

**ELK-DESA<sup>®</sup>**

**ELK-DESA RESOURCES BERHAD**

(Company No: 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED  
RESULTS FOR THE PERIOD ENDED  
31 MARCH 2016**

**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 March 2016

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM	RM	RM	RM
Revenue	17,897,707	14,487,279	64,166,930	57,614,579
Other income	1,004,144	581,986	2,832,880	2,678,949
Cost of inventories sold	(2,220,415)	-	(5,214,273)	-
Depreciation of property, plant and equipment	(129,872)	(88,847)	(449,535)	(332,391)
Impairment allowance	(4,191,051)	(3,503,918)	(15,570,447)	(16,744,125)
Other expenses	(4,609,319)	(3,433,427)	(16,813,875)	(13,548,223)
Finance costs	(543,725)	(876,219)	(2,624,311)	(4,183,377)
Profit before rights issue expenses and tax	7,207,469	7,166,854	26,327,369	25,485,412
Rights issue expenses	-	-	(1,003,820)	-
Profit before taxation	7,207,469	7,166,854	25,323,549	25,485,412
Taxation	(2,097,490)	(2,016,195)	(6,535,683)	(6,689,021)
Profit for the financial period	5,109,979	5,150,659	18,787,866	18,796,391
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	5,109,979	5,150,659	18,787,866	18,796,391
Earnings per ordinary share - basic (sen)	2.91	4.12	12.86	15.04
Earnings per ordinary share - diluted (sen)	2.11	2.72	8.92	10.14

*(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 March 2016**

(The figures have not been audited.)

	<b>As at 31.03.2016 RM</b>	<b>As at 31.03.2015 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,866,328	5,799,451
Hire purchase receivables	194,318,410	192,426,059
Deferred tax assets	6,250,612	6,924,265
	207,435,350	205,149,775
<b>Current assets</b>		
Inventories	1,928,044	-
Other assets	1,035,707	934,707
Trade receivables	1,372,984	104,850
Hire purchase receivables	81,743,940	76,460,430
Other receivables, deposits and prepayments	1,025,348	264,319
Fixed deposits	74,141,943	52,143,322
Cash and bank balances	3,252,118	500,272
	164,500,084	130,407,900
Total assets	<u>371,935,434</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	52,604,820	48,733,527
ICULS - equity component	83,283,772	83,283,772
Treasury shares	(13,440,667)	(101,733)
Total equity	321,245,853	259,736,302
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Block discounting payables - secured	3,974,461	17,143,251
Term loans	-	-
ICULS - liability component	16,183,828	18,336,712
Deferred tax liability	25,351	-
	20,183,640	35,479,963
<b>Current liabilities</b>		
Trade payables	11,599,940	12,938,634
Other payables and accruals	5,597,303	4,374,429
Block discounting payables - secured	11,533,443	16,032,879
Term loans	-	3,870,000
Bank overdrafts - secured	-	1,670,530
Current tax liabilities	1,775,255	1,454,938
	30,505,941	40,341,410
Total liabilities	<u>50,689,581</u>	<u>75,821,373</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>371,935,434</u></u>	<u><u>335,557,675</u></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 March 2016**  
(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	-	-	18,796,391	-	-	18,796,391
Issuance of ICULS	-	-	-	-	83,283,772	83,283,772
Final Dividend for financial year ended 31 March 2014	-	-	(9,375,023)	-	-	(9,375,023)
Purchase of treasury shares	-	-	-	(101,733)	-	(101,733)
<b>Balance as at 31 March 2015</b>	<b>125,000,000</b>	<b>2,820,736</b>	<b>48,733,527</b>	<b>(101,733)</b>	<b>83,283,772</b>	<b>259,736,302</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	-	-	18,787,866	-	-	18,787,866
Final Dividend for financial year ended 31 March 2015	-	-	(9,235,522)	-	-	(9,235,522)
Interim Dividend for financial year ended 31 March 2016	-	-	(5,681,051)	-	-	(5,681,051)
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	-	-	-	(13,338,934)	-	(13,338,934)
<b>Balance as at 31 March 2016</b>	<b>184,800,000</b>	<b>13,997,928</b>	<b>52,604,820</b>	<b>(13,440,667)</b>	<b>83,283,772</b>	<b>321,245,853</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 March 2016**  
(The figures have not been audited.)

	<b>12 months ended</b>	
	<b>31.03.2016</b>	<b>31.03.2015</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	25,323,549	25,485,412
Adjustment for :		
Depreciation of property, plant and equipment	449,535	332,391
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	16,346,915	17,738,222
Interest expense	2,565,055	4,181,189
Interest income	(2,428,650)	(2,284,001)
Unrealised foreign exchange loss	11,997	-
Right issue expenses	1,003,820	-
Operation profit before working capital changes	43,272,221	45,470,063
Decrease/(Increase) in inventories	(1,928,044)	-
Decrease/(Increase) in other assets	(101,000)	93,536
Decrease/(Increase) in hire purchase receivables	(23,522,776)	(45,248,675)
Decrease/(Increase) in trade receivables	(1,280,131)	65,960
Decrease/(Increase) in other receivables, deposits and prepayments	(761,030)	793,295
(Decrease)/Increase in trade payables	(1,338,695)	(1,324,693)
(Decrease)/Increase in other payables and accruals	1,222,876	(147,567)
	(27,708,800)	(45,768,144)
Cash used generated from/(used in) operations	15,563,421	(298,081)
Tax paid	(5,516,362)	(5,810,483)
<b>Net cash from/(used in) operating activities</b>	<b>10,047,059</b>	<b>(6,108,564)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(1,516,411)	(4,193,585)
Proceeds from disposal of property, plant and equipment	-	22,500
Interest received	2,428,650	2,284,001
Net placement of fixed deposit with licensed banks with original maturity of more than three (3) months	(15,345,761)	(10,633,746)
<b>Net cash from/(used in) investing activities</b>	<b>(14,433,522)</b>	<b>(12,520,830)</b>
<b><u>Cash flows from financing activities</u></b>		
Net repayment of term loans	(3,870,000)	(6,168,000)
Net (repayment)/drawdown of block discounting payables	(17,707,793)	(23,673,650)
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	(4,678,373)	(2,910,156)
Dividend paid	(14,916,573)	(9,375,023)
Purchase of treasury shares	(13,338,934)	(101,733)
<b>Net cash from/(used in) financing activities</b>	<b>15,461,699</b>	<b>56,430,174</b>

**ELK-DESA RESOURCES BERHAD** (Company No 180164-X)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 31 March 2016**  
(The figures have not been audited.)

	<u>12 months ended</u>	
	<u>31.03.2016</u>	<u>31.03.2015</u>
	RM	RM
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	<b>11,075,236</b>	<b>37,800,780</b>
Cash and cash equivalents as at beginning of financial year	40,339,318	2,538,538
<b>Cash and cash equivalents as at end of financial period</b>	<b><u>51,414,554</u></b>	<b><u>40,339,318</u></b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	77,394,061	52,643,594
Bank overdraft	-	(1,670,530)
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	(25,979,507)	(10,633,746)
	<b><u>51,414,554</u></b>	<b><u>40,339,318</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 fourth quarter ended 31 March 2016

### 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 March 2016.

### 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 March 2016.

### A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 March 2016.

### 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 March 2016.

On 26 October 2015, the Company issued 59,800,000 new ordinary shares of RM1.00 each at RM1.20 per share, pursuant to the rights issue exercise approved at the Extraordinary General Meeting dated 21 August 2015.

During the 12 months under review, the Company had acquired 10,080,000 of its issued ordinary shares for a total consideration of RM13,338,934 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 10,150,000 shares at an average cost of RM1.32 per share.

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

Notes to the Interim Financial Statements  
for the forth quarter ended 31 March 2016

**A6 Dividend Paid**

The Company had paid a single-tier final dividend of 7.50 sen per share for the financial year ended 31 March 2015 amounting to RM9.24 million on 11 September 2015.

On 30 March 2016, the Company paid a single-tier interim dividend of 3.25 sen per share for the financial year ended 31 March 2016 amounting to RM5.68 million.

**A7 Segmental Reporting**

	<b>Hire Purchase Financing RM</b>	<b>Furniture RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b><u>Quarter Ended 31 March 2016</u></b>				
Revenue (External)	14,584,638	3,313,069	-	17,897,707
Revenue (Inter-Segment)	-	1,792	(1,792)	-
Other income	995,486	8,658	-	1,004,144
Cost of inventories sold	-	(2,222,560)	2,145	(2,220,415)
Depreciation of property, plant and equipment	(92,351)	(37,521)	-	(129,872)
Impairment allowance	(4,191,051)	-	-	(4,191,051)
Other expenses	(3,561,734)	(1,045,817)	(1,768)	(4,609,319)
Finance costs	(513,293)	(30,432)	-	(543,725)
<b>Profit/(Loss) before rights issue expenses &amp; tax</b>	<b>7,221,695</b>	<b>(12,811)</b>	<b>(1,415)</b>	<b>7,207,469</b>
Rights issue expenses	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>7,221,695</b>	<b>(12,811)</b>	<b>(1,415)</b>	<b>7,207,469</b>
<b><u>Quarter Ended 31 March 2015</u></b>				
Revenue (External)	14,487,279	-	-	14,487,279
Revenue (Inter-Segment)	-	-	-	-
Other income	581,986	-	-	581,986
Cost of inventories sold	-	-	-	-
Depreciation of property, plant and equipment	(88,847)	-	-	(88,847)
Impairment allowance	(3,503,918)	-	-	(3,503,918)
Other expenses	(3,433,427)	-	-	(3,433,427)
Finance costs	(876,219)	-	-	(876,219)
<b>Profit/(Loss) before tax</b>	<b>7,166,854</b>	<b>-</b>	<b>-</b>	<b>7,166,854</b>



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

Notes to the Interim Financial Statements  
for the forth quarter ended 31 March 2016

	Hire Purchase Financing RM	Furniture RM	Elimination RM	Consolidated RM
<b><u>12 months Ended 31 March 2016</u></b>				
Revenue (External)	55,957,155	8,209,775	-	64,166,930
Revenue (Inter-Segment)	-	2,893	(2,893)	-
Other income	2,790,506	42,374	-	2,832,880
Cost of inventories sold	-	(5,216,418)	2,145	(5,214,273)
Depreciation of property, plant and equipment	(369,057)	(80,478)	-	(449,535)
Impairment allowance	(15,570,447)	-	-	(15,570,447)
Other expenses	(13,945,683)	(2,867,525)	(667)	(16,813,875)
Finance costs	(2,565,317)	(58,994)	-	(2,624,311)
<b>Profit/(Loss) before rights issue expenses &amp; tax</b>	<b>26,297,157</b>	<b>31,627</b>	<b>(1,415)</b>	<b>26,327,369</b>
Rights issue expenses	(1,003,820)	-	-	(1,003,820)
<b>Profit/(Loss) before tax</b>	<b>25,293,337</b>	<b>31,627</b>	<b>(1,415)</b>	<b>25,323,549</b>
Segment assets	365,738,964	6,196,470	(1,415)	371,934,019
Segment liabilities	49,487,161	1,202,420	-	50,689,581
<b><u>12 months Ended 31 March 2015</u></b>				
Revenue (External)	57,614,579	-	-	57,614,579
Revenue (Inter-Segment)	-	-	-	-
Other income	2,678,949	-	-	2,678,949
Cost of inventories sold	-	-	-	-
Depreciation of property, plant and equipment	(332,391)	-	-	(332,391)
Impairment allowance	(16,744,125)	-	-	(16,744,125)
Other expenses	(13,548,223)	-	-	(13,548,223)
Finance costs	(4,183,377)	-	-	(4,183,377)
<b>Profit/(Loss) before tax</b>	<b>25,485,412</b>	<b>-</b>	<b>-</b>	<b>25,485,412</b>
Segment assets	335,557,675	-	-	335,557,675
Segment liabilities	75,821,373	-	-	75,821,373

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2016

**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 March 2016.

ELK-Desa Furniture Sdn Bhd ("EDF") and its Subsidiaries

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

As at 31 March 2016, the paid up capital of EDF is RM5,000,000 of RM1.00 per share. The principal activity of EDF is trading of furniture.

On 1 December 2015, EDF, 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 EDF.

As at 31 March 2016, the paid up capital of EDFM & EDFI is RM100,000 and RM400,000 respectively.

ELK-Desa Development Sdn Bhd ("EDD")

The Liquidator of EDD had convened the final meeting on 3 March 2016 to conclude the Members' Voluntary Winding-Up of EDD.

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 March 2016.

**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 March 2016.

**A12 Related Party Disclosures**

There was no significant related party transaction during the financial period ended 31 March 2016.

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2016

### **B1 Review Of Performance**

#### **CURRENT QUARTER (FY2016-Q4 vs FY2015-Q4)**

The Group's revenue increased by RM3.41 million to RM17.90 million, mainly due to the additional RM3.31 million revenue from the newly setup furniture business. Other income increased by 73% to RM1.00 million due to higher fixed deposit interest.

Impairment allowance increased by 20% to RM4.19 million. Other expenses increased by 34% to RM4.61 million, of which RM1.05 million was incurred for the furniture business.

As a result of lower borrowings, the Group's finance cost decreased by 38% to RM0.54 million.

The Group's profit before tax marginally increased from RM7.17 million to RM7.21 million.

#### Hire Purchase Business

Revenue marginally increased from RM14.49 million to RM14.59 million, mainly due to increase in hire purchase disbursements for the quarter.

Impairment allowance increased by 20% to RM4.19 million. Other expenses increased by 3% to RM3.56 million.

Despite the increase in impairment allowance and other expenses, the profit before tax increased marginally to RM7.22 million mainly due to additional income from fixed deposit interest and lower finance costs.

#### Furniture Business

The furniture business commenced operations in July 2015. The business division generated a revenue of RM3.31 million and loss before tax of approximately RM13,000 for the financial quarter under review.

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

The Group's revenue increased 11% to RM64.17 million mainly due to the additional RM8.21 million revenue from the newly setup furniture business. Other income increased by 6% to RM2.83 million due to higher fixed deposit interest.

Impairment allowance decreased by 7% to RM15.57 million while other expenses increased by 24% to RM16.81 million, of which RM2.87 million was incurred for the furniture business.

As a result of lower borrowings, the Group's finance cost decreased by 37% to RM2.62 million.

The Group's profit before rights issue expenses and tax increased 3% from RM25.49 million to RM26.33 million. After deducting a one-off rights issue expenses of RM1.00 million, the Group's profit before tax decreased marginally to RM25.32 million.

#### Hire Purchase Business

Revenue decreased by 3% from RM57.61 million to RM55.96 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 7% decrease in impairment allowance. Other expenses increased by 3% to RM13.95 million.

The profit before rights issue expenses and tax increased 3% from RM25.49 million to RM26.30 million. After deducting a one-off rights issue expenses of RM1.00 million, the profit before tax decreased marginally to RM25.29 million.

#### Furniture Business

The furniture business commenced operations in July 2015. The business division generated a revenue of RM8.21 million and profit before tax of approximately RM32,000 for the financial period under review.

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2016

### B2 Comparison of Results with Preceding Quarter

The Group's profit before tax for the current quarter of RM7.21 million was higher by 16% as compared to RM6.22 million of the immediate preceding quarter mainly due to one-off rights issue expenses of RM1.00 million incurred in the preceding quarter.

### B3 Prospects and Outlook

According to Bank Negara Malaysia, the Malaysian economy is expected to grow at a slower pace in year 2016.

Despite the lower domestic growth projection for year 2016, the Group is not likely to experience any slowdown in the demand for second hand cars financing for the financial year ending 31 March 2017 as the business segment that the Group is currently operating in, is still relatively small as compared to the overall auto financing industry. Furthermore, given the uncertain labour market conditions, demand for second hand cars may increase as opposed to new cars.

Downside credit risk remains for the Group's hire purchase segment as consumers and businesses make expenditure adjustments in response to the lingering effects of the GST regime. Therefore, the Group will continue to place strong emphasis on close monitoring and efficient debt recoveries as well as follow-up mechanism, to minimise the impact.

The Group will continue to strategically operate in the underserved niche market and focus on the small value second hand car financing. The business strategy will also be constantly reviewed to ensure the Group continues to stay relevant in the industry and at the same time keep credit risk exposure at a reasonable level.

The growth of the furniture business has taken longer period than the earlier anticipated due to the sluggish consumers' sentiments and current soft economic environment. However, the Group will continue to focus on ensuring the operational efficiencies in the various divisions (i.e. retail, wholesale, export and manufacturing) that have been established.

The Board is optimistic on the Group's future performance and will continue to grow its hire purchase portfolio without compromising on the quality of the assets. At the same time, the furniture segment is not expected to make any significant contribution to the Group's financial performance in the coming 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 March 2016 are set out below:

	<b>3 months ended 31.03.2016 RM</b>	<b>12 months ended 31.03.2016 RM</b>
(a) Income Tax	1,783,058	5,851,761
(b) Deferred Taxation	314,432	683,922
	<u>2,097,490</u>	<u>6,535,683</u>

The effective tax rate of the Group for the financial period ended 31 March 2016 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 forth quarter ended 31 March 2016

**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 March 2016, 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	42,340,375	Within 12 months	7,619,625	The funds have not been fully utilised.
(b) Repayment of bank borrowings	20,000,000	7,178,191	Within 12 months	12,821,809	
(c) Expenses relating to the Rights Issue	1,800,000	1,786,628	Within 3 months	13,372	
	<b>71,760,000</b>	<b>51,305,194</b>		<b>20,454,806</b>	

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

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

Notes to the Interim Financial Statements  
for the forth quarter ended 31 March 2016

**B7 Group Borrowings & Debt Securities**

All borrowings and debt securities as at 31 March 2016 are unsecured except for the Block Discounting Payables. The Group does not have any borrowings or debt securities that are denominated in foreign currency.

		<b>As at</b>	<b>As at</b>
		<b>31.03.2016</b>	<b>31.03.2015</b>
		<b>RM</b>	<b>RM</b>
<b>Borrowings</b>			
Block Discounting Payables	- within 1 year	11,533,443	16,032,879
	- later than 1 year	3,974,461	17,143,251
		15,507,904	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		15,507,904	38,716,660
<b>Debt Securities</b>			
ICULS - liability component	- later than 1 year	16,183,828	18,336,712

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

Notes to the Interim Financial Statements  
for the forth quarter ended 31 March 2016

**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 3.50 sen per share (FY2015 : 7.50 sen) in respect of the financial year ended 31 March 2016. The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting. The date of dividend entitlement and payment will be determined at a later date.

In addition to the first single tier interim dividend of 3.25 sen (FY2015 : nil) which was paid on 30 March 2016, the total dividend for the financial year ended 31 March 2016 would be 6.75 sen (FY2015 : 7.50 sen per share).

**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.

	Quarter ended 31.03.2016	Quarter ended 31.03.2015	Year to date ended 31.03.2016	Year to date ended 31.03.2015
Profit after taxation (RM)	5,109,979	5,150,659	18,787,866	18,796,391
Weighted average number of ordinary shares (units)	175,474,458	125,000,000	146,151,942	125,000,000
Basic earnings per ordinary share (sen)	2.91	4.12	12.86	15.04

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.

	Quarter ended 31.03.2016	Quarter ended 31.03.2015	Year to date ended 31.03.2016	Year to date ended 31.03.2015
Profit after taxation (RM)	5,109,979	5,150,659	18,787,866	18,796,391
Interest expense on ICULS, net of tax (RM)	385,322	418,694	1,598,725	1,675,520
Adjusted profit after tax (RM)	5,495,301	5,569,353	20,386,591	20,471,911
Weighted average number of ordinary shares (units)	175,474,458	125,000,000	146,151,942	125,000,000
Adjustment for potential dilutive shares (units)	84,745,762	80,000,000	82,411,780	76,931,507
Adjusted weighted average number of ordinary shares (units)	260,220,220	205,000,000	228,563,722	201,931,507
Diluted earnings per ordinary share (sen)	2.11	2.72	8.92	10.14

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

Notes to the Interim Financial Statements  
for the forth quarter ended 31 March 2016

**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 31.03.16 RM</b>	<b>12 months ended 31.03.16 RM</b>
The comprehensive income is arrived at after charging/(crediting) the following:		
Interest income	(850,724)	(2,428,650)
Interest expense	513,293	2,565,055
Inventories written down	-	-
Reversal of inventories previously written down	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Realised foreign exchange (gain) or loss	(8,090)	7,864
Unrealised foreign exchange (gain) or loss	11,997	11,997
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 31.03.2016 RM</b>	<b>As at 31.03.2015 RM</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	85,187,869	81,082,170
- Unrealised	<u>2,329,145</u>	<u>2,523,454</u>
	87,517,014	83,605,624
Less: Consolidation adjustments	<u>(34,912,194)</u>	<u>(34,872,097)</u>
Total retained earnings as per consolidation accounts	<u><u>52,604,820</u></u>	<u><u>48,733,527</u></u>