

ELK-DESA RESOURCES BERHAD

(Co. No. 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
30 JUNE 2013**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 30 June 2013
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Revenue	10,819,086	10,268,270	10,819,086	10,268,270
Other income	349,110	78,964	349,110	78,964
Cost of inventories sold	-	(14,655)	-	(14,655)
Depreciation of property, plant and equipment	(63,889)	(55,562)	(63,889)	(55,562)
Impairment allowance	(1,620,993)	(911,290)	(1,620,993)	(911,290)
Other expenses	(2,506,128)	(2,131,627)	(2,506,128)	(2,131,627)
Finance costs	(747,272)	(789,340)	(747,272)	(789,340)
Profit before listing expenses and tax	<u>6,229,914</u>	<u>6,444,760</u>	<u>6,229,914</u>	<u>6,444,760</u>
Listing expenses	-	-	-	-
Profit before taxation	<u>6,229,914</u>	<u>6,444,760</u>	<u>6,229,914</u>	<u>6,444,760</u>
Taxation	(1,571,074)	(1,616,580)	(1,571,074)	(1,616,580)
Profit for the financial period	<u>4,658,840</u>	<u>4,828,180</u>	<u>4,658,840</u>	<u>4,828,180</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>4,658,840</u>	<u>4,828,180</u>	<u>4,658,840</u>	<u>4,828,180</u>
Earnings per ordinary share - basic / diluted (sen)	<u>3.73</u>	<u>4.83</u>	<u>3.73</u>	<u>4.83</u>

(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 30 June 2013

(The figures have not been audited.)

	As at 30.06.2013 RM	As at 31.03.2013 RM
ASSETS		
Non-current assets		
Property, plant and equipment	1,566,016	1,374,987
Hire purchase receivables	134,997,401	128,695,119
Deferred tax assets	2,422,943	2,422,943
	138,986,360	132,493,049
Current assets		
Inventories	968,498	971,219
Trade receivables	172,450	214,850
Hire purchase receivables	63,881,914	62,874,863
Other receivables, deposits and prepayments	261,411	345,178
Current tax assets	-	359
Fixed deposits	25,736,260	29,523,632
Cash and bank balances	1,697,069	1,863,804
	92,717,602	95,793,905
Total assets	<u>231,703,962</u>	<u>228,286,954</u>
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	35,696,055	31,037,215
Total equity	163,516,791	158,857,951
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	20,481,042	16,829,485
Term loans	11,496,000	17,038,000
	31,977,042	33,867,485
Current liabilities		
Trade payables	10,907,642	11,324,266
Other payables and accruals	1,173,973	1,184,771
Block discounting payables - secured	15,196,398	14,406,279
Term loans	6,168,000	6,168,000
Bank overdrafts - secured	1,225,869	967,720
Current tax liabilities	1,538,247	1,510,482
	36,210,129	35,561,518
Total liabilities	<u>68,187,171</u>	<u>69,429,003</u>
TOTAL EQUITY AND LIABILITIES	<u>231,703,962</u>	<u>228,286,954</u>
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 30 June 2013
(The figures have not been audited.)

	<u>Issued and fully paid ordinary shares of RM1.00 each</u>		Share premium RM	Distributable Retained earnings RM	Total equity RM
	Number of shares	Nominal value RM			
Balance as at 1 April 2012	50,000,000	50,000,000	-	67,163,761	117,163,761
Total comprehensive income	-	-	-	4,828,180	4,828,180
Balance as at 30 June 2012	<u>50,000,000</u>	<u>50,000,000</u>	<u>-</u>	<u>71,991,941</u>	<u>121,991,941</u>
Balance as at 1 April 2013	125,000,000	125,000,000	2,820,736	31,037,215	158,857,951
Total comprehensive income	-	-	-	4,658,840	4,658,840
Balance as at 30 June 2013	<u>125,000,000</u>	<u>125,000,000</u>	<u>2,820,736</u>	<u>35,696,055</u>	<u>163,516,791</u>

(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 30 June 2013

(The figures have not been audited.)

	3 months ended	
	30.06.2013	30.06.2012
	RM	RM
Cash flows from operating activities		
Profit before taxation	6,229,914	6,444,760
Adjustment for non cash items :		
Depreciation of property, plant and equipment	63,889	55,562
Impairment allowance	1,620,993	911,290
Interest expense	746,625	788,598
Interest income	(274,676)	(6,584)
Operation profit before working capital changes	8,386,745	8,193,626
Decrease in inventories	2,721	226,467
Increase in hire purchase receivables	(8,930,326)	(5,844,058)
Decrease/(Increase) in trade receivables	42,400	(25,430)
Decrease/(Increase) in other receivables, deposits and prepayments	83,767	(1,093,404)
(Decrease)/Increase in trade payables	(416,624)	497,030
(Decrease)/Increase in other payables and accruals	(10,798)	544,005
	(9,228,860)	(5,695,390)
Cash generated from operations	(842,115)	2,498,236
Tax paid	(1,542,950)	(958,800)
Net cash (used in)/from operating activities	(2,385,065)	1,539,436
Cash flows from investing activities		
Repayment from former holding company	-	53,267
Purchase of property, plant and equipment	(254,918)	(26,374)
Proceeds from disposal of property, plant and equipment	-	71,574
Interest received	274,676	6,584
Net cash from investing activities	19,758	105,051
Cash flows from financing activities		
Net repayment of term loans	(5,542,000)	(1,542,000)
Net drawdown of block discounting payables	4,443,859	167,079
Interest paid	(748,808)	(785,082)
Net cash used in financing activities	(1,846,949)	(2,160,003)
Net decrease in cash and cash equivalents during the financial period	(4,212,256)	(515,516)
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	26,207,460	13,065
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	27,433,329	789,351
Bank overdraft	(1,225,869)	(776,286)
	26,207,460	13,065

(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 first quarter ended 30 June 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	<i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 10	<i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11	<i>Joint Arrangements</i>	1 January 2013
MFRS 12	<i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13	<i>Fair Value Measurements</i>	1 January 2013
MFRS 119	<i>Employee Benefits (revised)</i>	1 January 2013
MFRS 127	<i>Separate Financial Statements</i>	1 January 2013
MFRS 128	<i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 1	<i>Government Loans</i>	1 January 2013
Amendments to MFRS 7	<i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs	<i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	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 three months ended 30 June 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 three months ended 30 June 2013.

A4 Change in Estimates

There were no changes in estimates that had any material effect on the three months ended 30 June 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 three months ended 30 June 2013.

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

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2013

A6 Dividend Paid

There was no dividend paid during the three months ended 30 June 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 three months ended 30 June 2013.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 30 June 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 three months ended 30 June 2013.

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

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2013

B1 Review Of Performance

Current Quarter Performance (FY2014-Q1 vs FY2013-Q1)

The Group's revenue increased from RM10.27 million to RM10.82 million due to an increase in the hire purchase portfolio. Other income increased from RM78,964 to RM349,110 mainly due to higher fixed deposit interest. This was offset by an increase in impairment allowance and other expenses resulting in a decrease of the profit before tax ("PBT") from RM6.44 million to RM6.23 million.

B2 Comparison of Results with Preceding Quarter

The Group's PBT for the current quarter of RM6.23 million was higher as compared to RM4.42 million of the immediate preceding quarter mainly due to higher revenue and lower impairment allowance on hire purchase receivables for the current quarter.

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 30 June 2013 are set out below:

	3 months ended 30.06.2013
	RM
(a) Income Tax	1,571,074
(b) Deferred Taxation	-
	<u>1,571,074</u>

The effective tax rate of the Group for the financial period ended 30 June 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 first quarter ended 30 June 2013

B6 Status of Corporate Proposals Announced

There are no corporate proposals announced as at the date of this report.

B7 Group Borrowings

All borrowings as at 30 June 2013 are secured except for one of the term loans amounting to RM5.0 million. The Group does not have any borrowings that are denominated in foreign currency.

		As at 30.06.2013 RM	As at 31.03.2013 RM
Block Discounting Payables	- within 1 year	15,196,398	14,406,279
	- later than 1 year	20,481,042	16,829,485
		35,677,440	31,235,764
Term Loans	- within 1 year	6,168,000	6,168,000
	- later than 1 year	11,496,000	17,038,000
		17,664,000	23,206,000
Bank Overdraft	- within 1 year	1,225,869	967,720
Total Borrowings		<u>54,567,309</u>	<u>55,409,484</u>

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 30.06.2013	Quarter ended 30.06.2012	Year to date ended 30.06.2013	Year to date ended 30.06.2012
Profit after taxation (RM)	4,658,840	4,828,180	4,658,840	4,828,180
Weighted average number of ordinary shares (units)	125,000,000	100,000,000	125,000,000	100,000,000
Basic earnings per ordinary share (sen)	3.73	4.83	3.73	4.83

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.

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

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2013

B12 Notes to the Statement of Comprehensive Income

	3 months ended 30.06.2013 RM
The comprehensive income is arrived at after charging/(crediting) the following:	
Interest income	(274,676)
Interest expense	746,625
Gain or loss on disposal of quoted or unquoted investments or properties	-
Impairment of assets	-
Foreign exchange gain or loss	NA
Gain or loss on derivatives	NA
Exceptional items	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 30.06.2013 RM	As at 31.03.2013 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	68,207,902	63,528,126
- Unrealised	2,422,943	2,422,943
	<u>70,630,845</u>	<u>65,951,069</u>
Less: Consolidation adjustments	(34,934,790)	(34,913,854)
Total retained earnings as per consolidation accounts	<u>35,696,055</u>	<u>31,037,215</u>