

# **ELK-DESA RESOURCES BERHAD**

(Co. No. 180164-X)

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

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM	RM	RM	RM
Revenue	11,862,866	10,177,245	22,681,952	20,445,515
Other income	255,706	95,204	604,816	174,168
Cost of inventories sold	-	(5,061)	-	(19,716)
Depreciation of property, plant and equipment	(67,449)	(56,949)	(131,338)	(112,510)
Impairment allowance	(3,183,407)	(1,910,732)	(4,804,400)	(2,822,022)
Other expenses	(2,707,385)	(2,339,283)	(5,213,513)	(4,470,910)
Finance costs	(749,349)	(786,782)	(1,496,621)	(1,576,121)
Profit before listing expenses and tax	<u>5,410,982</u>	<u>5,173,642</u>	<u>11,640,896</u>	<u>11,618,404</u>
Listing expenses	-	-	-	-
Profit before taxation	<u>5,410,982</u>	<u>5,173,643</u>	<u>11,640,896</u>	<u>11,618,404</u>
Taxation	(1,402,136)	(1,334,918)	(2,973,210)	(2,951,498)
Profit for the financial period	<u>4,008,846</u>	<u>3,838,725</u>	<u>8,667,686</u>	<u>8,666,906</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>4,008,846</u>	<u>3,838,725</u>	<u>8,667,686</u>	<u>8,666,906</u>
Earnings per ordinary share - basic / diluted (sen)	<u>3.21</u>	<u>3.84</u>	<u>6.93</u>	<u>8.67</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 September 2013**

(The figures have not been audited.)

	<b>As at 30.09.2013 RM</b>	<b>As at 31.03.2013 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,518,652	1,374,987
Hire purchase receivables	148,698,932	128,695,119
Deferred tax assets	2,422,943	2,422,943
	152,640,527	132,493,049
<b>Current assets</b>		
Inventories	997,738	971,219
Trade receivables	100,350	214,850
Hire purchase receivables	66,177,262	62,874,863
Other receivables, deposits and prepayments	254,235	345,178
Current tax assets	6,964	359
Fixed deposits	4,079,512	29,523,632
Cash and bank balances	15,596,684	1,863,804
	87,212,745	95,793,905
Total assets	<u>239,853,272</u>	<u>228,286,954</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the company</b>		
Share capital	125,000,000	125,000,000
Share premium	2,820,736	2,820,736
Retained earnings	31,579,901	31,037,215
Total equity	159,400,637	158,857,951
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Block discounting payables - secured	25,545,842	16,829,485
Term loans	9,954,000	17,038,000
	35,499,842	33,867,485
<b>Current liabilities</b>		
Trade payables	13,474,860	11,324,266
Other payables and accruals	1,282,689	1,184,771
Dividend payable	8,125,000	-
Block discounting payables - secured	13,739,489	14,406,279
Term loans	6,168,000	6,168,000
Bank overdrafts - secured	273,583	967,720
Current tax liabilities	1,889,171	1,510,482
	44,952,793	35,561,518
Total liabilities	<u>80,452,635</u>	<u>69,429,003</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>239,853,272</u>	<u>228,286,954</u>
Net assets per share	1.28	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 September 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	-	-	-	8,666,906	8,666,906
<b>Balance as at 30 September 2012</b>	<u>50,000,000</u>	<u>50,000,000</u>	<u>-</u>	<u>75,830,667</u>	<u>125,830,667</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	-	-	-	8,667,686	8,667,686
Dividend for financial year ended 31 March 2013				(8,125,000)	(8,125,000)
<b>Balance as at 30 September 2013</b>	<u>125,000,000</u>	<u>125,000,000</u>	<u>2,820,736</u>	<u>31,579,901</u>	<u>159,400,637</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 September 2013

(The figures have not been audited.)

	<b>6 months ended</b>	
	<b>30.09.2013</b>	<b>30.09.2012</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	11,640,896	11,618,404
Adjustment for non cash items :		
Depreciation of property, plant and equipment	131,338	112,510
Impairment allowance	4,804,400	2,822,022
Interest expense	1,495,799	1,574,997
Interest income	(463,157)	(6,584)
Operation profit before working capital changes	<u>17,609,276</u>	<u>16,121,349</u>
(Increase)/Decrease in inventories	(26,519)	90,511
Increase in hire purchase receivables	(28,110,611)	(12,183,740)
Decrease/(Increase) in trade receivables	114,500	(18,040)
Decrease/(Increase) in other receivables, deposits and prepayments	90,943	(930,763)
Increase/(Decrease) in trade payables	2,150,594	(75,843)
Increase in other payables and accruals	97,918	2,289,779
	(25,683,176)	(10,828,096)
Cash (used in)/generated from operations	(8,073,900)	5,293,253
Tax paid	(2,601,125)	(1,598,000)
Net cash (used in)/from operating activities	<u>(10,675,025)</u>	<u>3,695,253</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(275,004)	(63,212)
Proceeds from disposal of property, plant and equipment	-	71,574
Interest received	463,157	6,584
Net cash from investing activities	188,153	14,946
<b>Cash flows from financing activities</b>		
Net repayment of term loans	(7,084,000)	(3,084,000)
Net drawdown/(repayment) of block discounting payables	8,055,863	(1,492,419)
Interest paid	(1,502,094)	(1,569,178)
Net cash used in financing activities	(530,231)	(6,145,597)
<b>Net (decrease)/increase in cash and cash equivalents during the financial period</b>	<b>(11,017,103)</b>	<b>(2,435,398)</b>
Cash and cash equivalents as at beginning of financial year	<u>30,419,716</u>	<u>528,581</u>
<b>Cash and cash equivalents as at end of financial period</b>	<b><u>19,402,613</u></b>	<b><u>(1,906,818)</u></b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	19,676,196	806,870
Bank overdraft	(273,583)	(2,713,688)
	<u>19,402,613</u>	<u>(1,906,818)</u>

(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 30 September 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 financial period ended 30 September 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 30 September 2013.

### A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 30 September 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 30 September 2013.

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

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2013

**A6 Dividend Paid**

There was no dividend paid during the financial period ended 30 September 2013. Subsequent to the quarter ended 30 September 2013, 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 30 September 2013.

**A10 Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and assets for the Group as at 30 September 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 30 September 2013.

**A12 Related Party Disclosures**

There was no significant related party transaction during the financial period ended 30 September 2013.

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

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2013

**B1 Review Of Performance**

**Current Quarter Performance (FY2014-Q2 vs FY2013-Q2)**

The Group's revenue increased by 17% from RM10.18 million to RM11.86 million due to an increase in the hire purchase portfolio. Other income increased from RM95,204 to RM255,706 mainly due to higher fixed deposit interest. This was offset by an increase in impairment allowance and other expenses resulting in a slight increase of the profit before tax ("PBT") from RM5.17 million to RM5.41 million.

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

The Group's revenue increased by 11% from RM20.45 million to RM22.68 million due to an increase in the hire purchase portfolio. Other income increased from RM174,168 to RM604,816 mainly due to higher fixed deposit interest. This was offset by an increase in impairment allowance and other expenses resulting in a slight increase of the profit before tax ("PBT") from RM11.62 million to RM11.64 million.

**B2 Comparison of Results with Preceding Quarter**

The Group's PBT for the current quarter of RM5.41 million was lower as compared to RM6.23 million of the immediate preceding quarter mainly due to higher 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.

**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 2013 are set out below:

	<b>3 months ended 30.09.2013</b>	<b>6 months ended 30.09.2013</b>
	<b>RM</b>	<b>RM</b>
(a) Income Tax	1,402,136	2,973,210
(b) Deferred Taxation	-	-
	<u>1,402,136</u>	<u>2,973,210</u>

The effective tax rate of the Group for the financial period ended 30 September 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 30 September 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 September 2013 are secured except for one of the term loans amounting to RM4.5 million. The Group does not have any borrowings that are denominated in foreign currency.

		<b>As at 30.09.2013 RM</b>	<b>As at 31.03.2013 RM</b>
Block Discounting Payables	- within 1 year	13,739,489	14,406,279
	- later than 1 year	25,545,842	16,829,485
		39,285,332	31,235,764
Term Loans	- within 1 year	6,168,000	6,168,000
	- later than 1 year	9,954,000	17,038,000
		16,122,000	23,206,000
Bank Overdraft	- within 1 year	273,583	967,720
Total Borrowings		<u>55,680,915</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.

	<b>Quarter ended 30.09.2013</b>	<b>Quarter ended 30.09.2012</b>	<b>Year to date ended 30.09.2013</b>	<b>Year to date ended 30.09.2012</b>
Profit after taxation (RM)	4,008,846	3,838,725	8,667,686	8,666,906
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)	3.21	3.84	6.93	8.67

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.

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

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2013

**B12 Notes to the Statement of Comprehensive Income**

	<b>3 months ended 30.09.2013 RM</b>	<b>6 months ended 30.09.2013 RM</b>
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income	(188,481)	(463,157)
Interest expense	749,174	1,495,799
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.

	<b>As at 30.09.2013 RM</b>	<b>As at 31.03.2013 RM</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	68,207,902	63,528,126
- Unrealised	<u>2,422,943</u>	<u>2,422,943</u>
	70,630,845	65,951,069
Less: Consolidation adjustments	<u>(39,050,944)</u>	<u>(34,913,854)</u>
Total retained earnings as per consolidation accounts	<u><u>31,579,901</u></u>	<u><u>31,037,215</u></u>