
	30.09.2012	30.09.2011
	RM	RM
Cash flows from operating activities		
Profit before tax	11,618,404	10,721,187
Adjustment for non cash items :		
Depreciation of property, plant and equipment	112,510	94,843
Impairment allowance	2,822,022	2,718,277
Inventories written down	-	57,779
Reversal of inventories previously written down	(96,511)	-
Interest expense	1,574,997	1,578,695
Interest income	(6,584)	(30,857)
Operation profit before working capital changes	<u>16,024,838</u>	<u>15,139,924</u>
Decrease/(Increase) in inventories	187,022	(114,079)
Increase in hire purchase receivables	(12,183,740)	(14,583,378)
Increase in trade receivables	(18,040)	(271,188)
Decrease/(Increase) in other receivables, deposits and prepayments	(930,763)	(388,040)
(Decrease)/Increase in trade payables	(75,843)	1,134,839
Increase in other payables and accruals	2,289,779	788,355
	<u>(10,731,585)</u>	<u>(13,433,491)</u>
Cash generated from operations	5,293,253	1,706,433
Tax paid	<u>(1,598,000)</u>	<u>(1,815,500)</u>
Net cash from/(used in) operating activities	3,695,253	(109,067)
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,212)	(26,965)
Proceeds from disposal of property, plant and equipment	71,574	-
Interest received	6,584	30,857
Net cash from investing activities	14,946	3,892

ELK-DESA RESOURCES BERHAD (Company No 180164-X)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial period ended 30 September 2012

(The figures have not been audited.)

	6 months ended	
	30.09.2012	30.09.2011
	RM	RM
Cash flows from financing activities		
Net repayment of term loans	(3,084,000)	(2,042,000)
Net (repayment)/drawdown of block discounting	(1,492,419)	3,064,041
Interest paid	(1,569,178)	(1,592,681)
Net cash used in financing activities	(6,145,597)	(570,640)
Net decrease in cash and cash equivalents during the financial period	(2,435,399)	(675,814)
Cash and cash equivalents as at beginning of financial year	528,581	(1,090,346)
Cash and cash equivalents as at end of financial period	(1,906,818)	(1,766,160)
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	806,870	540,814
Bank overdraft	(2,713,688)	(2,306,974)
	(1,906,818)	(1,766,160)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012 and the Accountants' Report as disclosed in the Company's Prospectus issued on 21 November 2012.)

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

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 2012, which had been prepared in accordance with Financial Reporting Standards (FRS).

This is the Group's first MFRSs interim financial statements for part of the period covered by the Group first MFRSs annual financial statements for the financial year ending 31 March 2013.

The Group has applied *MFRS 1: First Time Adoption* of MFRS in preparing the interim financial statements and in preparing the opening MFRS Statement of Financial Position as at 1 April 2011, which is the transition date. The Group has adjusted the amounts previously reported under FRSs to MFRSs.

The Group does not expect any material impact on its financial position and performance arising from the adoption of MFRSs other than disclosed below.

	As previously reported 01.04.2011 RM	Effects of adoption of MFRS 1 RM	Restated as at 01.04.2011 RM
ASSETS			
Non-current assets			
Property, plant & 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
Current assets			
Inventories	760,299	-	760,299
Trade and other receivables	523,730	-	523,730
Hire purchase receivables	53,093,874	-	53,093,874
Current tax assets	9,560	-	9,560
Cash and bank balances	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 OWNER OF THE COMPANY			
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

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

A1 Accounting Policies And Basis Of Preparation (continued)

	As previously reported 01.04.2011 RM	Effects of adoption of MFRS 1 RM	Restated as at 01.04.2011 RM
LIABILITIES			
Non-current liabilities			
Borrowings	42,359,770	-	42,359,770
	42,359,770	-	42,359,770
Current liabilities			
Trade and other payables	8,686,378	-	8,686,378
Borrowings	18,401,110	-	18,401,110
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

The following MFRSs and IC Interpretations have been issued, but not yet effective and not yet adopted by the Group :

Title	Effective Date
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	01-Jul-12
MFRS 10 <i>Consolidated Financial Statements</i>	01-Jan-13
MFRS 11 <i>Joint Arrangements</i>	01-Jan-13
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	01-Jan-13
MFRS 13 <i>Fair Value Measurement</i>	01-Jan-13
MFRS 119 <i>Employee Benefits (revised)</i>	01-Jan-13
MFRS 127 <i>Separate Financial Statements</i>	01-Jan-13
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	01-Jan-13
Amendments to MFRS 1 <i>Government Loans</i>	01-Jan-13
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	01-Jan-13
Amendments to MFRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	01-Jan-13
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	01-Jan-13
MFRS 3 <i>Business Combinations</i> (as issued by the International Accounting Standards Board ('IASB') in March 2004)	01-Jan-13
MFRS 127 <i>Consolidated and Separate Financial Statements</i> (as issued by the IASB in December 2003)	01-Jan-13
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	01-Jan-13
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	01-Jan-14
MFRS 9 <i>Financial Instruments</i>	01-Jan-15
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	01-Jan-15

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

A2 Seasonal and Cyclical Factors

The Group's operations has not been materially impacted by any seasonal or cyclical effect due to the fact that the Group's hire purchase business is relatively small compared to the size of the market as a whole.

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

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 quarter and six months ended 30 September 2012.

A4 Change in Estimates

There were no changes in estimates that had any material effect on the quarter and six months ended 30 September 2012.

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

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations and resale of treasury shares during the quarter and six months ended 30 September 2012.

A6 Dividend Paid

There was no dividend paid during the quarter and six months ended 30 September 2012.

A7 Segmental Reporting

Segmental reporting is not applicable 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

Pursuant to the listing of the Company on the Main Market of Bursa Malaysia Securities Bhd:

On 3 October 2012, the Company made a bonus issue of 50,000,000 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each for every one existing share held to the Holding Company, Unico-Desa Plantations Bhd ("Unico-Desa") .

Please refer note B6 for further details.

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 quarter and six months ended 30 September 2012.

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 30 September 2012.

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.

A12 Related Party Disclosures

There was no significant related party transaction during the quarter and six months ended 30 September 2012.

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

B1 Review Of Performance

Current Quarter Performance (FY2013-Q2 vs FY2012-Q2)

The Group's revenue increased by 7% from RM9.49 million to RM10.18 million due to an increase in the hire purchase portfolio. This increase was offset by an increase in impairment allowance and other expenses resulting in a marginal increase of the profit before tax ("PBT") from RM5.05 million to RM5.17 million.

Year To Date Performance (FY2013-YTD vs FY2012-YTD)

The Group's revenue increased by 9% from RM18.80 million to RM20.45 million due to an increase in the hire purchase portfolio. As a result, the Group's PBT increased by 8% from RM10.72 million to RM11.62 million.

B2 Comparison of Results with Preceding Quarter

The Group's PBT for the current quarter of RM5.17 million was lower as compared to RM6.44 million of the immediate preceding quarter mainly due to higher impairment allowance on hire purchase receivables.

B3 Prospects and Outlook

According to an Independent Market Research Report that was published in the Company's IPO prospectus, the Malaysian hire purchase market for used motor vehicles is projected to continue growing albeit at a more moderate pace.

Upon successful listing of the Company, the Group intends to deploy the net proceeds raised from the IPO exercise for financing the growth of our hire purchase portfolio and customer base. With the additional working capital, the Group expects that the hire purchase portfolio growth for this financial year to at least match that of the previous financial year.

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 30 September 2012 are set out below:

	3 months ended 30.09.2012	6 months ended 30.09.2012
	RM	RM
(a) Income Tax	1,064,645	2,681,225
(b) Deferred Taxation	270,273	270,273
	<u>1,334,918</u>	<u>2,951,498</u>

The effective tax rate of the Group for the quarter and financial period ended 30 September 2012 were slightly 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 30 September 2012

B6 Status of Corporate Proposals Announced but not yet Completed

On 21 November 2012, the Company announced initial public offering in conjunction with the listing on the Main Market of Bursa Malaysia Securities Berhad comprising:

(i) Non-renounceable restricted offer for sale of 13,493,454 ordinary shares of RM1.00 each in ELK-Desa Resources Berhad ("ELK-Desa Resources") to the shareholders of Unico-Desa Plantations Berhad ("Unico-Desa") on a pro rata basis as at 5.00 p.m. on 19 November 2012 ("entitlement date") pursuant to the listing of ELK-Desa Resources; and

(ii) Public issue of 25,000,000 new ELK-Desa Resources' shares ("Public Issue Share(s)"), comprising:

(a) Public Issue Shares to eligible employees (excluding directors of Unico-Desa and ELK-Desa Resources) of Unico-Desa, ELK-Desa Resources and the subsidiary companies of ELK-Desa Resources;

(b) Public Issue Shares to Bumiputera investors to be approved by the Ministry of International Trade and Industry; and

(c) Public Issue Shares to the Malaysian public

at an offer/issue price of RM1.16 per share payable in full upon application.

The listing exercise is part of the corporate exercise announced by Unico-Desa on 19 July 2011.

The proposed utilisation of the proceeds of our Public Issue will be as follows:

	RM	Percentage of total proceeds (%)	Time frame for utilisation
(a) Expansion of business	26,000,000	89.66	within 6 months
(b) Estimated listing expenses	3,000,000	10.34	within 3 months
	29,000,000	100.00	

Please refer to our Company website or the Bursa Malaysia announcements website for details.

B7 Group Borrowings

All borrowings as at 30 September are secured except for one of the term loans amounting to RM6.5 million. The Group does not have any borrowings that are denominated in foreign currency.

		As at 30.09.2012 RM	As at 31.03.2012 RM
Block Discounting Payables	- within 1 year	13,830,278	14,103,023
	- later than 1 year	14,012,917	15,226,772
		27,843,195	29,329,795
Term Loans	- within 1 year	6,168,000	6,168,000
	- later than 1 year	20,122,000	23,206,000
		26,290,000	29,374,000
Bank overdraft	- within 1 year	2,713,688	186,381
Total Borrowings		56,846,883	58,890,176

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

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.

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 30.09.2012	Quarter ended 30.09.2011	Year to date ended 30.09.2012	Year to date ended 30.09.2011
Profit after taxation (RM)	3,838,724	3,760,188	8,666,906	8,018,033
Weighted average number of ordinary shares (units)	50,000,000	50,000,000	50,000,000	50,000,000
Basic earnings per share (sen)	7.68	7.52	17.33	16.04

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2012 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 30.09.2012 RM	6 months ended 30.09.2012 RM
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income from fixed deposits	-	(6,584)
Interest expense	781,793	1,574,997
Inventories written down	129,956	-
Reversal of inventories previously written down	-	(96,511)
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

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

Notes to the Interim Financial Statements
for the second quarter ended 30 September 2012

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 30.09.2012 RM	As at 31.03.2012 RM
Total retained earnings of the Group and its subsidiaries		
- Realised	73,623,341	64,686,162
- Unrealised	2,207,326	2,477,599
Total retained earnings	<u>75,830,667</u>	<u>67,163,761</u>