

ELK-DESA RESOURCES BERHAD

(Co. No. 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
31 MARCH 2013**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 31 March 2013
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM	RM	RM	RM
Revenue	10,473,094	10,097,340	40,957,860	38,604,166
Other income	295,963	155,197	543,481	427,231
Cost of inventories sold	(1,626)	(2,570)	(36,654)	(10,075)
Depreciation of property, plant and equipment	(59,334)	(53,668)	(229,646)	(198,864)
Impairment allowance	(2,233,623)	(1,317,473)	(6,569,329)	(6,389,027)
Other expenses	(2,953,025)	(1,966,728)	(9,730,173)	(7,773,430)
Finance costs	(738,358)	(780,075)	(3,066,835)	(3,136,284)
Profit before listing expenses and tax	4,783,091	6,132,023	21,868,704	21,523,717
Listing expenses	(363,576)	-	(2,373,478)	-
Profit before tax	4,419,515	6,132,023	19,495,226	21,523,717
Tax expense	(1,354,346)	(1,690,490)	(5,621,772)	(5,580,538)
Profit for the financial period	3,065,169	4,441,533	13,873,454	15,943,179
Other comprehensive income	-	-	-	-
Total comprehensive income	3,065,169	4,441,533	13,873,454	15,943,179
Earnings per share - basic / diluted (sen)	2.45	4.44	12.95	15.94

(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 March 2013

(The figures have not been audited.)

	As at 31.03.2013	As at 31.03.2012 Restated*	As at 01.04.2011 Restated*
	RM	RM	RM
ASSETS			
Non-current assets			
Property, plant & equipment	1,374,987	1,461,239	1,278,667
Hire purchase receivables	128,695,119	121,145,045	111,026,356
Deferred tax assets	2,422,943	2,477,599	2,428,193
	132,493,049	125,083,883	114,733,216
Current assets			
Inventories	971,219	900,052	760,299
Trade receivables	214,850	116,600	221,560
Hire purchase receivables	62,874,863	59,817,849	53,093,874
Other receivables, deposits and prepayments	345,178	933,032	302,170
Amount owing by former holding company	-	53,267	-
Current tax assets	359	2,979	9,560
Fixed deposits	29,523,632	-	-
Cash and bank balances	1,863,804	714,962	1,754,325
	95,793,905	62,538,741	56,141,788
Total assets	<u>228,286,954</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	2,820,736	-	-
Retained earnings	31,037,215	67,163,761	51,220,582
Total equity	158,857,951	117,163,761	101,220,582
LIABILITIES			
Non-current liabilities			
Block discounting payables - secured	16,829,485	15,226,772	12,985,770
Term loans	17,038,000	23,206,000	29,374,000
	33,867,485	38,432,772	42,359,770
Current liabilities			
Trade payables	11,324,266	9,961,469	8,252,448
Other payables and accruals	1,184,771	481,415	433,930
Block discounting payables - secured	14,406,279	14,103,023	10,430,440
Term loans	6,168,000	6,168,000	5,126,000
Bank overdrafts - secured	967,720	186,381	2,844,670
Current tax liabilities	1,510,482	1,125,803	207,164
	35,561,518	32,026,091	27,294,652
Total liabilities	<u>69,429,003</u>	<u>70,458,863</u>	<u>69,654,422</u>
TOTAL EQUITY AND LIABILITIES	<u>228,286,954</u>	<u>187,622,624</u>	<u>170,875,004</u>
Net assets per share	1.27	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 March 2013
(The figures have not been audited.)

	Issued and fully paid ordinary shares of RM1.00 each		Share premium RM	Capital reserve RM	Distributable Retained earnings RM	Total equity RM
	Number of shares	Nominal value RM				
Balance as at 1 April 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 shares	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	-	-	(1,179,264)	-	-	(1,179,264)
Total comprehensive income	-	-	-	-	13,873,454	13,873,454
Balance as at 31 March 2013	125,000,000	125,000,000	2,820,736	-	31,037,215	158,857,951

(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 March 2013
(The figures have not been audited.)

	12 months ended	
	31.03.2013	31.03.2012
	RM	RM
Cash flows from operating activities		
Profit before tax	19,495,226	21,523,717
Adjustment for non cash items :		
Depreciation of property, plant and equipment	229,646	198,864
Property, plant and equipment written off	8,279	-
Impairment allowance	6,569,329	6,389,027
Inventories written down	71,166	141,233
Interest expense	3,064,243	3,132,485
Interest income	(218,518)	(113,151)
Listing expenses	2,373,478	-
Operation profit before working capital changes	<u>31,592,849</u>	<u>31,272,175</u>
Increase in inventories	(142,333)	(280,986)
Increase in hire purchase receivables	(17,176,417)	(23,231,691)
(Increase)/Decrease in trade receivables	(98,250)	104,960
Decrease/(Increase) in other receivables, deposits and prepayments	587,854	(630,862)
Increase in trade payables	1,362,797	1,709,021
Increase in other payables and accruals	703,356	47,485
Decrease in amount owing by former holding company	53,267	-
	<u>(14,709,726)</u>	<u>(22,282,073)</u>
Cash generated from operations	16,883,123	8,990,102
Tax paid	<u>(5,179,817)</u>	<u>(4,704,724)</u>
Net cash from operating activities	11,703,306	4,285,378
Cash flows from investing activities		
Advances to former holding company	-	(53,267)
Purchase of property, plant and equipment	(223,247)	(434,703)
Proceeds from disposal of property, plant and equipment	71,574	53,267
Interest received	218,518	113,151
Net cash from/(used in) investing activities	66,845	(321,552)

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

For the financial period ended 31 March 2013

(The figures have not been audited.)

	12 months ended	
	31.03.2013	31.03.2012
	RM	RM
Cash flows from financing activities		
Net repayment of term loans	(6,168,000)	(5,126,000)
Net drawdown of block discounting	1,898,657	5,916,916
Proceeds from Public Issue	29,000,000	-
Payment of listing expenses	(3,552,742)	-
Interest paid	(3,056,931)	(3,135,816)
Net cash from/(used in) financing activities	18,120,984	(2,344,900)
Net increase in cash and cash equivalents during the financial period	29,891,135	1,618,926
Cash and cash equivalents as at beginning of financial year	528,581	(1,090,345)
Cash and cash equivalents as at end of financial year	<u>30,419,716</u>	<u>528,581</u>
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	31,387,436	714,962
Bank overdraft	(967,720)	(186,381)
	<u>30,419,716</u>	<u>528,581</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 fourth quarter ended 31 March 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 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.

There was no material impact on the Group's 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
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

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

Notes to the Interim Financial Statements
for the fourth quarter ended 31 March 2013

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.

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 twelve months ended 31 March 2013.

A4 Change in Estimates

There were no changes in estimates that had any material effect on the quarter and twelve months ended 31 March 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 quarter and twelve months ended 31 March 2013 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 its former 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 the Company) of Unico-Desa, the Company and its subsidiary companies;

(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 twelve months ended 31 March 2013.

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 twelve months ended 31 March 2013.

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

Notes to the Interim Financial Statements
for the fourth quarter ended 31 March 2013

A10 Changes in Contingent Liabilities and Contingent Assets

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

A12 Related Party Disclosures

There was no significant related party transaction during the quarter and twelve months ended 31 March 2013.

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

Notes to the Interim Financial Statements
for the fourth quarter ended 31 March 2013

B1 Review Of Performance**Current Quarter Performance (FY2013-Q4 vs FY2012-Q4)**

The Group's revenue increased by 4% from RM10.10 million to RM10.47 million due to an increase in the hire purchase portfolio. The profit before listing expenses and tax decreased 22% from RM6.13 million to RM4.78 million due to higher impairment allowance and other expenses for the current quarter as compared to the corresponding quarter of the previous financial year. After accounting for the listing expenses, the profit before tax decreased to RM4.42 million.

Despite the increase in the impairment allowance in the current quarter, the year-to-date increase in the impairment allowance remained relatively unchanged as compared to the previous financial year. The Non Performing Loan ("NPL") ratio was lower at 2.79% at the end of the financial year as compared to 3.05% in the previous year. Other expenses were higher mainly due to increase in staff cost and additional administrative expenses incurred for being a public listed company.

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

The Group's revenue increased by 6% from RM38.60 million to RM40.96 million due to an increase in the hire purchase portfolio. Impairment allowance for the full financial year remains relatively unchanged when compared to the previous year despite the increase in the hire purchase portfolio. Other expenses were higher mainly due to increase in staff cost and additional administrative expenses incurred for being a public listed company. As a result, the Group's profit before listing expenses and tax increased by 2% from RM21.52 million to RM21.87 million. After accounting for the listing expenses, the profit before tax decreased to RM19.50 million.

B2 Comparison of Results with Preceding Quarter

The Group's profit before listing expense and tax for the current quarter of RM4.78 million was lower as compared to RM5.47 million of the immediate preceding quarter mainly due to higher impairment allowance on hire purchase receivables and additional administrative expenses incurred for being a public listed company. After accounting for the listing expenses, the profit before tax decreased to RM4.42 million.

B3 Prospects and Outlook

The Group opined that the Malaysian hire purchase market for used motor vehicles would continue growing albeit at a more moderate pace under the current economic environment.

As our Group is mainly involved in the domestic used motor vehicles industry, we are cautiously optimistic on meeting the past performance and will continue to grow its hire purchase portfolio assertively without compromising the hire purchase assets quality in FY2014.

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 March 2013 are set out below:

	3 months ended 31.03.2013	12 months ended 31.03.2013
	RM	RM
(a) Income Tax	1,569,963	5,567,116
(b) Deferred Taxation	(215,617)	54,656
	<u>1,354,346</u>	<u>5,621,772</u>

The effective tax rate of the Group for the quarter and financial period ended 31 March 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 fourth quarter ended 31 March 2013

B6 Status of Corporate Proposals Announced

On 21 November 2012, the Company had announced initial public offering ("IPO") 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.

As at 30 April 2013, the IPO proceeds have been fully utilised as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Timeframe for Utilisation	Deviation	Remarks
(a) Expansion of business	RM 26,000,000	RM 25,447,258	within 6 months	RM (552,742)	The actual utilisation for the expansion of business was lower by RM 552,742 due to an 18% additional costs (RM 552,742) incurred for professional fees and underwriting fees.
(b) Listing expenses	3,000,000	3,552,742	within 3 months	552,742	
	29,000,000	29,000,000		0	

Other than disclosed above, there are no other corporate proposals for the Group.

B7 Group Borrowings

All borrowings as at 31 March 2013 are secured except for one of the term loans amounting to RM5.5 million. The Group does not have any borrowings that are denominated in foreign currency.

		As at 31.03.2013 RM	As at 31.03.2012 RM
Block Discounting Payables	- within 1 year	14,406,279	14,103,023
	- later than 1 year	16,829,485	15,226,772
		31,235,764	29,329,795
Term Loans	- within 1 year	6,168,000	6,168,000
	- later than 1 year	17,038,000	23,206,000
		23,206,000	29,374,000
Bank overdraft	- within 1 year	967,720	186,381
Total Borrowings		<u>55,409,484</u>	<u>58,890,176</u>

B8 Changes in Material Litigation

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

B9 Dividend

The Board of Directors recommends a single tier final dividend of 6.5 sen per share amounting to RM8.13 million in respect of the current financial year ended 31 March 2013. This represents 59% of the Group's profit after tax.

The proposed first and final dividend is subject to the approval of members at the forthcoming Annual General Meeting. The date of the dividend entitlement and payment will be determined at a later date.

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

Notes to the Interim Financial Statements
for the fourth quarter ended 31 March 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 31.03.2013	Quarter ended 31.03.2012	Year to date ended 31.03.2013	Year to date ended 31.03.2012
Profit after taxation (RM)	3,065,169	4,441,533	13,873,454	15,943,179
Weighted average number of ordinary shares (units)	125,000,000	100,000,000	107,123,288	100,000,000
Basic earnings per share (sen)	2.45	4.44	12.95	15.94

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 31.03.2013 RM	12 months ended 31.03.2013 RM
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income	(199,002)	(218,518)
Interest expense	737,924	3,064,243
Inventories written down	59,979	71,166
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 31.03.2013 RM	As at 31.03.2012 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	28,614,272	64,686,162
- Unrealised	2,422,943	2,477,599
Total retained earnings	<u>31,037,215</u>	<u>67,163,761</u>