

ELK-DESA RESOURCES BERHAD

(Co. No. 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
31 DECEMBER 2012**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 31 December 2012
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM	RM	RM	RM
Revenue	10,039,251	9,706,825	30,484,766	28,506,827
Other income	73,350	104,209	247,518	272,034
Cost of inventories sold	(15,312)	(2,004)	(35,028)	(7,505)
Depreciation of property, plant and equipment	(57,802)	(50,351)	(170,312)	(145,195)
Impairment allowance	(1,513,684)	(2,353,278)	(4,335,706)	(5,071,554)
Other expenses	(2,306,238)	(1,958,962)	(6,777,148)	(5,806,701)
Finance costs	(752,356)	(775,929)	(2,328,477)	(2,356,209)
Profit before listing expenses and tax	5,467,209	4,670,510	17,085,613	15,391,697
Listing expenses	(2,009,902)	-	(2,009,902)	-
Profit before tax	3,457,307	4,670,510	15,075,711	15,391,697
Tax expense	(1,315,928)	(1,186,895)	(4,267,426)	(3,890,049)
Profit for the financial period	2,141,379	3,483,615	10,808,285	11,501,648
Other comprehensive income	-	-	-	-
Total comprehensive income	2,141,379	3,483,615	10,808,285	11,501,648
Earnings per share - basic / diluted (sen)	2.06	3.48	10.67	11.50

(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 31 December 2012

(The figures have not been audited.)

	As at 31.12.2012	As at 31.03.2012 Restated*	As at 01.04.2011 Restated*
	RM	RM	RM
ASSETS			
Non-current assets			
Property, plant & equipment	1,306,241	1,461,239	1,278,667
Hire purchase receivables	126,743,642	121,145,045	111,026,356
Deferred tax assets	2,207,326	2,477,599	2,428,193
	130,257,209	125,083,883	114,733,216
Current assets			
Inventories	911,239	900,052	760,299
Trade receivables	168,090	116,600	221,560
Hire purchase receivables	62,580,084	59,817,849	53,093,874
Other receivables, deposits and prepayments	546,958	933,032	302,170
Amount owing by holding company	-	53,267	-
Current tax assets	5,894	2,979	9,560
Fixed deposits	28,500,000	-	-
Cash and bank balances	2,097,083	714,962	1,754,325
	94,809,348	62,538,741	56,141,788
Total assets	<u>225,066,557</u>	<u>187,622,624</u>	<u>170,875,004</u>
EQUITY AND LIABILITIES			
Equity attributable to owner of the company			
Share capital	125,000,000	50,000,000	50,000,000
Share premium	2,674,126	-	-
Retained earnings	27,972,046	67,163,761	51,220,582
Total equity	155,646,172	117,163,761	101,220,582
LIABILITIES			
Non-current liabilities			
Block discounting payables - secured	15,026,284	15,226,772	12,985,770
Term loans	18,580,000	23,206,000	29,374,000
	33,606,284	38,432,772	42,359,770
Current liabilities			
Trade payables	10,202,940	9,961,469	8,252,448
Other payables and accruals	1,950,068	481,415	433,930
Block discounting payables - secured	13,917,701	14,103,023	10,430,440
Term loans	6,168,000	6,168,000	5,126,000
Bank overdrafts - secured	1,195,153	186,381	2,844,670
Current tax liabilities	2,380,239	1,125,803	207,164
	35,814,101	32,026,091	27,294,652
Total liabilities	<u>69,420,385</u>	<u>70,458,863</u>	<u>69,654,422</u>
TOTAL EQUITY AND LIABILITIES	<u>225,066,557</u>	<u>187,622,624</u>	<u>170,875,004</u>
Net assets per share	1.25	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 31 December 2012
(The figures have not been audited.)

	<u>Issued and fully paid ordinary shares of RM1.00 each</u>		Share premium RM	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
Issuance of bonus issue	50,000,000	50,000,000	-	-	(50,000,000)	-
Issuance of new shares from initial public offer	25,000,000	25,000,000	4,000,000	-	-	29,000,000
Initial public offer expenses	-	-	(1,325,874)	-	-	(1,325,874)
Total comprehensive income	-	-	-	-	10,808,285	10,808,285
Balance as at 31 December 2012	<u>125,000,000</u>	<u>125,000,000</u>	<u>2,674,126</u>	<u>-</u>	<u>27,972,046</u>	<u>155,646,172</u>

(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 31 December 2012
(The figures have not been audited.)

	9 months ended	
	31.12.2012	31.12.2011
	RM	RM
Cash flows from operating activities		
Profit before tax	15,075,711	15,391,697
Adjustment for non cash items :		
Depreciation of property, plant and equipment	170,312	145,195
Impairment allowance	4,335,706	5,071,554
Inventories written down	11,187	40,781
Interest expense	2,326,319	2,353,412
Interest income	(19,516)	(66,399)
Listing expenses	2,009,902	-
Operation profit before working capital changes	<u>23,909,621</u>	<u>22,936,240</u>
Increase in inventories	(22,374)	(80,083)
Increase in hire purchase receivables	(12,696,539)	(18,804,227)
Increase in trade receivables	(51,490)	(351,090)
Decrease/(Increase) in other receivables, deposits and prepayments	386,074	(661,409)
Increase in trade payables	241,471	1,789,878
Increase in other payables and accruals	1,468,653	1,032,649
	<u>(10,674,205)</u>	<u>(17,074,282)</u>
Cash generated from operations	13,235,416	5,861,958
Tax paid	<u>(2,745,632)</u>	<u>(2,708,016)</u>
Net cash from operating activities	10,489,784	3,153,942
Cash flows from investing activities		
Repayment from holding company	53,267	-
Purchase of property, plant and equipment	(86,888)	(297,904)
Proceeds from disposal of property, plant and equipment	71,574	-
Interest received	19,516	66,399
Net cash from/(used in) investing activities	57,469	(231,505)

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

For the financial period ended 31 December 2012

(The figures have not been audited.)

	9 months ended	
	31.12.2012	31.12.2011
	RM	RM
Cash flows from financing activities		
Net repayment of term loans	(4,626,000)	(3,584,000)
Net (repayment)/drawdown of block discounting	(393,133)	5,262,625
Proceeds from Public Issue	29,000,000	-
Payment of listing expenses	(3,335,776)	-
Advance from holding company	-	7,000,000
Interest paid	(2,318,995)	(2,379,793)
Net cash used in financing activities	18,326,096	6,298,832
Net increase in cash and cash equivalents during the financial period	28,873,349	9,221,269
Cash and cash equivalents as at beginning of financial year	528,581	(1,090,345)
Cash and cash equivalents as at end of financial period	<u>29,401,930</u>	<u>8,130,924</u>
Composition of cash and cash equivalents		
Deposits, cash and bank balances	30,597,083	9,794,771
Bank overdraft	(1,195,153)	(1,663,847)
	<u>29,401,930</u>	<u>8,130,924</u>

(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 third quarter ended 31 December 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).

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
<u>ASSETS</u>			
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 third quarter ended 31 December 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 as 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 third quarter ended 31 December 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 nine months ended 31 December 2012.

A4 Change in Estimates

There were no changes in estimates that had any material effect on the quarter and nine months ended 31 December 2012.

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 quarter and nine months ended 31 December 2012 other than the following:

(i) 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"); and

(ii) On 18 December 2012, the Company made a public issue of 25,000,000 new 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 approved by the Ministry of International Trade and Industry; and

(c) Public Issue Shares to the Malaysian public

at the offer/issue price of RM1.16 per share.

A6 Dividend Paid

There was no dividend paid during the quarter and nine months ended 31 December 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

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 quarter and nine months ended 31 December 2012.

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2012

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 31 December 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 nine months ended 31 December 2012.

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2012

B1 Review Of Performance**Current Quarter Performance (FY2013-Q3 vs FY2012-Q3)**

The Group's revenue increased by 3% from RM9.71 million to RM10.04 million due to an increase in the hire purchase portfolio. Impairment allowance decreased during the current quarter resulting in an increase of the profit before listing expenses and tax by 17% from RM4.67 million to RM5.47 million. After accounting for the listing expenses, the profit before tax decreased to RM3.46 million.

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

The Group's revenue increased by 7% from RM28.51 million to RM30.48 million due to an increase in the hire purchase portfolio. As a result, the Group's profit before listing expenses and tax increased by 11% from RM15.39 million to RM17.09 million. After accounting for the listing expenses, the profit before tax decreased to RM15.08 million.

B2 Comparison of Results with Preceding Quarter

The Group's profit before listing expense and tax for the current quarter of RM5.47 million was higher as compared to RM5.17 million of the immediate preceding quarter mainly due to lower impairment allowance on hire purchase receivables. After accounting for the listing expenses, the profit before tax decreased to RM3.46 million.

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.

For the current financial year, the Group expects the hire purchase portfolio to continue growing positively. However the profit before tax will be affected by the one-off listing expenses.

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 2012 are set out below:

	3 months ended 31.12.2012	9 months ended 31.12.2012
	RM	RM
(a) Income Tax	1,045,655	3,997,153
(b) Deferred Taxation	270,273	270,273
	<u>1,315,928</u>	<u>4,267,426</u>

The effective tax rate of the Group for the quarter and financial period ended 31 December 2012 were slightly lower 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 third quarter ended 31 December 2012

B6 Status of Corporate Proposals Announced

On 21 November 2012, the Company had announced initial public offering in conjunction with the listing on the Main Market of Bursa Malaysia Securities Berhad comprises public issue of 25,000,000 new ELK-Desa Resources' shares ("Public Issue Share(s)").

The Company was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 18 December 2012.

The utilisation of IPO proceeds as at 31 December 2012 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Timeframe for Utilisation	Balance	Remarks
(a) Expansion of business	RM 26,000,000	RM 1,754,601	within 6 months	RM 24,245,399	The funds have not been fully utilised.
(b) Listing expenses	3,000,000	3,335,776	within 3 months	-	There was a 11% additional costs (RM 335,776) incurred for professional fees and underwriting fees.
	29,000,000	5,090,377		24,245,399	

Please refer to our Company website or the Bursa Malaysia announcements website for further details.
Other than disclosed above, there are no other corporate proposals for the Group.

B7 Group Borrowings

All borrowings as at 31 December 2012 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 31.12.2012 RM	As at 31.03.2012 RM
Block Discounting Payables	- within 1 year	13,917,701	14,103,023
	- later than 1 year	15,026,284	15,226,772
		28,943,985	29,329,795
Term Loans	- within 1 year	6,168,000	6,168,000
	- later than 1 year	18,580,000	23,206,000
		24,748,000	29,374,000
Bank overdraft	- within 1 year	1,195,153	186,381
Total Borrowings		<u>54,887,138</u>	<u>58,890,176</u>

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 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 31.12.2012	Quarter ended 31.12.2011	Year to date ended 31.12.2012	Year to date ended 31.12.2011
Profit after taxation (RM)	2,141,379	3,483,615	10,808,285	11,501,648
Weighted average number of ordinary shares (units)	103,804,348	100,000,000	101,272,727	100,000,000
Basic earnings per share (sen)	2.06	3.48	10.67	11.50

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 2012 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2012 RM	9 months ended 31.12.2012 RM
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income	(12,932)	(19,516)
Interest expense	751,322	2,326,319
Inventories written down	107,698	11,187
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 third quarter ended 31 December 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 31.12.2012 RM	As at 31.03.2012 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	25,764,720	64,686,162
- Unrealised	2,207,326	2,477,599
Total retained earnings	<u>27,972,046</u>	<u>67,163,761</u>