

**ELK-DESA<sup>®</sup>**

**ELK-DESA RESOURCES BERHAD**

(Company No: 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED  
RESULTS FOR THE PERIOD ENDED  
31 DECEMBER 2015**

**ELK-DESA RESOURCES BERHAD** (Company No 180164-X)**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial period ended 31 December 2015

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM	RM	RM	RM
Revenue	17,024,329	14,354,144	46,269,224	43,127,298
Other income	833,571	599,565	1,828,736	2,096,962
Cost of inventories sold	(1,957,946)	-	(2,993,858)	-
Depreciation of property, plant and equipment	(126,999)	(84,653)	(319,663)	(243,544)
Impairment allowance	(3,513,528)	(4,144,304)	(11,379,396)	(13,240,207)
Other expenses	(4,420,173)	(3,268,575)	(12,204,556)	(10,114,796)
Finance costs	(612,392)	(983,171)	(2,080,586)	(3,307,158)
Profit before rights issue expenses and tax	7,226,862	6,473,006	19,119,901	18,318,555
Rights issue expenses	(1,003,820)	-	(1,003,820)	-
Profit before taxation	6,223,042	6,473,006	18,116,081	18,318,555
Taxation	(1,502,594)	(1,629,693)	(4,438,194)	(4,672,824)
Profit for the financial period	4,720,448	4,843,313	13,677,887	13,645,731
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	4,720,448	4,843,313	13,677,887	13,645,731
Earnings per ordinary share - basic (sen)	2.94	3.87	10.02	10.92
Earnings per ordinary share - diluted (sen)	2.08	2.57	6.82	7.42

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2015)

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

**As at 31 December 2015**

(The figures have not been audited.)

	<b>As at 31.12.2015 RM</b>	<b>As at 31.03.2015 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,847,017	5,799,451
Hire purchase receivables	187,379,761	192,426,059
Deferred tax assets	6,539,693	6,924,265
	200,766,471	205,149,775
<b>Current assets</b>		
Other assets	1,410,762	934,707
Inventories	1,937,532	-
Trade receivables	1,364,489	104,850
Hire purchase receivables	79,632,775	76,460,430
Other receivables, deposits and prepayments	1,132,870	264,319
Fixed deposits	91,699,026	52,143,322
Cash and bank balances	2,055,253	500,272
	179,232,707	130,407,900
Total assets	<u>379,999,178</u>	<u>335,557,675</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	184,800,000	125,000,000
Share premium	13,997,928	2,820,736
Retained earnings	53,175,891	48,733,527
ICULS - equity component	83,283,772	83,283,772
Treasury shares	(10,965,358)	(101,733)
Total equity	324,292,233	259,736,302
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Block discounting payables - secured	6,589,388	17,143,251
ICULS - liability component	16,734,327	18,336,712
	23,323,715	35,479,963
<b>Current liabilities</b>		
Trade payables	12,514,586	12,938,634
Other payables and accruals	4,814,052	4,374,429
Block discounting payables - secured	12,901,396	16,032,879
Term loans	-	3,870,000
Bank overdrafts - secured	-	1,670,530
Current tax liabilities	2,153,196	1,454,938
	32,383,230	40,341,410
Total liabilities	<u>55,706,945</u>	<u>75,821,373</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>379,999,178</u>	<u>335,557,675</u>
Net assets per share	1.84	2.08

*(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 2015)*

**ELK-DESA RESOURCES BERHAD** (Company No 180164-X)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the financial period ended 31 December 2015  
(The figures have not been audited.)

	Share Capital RM	Share Premium RM	Retained Earnings RM	Treasury shares	ICULS - equity component RM	Total Equity RM
Balance as at 1 April 2014	125,000,000	2,820,736	39,312,159	-	-	167,132,895
Total comprehensive income	-	-	13,645,731	-	-	13,645,731
Issuance of ICULS	-	-	-	-	83,283,772	83,283,772
Dividend for financial year ended 31 March 2014	-	-	(9,375,023)	-	-	(9,375,023)
<b>Balance as at 31 December 2014</b>	<b>125,000,000</b>	<b>2,820,736</b>	<b>43,582,867</b>	<b>-</b>	<b>83,283,772</b>	<b>254,687,375</b>
Balance as at 1 April 2015	125,000,000	2,820,736	48,733,527	(101,733)	83,283,772	259,736,302
Total comprehensive income	-	-	13,677,887	-	-	13,677,887
Dividend for financial year ended 31 March 2015	-	-	(9,235,523)	-	-	(9,235,523)
Issuance of new ordinary share pursuant to Rights Issue	59,800,000	11,960,000	-	-	-	71,760,000
Expenses incurred in relation to the Rights Issue	-	(782,808)	-	-	-	(782,808)
Purchase of treasury shares	-	-	-	(10,863,625)	-	(10,863,625)
<b>Balance as at 31 December 2015</b>	<b>184,800,000</b>	<b>13,997,928</b>	<b>53,175,891</b>	<b>(10,965,358)</b>	<b>83,283,772</b>	<b>324,292,233</b>

*(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 2015)*

**ELK-DESA RESOURCES BERHAD** (Company No 180164-X)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 31 December 2015**  
(The figures have not been audited.)

	<b>9 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	18,116,081	18,318,555
Adjustment for :		
Depreciation of property, plant and equipment	319,663	243,544
Loss/(Gain) on disposal of property, plant and equipment	-	5,713
Property, plant and equipment written off	-	11,137
Net allowance made for the financial period	12,032,427	13,995,061
Interest expense	2,051,762	3,305,583
Interest income	(1,577,927)	(1,774,607)
Right issue expenses	1,003,820	-
Operation profit before working capital changes	31,945,826	34,104,986
Decrease/(Increase) in other assets	(476,054)	(237,479)
Decrease/(Increase) in inventories	(1,937,532)	-
Decrease/(Increase) in hire purchase receivables	(10,158,474)	(39,400,225)
Decrease/(Increase) in trade receivables	(1,259,639)	101,160
Decrease/(Increase) in other receivables, deposits and prepayments	(868,551)	360,922
(Decrease)/Increase in trade payables	(424,048)	(2,296,510)
(Decrease)/Increase in other payables and accruals	1,252,125	(84,951)
	(13,872,173)	(41,557,083)
Cash used generated from/(used in) operations	18,073,653	(7,452,097)
Tax paid	(3,355,364)	(3,205,884)
<b>Net cash from/(used in) operating activities</b>	<b>14,718,289</b>	<b>(10,657,981)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(1,367,229)	(98,310)
Proceeds from disposal of property, plant and equipment	-	22,500
Interest received	1,577,927	1,774,607
Net placement of fixed deposit with licensed banks with original maturity of more than three (3) months	(15,671,090)	(23,899,303)
<b>Net cash from/(used in) investing activities</b>	<b>(15,460,392)</b>	<b>(22,200,506)</b>
<b><u>Cash flows from financing activities</u></b>		
Net repayment of term loans	(3,870,000)	(4,626,000)
Net (repayment)/drawdown of block discounting payables	(13,716,305)	(18,474,421)
Proceeds from issuance of ICULS	-	100,000,000
ICULS expenses paid	-	(1,341,264)
Proceed from Rights Issue	71,760,000	-
Rights Issue expenses paid	(1,786,628)	-
Interest paid	(4,435,689)	(2,333,398)
Dividend paid	(9,235,523)	(9,375,023)
Purchase of treasury shares	(10,863,625)	-
<b>Net cash from/(used in) financing activities</b>	<b>27,852,230</b>	<b>63,849,894</b>
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	<b>27,110,127</b>	<b>30,991,407</b>
Cash and cash equivalents as at beginning of financial year	40,339,317	2,538,538
<b>Cash and cash equivalents as at end of financial period</b>	<b>67,449,444</b>	<b>33,529,945</b>

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

For the financial period ended 31 December 2015

(The figures have not been audited.)

	<b>9 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	93,754,279	57,503,157
Bank overdraft	-	(73,909)
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	(26,304,835)	(23,899,303)
	<b><u>67,449,444</u></b>	<b><u>33,529,945</u></b>

*(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 2015)*

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

Notes to the Interim Financial Statements  
for the third quarter ended 31 December 2015

### 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 2015, 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 2015 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 April 2015.

On 1 April 2015, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs	<i>Annual Improvements 2010 - 2012 Cycle</i>	1 July 2014
Amendments to MFRSs	<i>Annual Improvements 2011 - 2013 Cycle</i>	1 July 2014

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 31 December 2015.

### 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 31 December 2015.

### A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 December 2015.

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

Save as disclosed below, there were no issuance, repurchases and repayment of debt and equity securities and share cancellations during the financial period ended 31 December 2015.

On 26 October 2015, the Company issued 59,800,000 new ordinary shares at RM1.20 per share, pursuant to the rights issue exercise approved at the Extraordinary General Meeting dated 21 August 2015.

During the 9 months under review, the Company had acquired 8,150,000 of its issued ordinary shares for a total consideration of RM10,863,625 from the open market at an average price of RM1.33 per share. The share repurchased were held as treasury shares.

As at the end of the financial period, the number of treasury shares held was 8,220,000 shares at an average cost of RM1.33 per share.

### A6 Dividend Paid

The Company had paid a single-tier final dividend of 7.5 sen per share for the financial year ended 31 March 2015 amounting to RM9.24 million on 11 September 2015.

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

 Notes to the Interim Financial Statements  
 for the third quarter ended 31 December 2015

**A7 Segmental Reporting**

	Hire Purchase Financing RM	Furniture RM	Elimination RM	Consolidated RM
<b><u>Quarter Ended 31 December 2015</u></b>				
Revenue (External)	13,749,072	3,275,257	-	17,024,329
Revenue (Inter-Segment)	-	1,101	(1,101)	-
Other income	818,228	15,343	-	833,571
Cost of inventories sold	-	(1,957,946)	-	(1,957,946)
Depreciation of property, plant and equipment	(93,167)	(33,832)	-	(126,999)
Impairment allowance	(3,513,528)	-	-	(3,513,528)
Other expenses	(3,308,973)	(1,112,301)	1,101	(4,420,173)
Finance costs	(589,101)	(23,291)	-	(612,392)
<b>Profit/(Loss) before rights issue expenses &amp; tax</b>	<b>7,062,531</b>	<b>164,331</b>	<b>-</b>	<b>7,226,862</b>
Rights issue expenses	(1,003,820)	-	-	(1,003,820)
<b>Profit/(Loss) before tax</b>	<b>6,058,711</b>	<b>164,331</b>	<b>-</b>	<b>6,223,042</b>
<b><u>Quarter Ended 31 December 2014</u></b>				
Revenue (External)	14,354,144	-	-	14,354,144
Revenue (Inter-Segment)	-	-	-	-
Other income	599,565	-	-	599,565
Cost of inventories sold	-	-	-	-
Depreciation of property, plant and equipment	(84,653)	-	-	(84,653)
Impairment allowance	(4,144,304)	-	-	(4,144,304)
Other expenses	(3,268,575)	-	-	(3,268,575)
Finance costs	(983,171)	-	-	(983,171)
<b>Profit/(Loss) before tax</b>	<b>6,473,006</b>	<b>-</b>	<b>-</b>	<b>6,473,006</b>
<b><u>9 months Ended 31 December 2015</u></b>				
Revenue (External)	41,372,518	4,896,706	-	46,269,224
Revenue (Inter-Segment)	-	1,101	(1,101)	-
Other income	1,795,019	33,717	-	1,828,736
Cost of inventories sold	-	(2,993,858)	-	(2,993,858)
Depreciation of property, plant and equipment	(276,706)	(42,957)	-	(319,663)
Impairment allowance	(11,379,396)	-	-	(11,379,396)
Other expenses	(10,383,949)	(1,821,708)	1,101	(12,204,556)
Finance costs	(2,052,024)	(28,562)	-	(2,080,586)
<b>Profit/(Loss) before rights issue expenses &amp; tax</b>	<b>19,075,462</b>	<b>44,439</b>	<b>-</b>	<b>19,119,901</b>
Rights issue expenses	(1,003,820)	-	-	(1,003,820)
<b>Profit/(Loss) before tax</b>	<b>18,071,642</b>	<b>44,439</b>	<b>-</b>	<b>18,116,081</b>
Segment assets	373,114,048	6,885,130	-	379,999,178
Segment liabilities	53,844,255	1,862,690	-	55,706,945
<b><u>9 months Ended 31 December 2014</u></b>				
Revenue (External)	43,127,298	-	-	43,127,298
Revenue (Inter-Segment)	-	-	-	-
Other income	2,096,962	-	-	2,096,962
Cost of inventories sold	-	-	-	-
Depreciation of property, plant and equipment	(243,544)	-	-	(243,544)
Impairment allowance	(13,240,207)	-	-	(13,240,207)
Other expenses	(10,114,796)	-	-	(10,114,796)
Finance costs	(3,307,158)	-	-	(3,307,158)
<b>Profit/(Loss) before tax</b>	<b>18,318,555</b>	<b>-</b>	<b>-</b>	<b>18,318,555</b>
Segment assets	335,253,645	-	-	335,253,645
Segment liabilities	80,566,270	-	-	80,566,270

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

Notes to the Interim Financial Statements  
for the third quarter ended 31 December 2015

**A8 Subsequent Events**

There was no material event subsequent to the current quarter.

**A9 Changes in the Composition of the Group**

Save as disclosed below, 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 31 December 2015.

On 1 April 2015, the Company acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in ELK-Desa Furniture Sdn Bhd, a newly incorporated company, for a total cash consideration of RM2. Following the acquisition, ELK-Desa Furniture Sdn. Bhd. became a wholly owned subsidiary of the Company.

On 28 April 2015, its paid up capital has been increased to RM2,000,000 via the issuance of 1,999,998 new shares at RM1.00 per share. The principal activity of ELK-Desa Furniture Sdn. Bhd. is trading of furniture.

On 1 December 2015, ELK-Desa Furniture Sdn Bhd, a wholly owned subsidiary of the Company, had acquired two (2) dormant companies namely ELK-Desa Furniture Marketing Sdn Bhd ("EDFM") and ELK-Desa Furniture Industries Sdn Bhd ("EDFI") at a total consideration of RM4. Following the acquisition, EDFM and EDFI have become wholly owned subsidiaries of ELK-Desa Furniture Sdn Bhd.

For details of the above, please refer to the Company's announcement on both the Company and Bursa Malaysia website.

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

There were no contingent liabilities and assets for the Group as at 31 December 2015.

**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 31 December 2015.

**A12 Related Party Disclosures**

There was no significant related party transaction during the financial period ended 31 December 2015.

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

Notes to the Interim Financial Statements  
for the third quarter ended 31 December 2015

### **B1 Review Of Performance**

#### **CURRENT QUARTER (FY2016-Q3 vs FY2015-Q3)**

The Group's revenue increased to RM17.02 million mainly due to the additional revenue from the newly setup furniture business. Other income increased by 39% to RM0.83 million due to higher fixed deposit interest.

Impairment allowance decreased by 15% to RM3.51 million while other expenses increased by 35% to RM4.42 million mainly from additional expenses incurred from the furniture business.

As a result of lower borrowings, the Group's finance cost decreased by 38% to RM0.61 million.

The Group's profit before rights issue expenses and tax increased 12% from RM6.47 million to RM7.23 million. After deducting an one-off rights issue expenses, the Group's profit before tax decreased marginally to RM6.22 million.

#### Hire Purchase Business

Revenue decreased by 4% from RM14.35 million to RM13.75 million, mainly due to lower hire purchase disbursement for the quarter, which is in line with the Group's strategy to tighten its hire purchase disbursement policy.

The fall in revenue was offset by a 15% decrease in impairment allowance. Other expenses marginally increased to RM3.31 million.

The profit before rights issue expenses and tax increased 9% from RM6.47 million to RM7.06 million. After deducting a one-off rights issue expenses, the profit before tax decreased 6% to RM6.06 million.

#### Furniture Business

The furniture business commenced operations in July 2015. The business division generated a revenue of RM3.28 million and profit before tax of RM0.16 million for the financial quarter under review as the division is still in its infancy stage.

#### **YEAR-TO-DATE (FY2016YTD vs FY2015YTD)**

The Group's revenue increased 7% to RM46.27 million mainly due to the additional revenue from the newly setup furniture business. Other income decreased by 13% to RM1.83 million due to lower fixed deposit interest.

Impairment allowance decreased by 14% to RM11.38 million while other expenses increased by 21% to RM12.20 million mainly from additional expenses incurred from the furniture business.

As a result of lower borrowings, the Group's finance cost decreased by 37% to RM2.08 million.

The Group's profit before rights issue expenses and tax increased 4% from RM18.32 million to RM19.12 million. After deducting a one-off rights issue expenses, the Group's profit before tax decreased marginally to RM18.12 million.

#### Hire Purchase Business

Revenue decreased by 4% from RM43.13 million to RM41.38 million, mainly due to lower hire purchase disbursement for the period under review, which is in line with the Group's strategy to tighten its hire purchase disbursement policy.

The fall in revenue was offset by a 14% decrease in impairment allowance. Other expenses increased marginally to RM10.38 million.

The profit before rights issue expenses and tax increased 4% from RM18.32 million to RM19.08 million. After deducting a one-off rights issue expenses, the profit before tax decreased marginally to RM18.08 million.

#### Furniture Business

The furniture business commenced operations in July 2015. The business division generated a revenue of RM4.90 million and profit before tax of approximately RM44,000 for the financial period under review as the division is still in its infancy stage.

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

Notes to the Interim Financial Statements  
for the third quarter ended 31 December 2015

**B2 Comparison of Results with Preceding Quarter**

The Group's profit before rights issue and tax for the current quarter of RM7.23 million was higher as compared to RM5.37 million of the immediate preceding quarter mainly due to lower impairment allowance and higher income from fixed deposit interest. After deducting a one-off rights issue expenses, the profit before tax for the current quarter was RM6.22 million.

**B3 Prospects and Outlook**

The inflationary pressure on the prices of goods and cost of living on domestic consumers remain a cause for concern. In addition to that, the current uncertain economic environment that has affected domestic business and consumer sentiments, may increase the Group's credit risk due to possible weaker repayment ability of the hirers.

Managing the downside credit risk remains crucial for the Group. As at to date, the Group is able to manage this risk by having necessary measures in place to ensure efficient collection and stringent hire purchase disbursements. Going forward, the Group will continue to focus on this strategy.

While strong emphasis is placed in growing its core business in hire purchase financing, albeit at a steady pace, the Group is committed to create additional income source in order to enhance shareholder value. The recent venture into the furniture business is not expected to contribute significantly to the Group's financial performance for the current financial year as it is still in its infancy stage.

Despite the uncertain outlook, the Board remains cautiously optimistic on the Group's performance for the current 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 31 December 2015 are set out below:

	<b>3 months ended 31.12.2015 RM</b>	<b>9 months ended 31.12.2015 RM</b>
(a) Income Tax	1,387,541	4,068,704
(b) Deferred Taxation	<u>115,053</u>	<u>369,490</u>
	<u><u>1,502,594</u></u>	<u><u>4,438,194</u></u>

The effective tax rate of the Group for the financial period ended 31 December 2015 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 third quarter ended 31 December 2015

**B6 Status of Corporate Proposals Announced**

On 8 June 2015, MIDF Amanah Investment Bank Berhad, on behalf of the Board, announced that the Company proposes to undertake a proposed renounceable rights issue of up to 62,500,000 Rights Shares on the basis of one (1) Rights Share for every two (2) existing ELK-Desa Shares held on the Entitlement Date.

The total valid acceptances and excess applications for the Rights Issue were 66,063,590 Rights Shares, which represent an over-subscription of 10.47%.

On 28 October 2015, the Rights Issue has been completed following the listing of and quotation for 59,800,000 Rights Shares on the Main Market of Bursa Securities.

For details of the above corporate exercise, please refer to the Company's announcement on both the Company and Bursa Malaysia website.

As at 31 December 2015, the status of utilisation of proceeds is as follows:

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Timeframe for Utilisation</b>	<b>Balance</b>	<b>Remarks</b>
	<b>RM</b>	<b>RM</b>		<b>RM</b>	
(a) Hire purchase disbursements	49,960,000	13,852,715	Within 12 months	36,107,285	The funds have not been fully utilised.
(b) Repayment of bank borrowings	20,000,000	2,949,287	Within 12 months	17,050,713	
(c) Expenses relating to the Rights Issue	1,800,000	1,786,628	Within 3 months	13,372	
	<b>71,760,000</b>	<b>18,588,630</b>		<b>53,171,370</b>	

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

**B7 Group Borrowings & Debt Securities**

All borrowings and debt securities as at 31 December 2015 are secured except for the ICULS - liability component. The Group does not have any borrowings or debt securities that are denominated in foreign currency.

		<b>As at 31.12.2015</b>	<b>As at 31.3.2015</b>
		<b>RM</b>	<b>RM</b>
<b>Borrowings</b>			
Block Discounting Payables	- within 1 year	12,901,396	16,032,879
	- later than 1 year	6,589,388	17,143,251
		19,490,784	33,176,130
Term Loans	- within 1 year	-	3,870,000
	- later than 1 year	-	-
		-	3,870,000
Bank Overdraft	- within 1 year	-	1,670,530
Total Borrowings		<u>19,490,784</u>	<u>38,716,660</u>
<b>Debt Securities</b>			
ICULS - liability component	- later than 1 year	<u>16,734,327</u>	<u>18,336,712</u>

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

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for the third quarter ended 31 December 2015

**B8 Changes in Material Litigation**

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

**B9 Dividend**

The Board has declared an interim single tier dividend, amounting to 3.25 sen per share, for the financial year ending 31 March 2016. The dividend will be paid on 30 March 2016 to the shareholders whose names appear in the record of depositors of the Company as at 18 March 2016.

There was no dividend declared in the previous corresponding quarter.

**B10 Earnings Per Share**

Basic earnings per share is calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue during the financial year.

	<b>Quarter ended 31.12.2015</b>	<b>Quarter ended 31.12.2014</b>	<b>Year to date ended 31.12.2015</b>	<b>Year to date ended 31.12.2014</b>
Profit after taxation (RM)	4,720,448	4,843,313	13,677,887	13,645,731
Weighted average number of ordinary shares (units)	160,651,304	125,000,000	136,448,855	125,000,000
Basic earnings per ordinary share (sen)	2.94	3.87	10.02	10.92

Diluted earnings per share is calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares.

	<b>Quarter ended 31.12.2015</b>	<b>Quarter ended 31.12.2014</b>	<b>Year to date ended 31.12.2015</b>	<b>Year to date ended 31.12.2014</b>
Profit after taxation (RM)	4,720,448	4,843,313	13,677,887	13,645,731
Interest expense on ICULS, net of tax (RM)	385,322	424,609	1,204,605	1,256,825
Adjusted profit after tax (RM)	5,105,770	5,267,922	14,882,492	14,902,556
Weighted average number of ordinary shares (units)	160,651,304	125,000,000	136,448,855	125,000,000
Adjustment for potential dilutive shares (units)	84,745,762	80,000,000	81,639,445	75,927,273
Adjusted weighted average number of ordinary shares (units)	245,397,066	205,000,000	218,088,300	200,927,273
Diluted earnings per ordinary share (sen)	2.08	2.57	6.82	7.42

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

Notes to the Interim Financial Statements  
for the third quarter ended 31 December 2015

**B11 Audit Report For The Preceding Annual Financial Statements**

The audited financial statements of the Group for the preceding financial year ended 31 March 2015 was not qualified.

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

	<b>3 months ended 31.12.15 RM</b>	<b>9 months ended 31.12.15 RM</b>
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income	(752,630)	(1,577,927)
Interest expense	589,101	2,051,761
Inventories written down	-	-
Reversal of inventories previously written down	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange (gain) or loss	(7,748)	15,955
Gain or loss on derivatives	-	-
Exceptional items	-	-

**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 31.12.2015 RM</b>	<b>As at 31.3.2015 RM</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	85,537,742	81,082,170
- Unrealised	<u>2,523,455</u>	<u>2,523,454</u>
	88,061,197	83,605,624
Less: Consolidation adjustments	<u>(34,885,306)</u>	<u>(34,872,097)</u>
Total retained earnings as per consolidation accounts	<u><u>53,175,891</u></u>	<u><u>48,733,527</u></u>