

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 180164-X)

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

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM	RM	RM	RM
Revenue	25,118,919	17,024,329	69,638,583	46,269,224
Other income	395,031	833,571	1,686,815	1,828,736
Cost of inventories sold	(5,465,962)	(1,957,946)	(14,024,831)	(2,993,858)
Depreciation of property, plant and equipment	(143,936)	(126,999)	(427,428)	(319,663)
Impairment allowance	(5,253,437)	(3,513,528)	(14,714,638)	(11,379,396)
Other expenses	(6,838,090)	(4,420,173)	(19,019,647)	(12,204,556)
Finance costs	(207,496)	(612,392)	(781,469)	(2,080,586)
Profit before rights issue expenses and tax	7,605,029	7,226,862	22,357,385	19,119,901
Rights issue expenses	-	(1,003,820)	-	(1,003,820)
Profit before taxation	7,605,029	6,223,042	22,357,385	18,116,081
Taxation	(1,935,439)	(1,502,594)	(5,776,484)	(4,438,194)
Profit for the financial period	5,669,590	4,720,448	16,580,901	13,677,887
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	5,669,590	4,720,448	16,580,901	13,677,887
Earnings per ordinary share - basic (sen)	2.50	2.94	7.88	10.02
Earnings per ordinary share - diluted (sen)	2.24	2.08	6.58	6.82

(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 2016)

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

As at 31 December 2016

(The figures have not been audited.)

	As at 31.12.2016 RM	As at 31.03.2016 RM
ASSETS		
Non-current assets		
Property, plant and equipment	7,008,193	6,866,328
Hire purchase receivables	232,049,644	194,318,410
Deferred tax assets	3,417,546	6,250,612
	242,475,383	207,435,350
Current assets		
Inventories	6,823,272	1,928,044
Other assets	1,542,611	1,035,707
Trade receivables	7,094,029	1,372,984
Hire purchase receivables	91,916,885	81,743,940
Other receivables, deposits and prepayments	2,586,026	1,025,348
Fixed deposits	14,138,260	74,141,943
Cash and bank balances	6,271,811	3,252,118
	130,372,894	164,500,084
Total assets	<u>372,848,277</u>	<u>371,935,434</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	243,124,526	184,800,000
Share premium	24,496,404	13,997,928
Retained earnings	50,859,842	52,604,820
ICULS - equity component	25,919,952	83,283,772
Treasury shares	(16,735,944)	(13,440,667)
Total equity	327,664,780	321,245,853
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	2,813,200	3,974,461
ICULS - liability component	4,379,387	16,183,828
Deferred tax liability	25,351	25,351
	7,217,938	20,183,640
Current liabilities		
Trade payables	13,989,628	11,599,940
Other payables and accruals	5,113,317	5,597,303
Dividend payable	7,484,720	-
Block discounting payables - secured	7,539,020	11,533,443
Bank overdrafts	30,925	-
Current tax liabilities	3,807,949	1,775,255
	37,965,559	30,505,941
Total liabilities	<u>45,183,497</u>	<u>50,689,581</u>
TOTAL EQUITY AND LIABILITIES	<u>372,848,277</u>	<u>371,935,434</u>
Net assets per share	1.44	1.84

(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 2016)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 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 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
Final 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)
Balance as at 31 December 2015	184,800,000	13,997,928	53,175,891	(10,965,358)	83,283,772	324,292,233
Balance as at 1 April 2016	184,800,000	13,997,928	52,604,820	(13,440,667)	83,283,772	321,245,853
Total comprehensive income	-	-	16,580,901	-	-	16,580,901
Final Dividend for financial year ended 31 March 2016	-	-	(7,962,088)	-	-	(7,962,088)
Interim Dividend for financial year ending 31 March 2017	-	-	(7,484,720)	-	-	(7,484,720)
Conversion of ICULS	58,324,526	10,498,476	(2,879,071)	-	(57,363,820)	8,580,111
Purchase of treasury shares	-	-	-	(3,295,277)	-	(3,295,277)
Balance as at 31 December 2016	243,124,526	24,496,404	50,859,842	(16,735,944)	25,919,952	327,664,780

(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 2016)

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

	9 months ended	
	31.12.2016	31.12.2015
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	22,357,385	18,116,081
Adjustment for :		
Depreciation of property, plant and equipment	427,428	319,663
Loss/(Gain) on disposal of property, plant and equipment	(20,169)	-
Net impairment allowance made for the financial period	15,299,030	12,032,427
Interest expense	696,571	2,051,762
Interest income	(1,225,365)	(1,577,927)
Right issue expenses	-	1,003,820
Operation profit before working capital changes	<u>37,534,880</u>	<u>31,945,826</u>
Decrease/(Increase) in inventories	(4,895,228)	(476,054)
Decrease/(Increase) in other assets	(506,904)	(1,937,532)
Decrease/(Increase) in hire purchase receivables	(63,203,209)	(10,158,474)
Decrease/(Increase) in trade receivables	(5,721,045)	(1,259,639)
Decrease/(Increase) in other receivables, deposits and prepayments	(1,560,678)	(868,551)
(Decrease)/Increase in trade payables	2,389,689	(424,048)
(Decrease)/Increase in other payables and accruals	2,006,077	1,252,125
	(71,491,298)	(13,872,173)
Cash generated from/(used in) operations	(33,956,418)	18,073,653
Tax paid	(3,620,233)	(3,355,364)
Net cash from/(used in) operating activities	(37,576,651)	14,718,289
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(592,897)	(1,367,229)
Proceeds from disposal of property, plant and equipment	43,773	-
Interest received	1,225,365	1,577,927
Net withdrawal / (placement) of fixed deposit with licensed banks with original maturity of more than three (3) months	25,979,507	(15,671,090)
Net cash from/(used in) investing activities	26,655,748	(15,460,392)
<u>Cash flows from financing activities</u>		
Net repayment of term loans	-	(3,870,000)
Net (repayment)/drawdown of block discounting payables	(4,910,960)	(13,716,305)
Proceed from Rights Issue	-	71,760,000
Rights Issue expenses paid	-	(1,786,628)
Interest paid	(3,946,180)	(4,435,689)
Dividend paid	(7,962,088)	(9,235,523)
Purchase of treasury shares	(3,295,277)	(10,863,625)
Net cash from/(used in) financing activities	(20,114,505)	27,852,230

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

	<u>9 months ended</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	RM	RM
Net increase/(decrease) in cash and cash equivalents during the financial period	(31,035,408)	27,110,127
Cash and cash equivalents as at beginning of financial year	51,414,554	40,339,317
Cash and cash equivalents as at end of financial period	<u>20,379,146</u>	<u>67,449,444</u>
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	20,410,071	93,754,279
Bank overdraft	(30,925)	-
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	-	(26,304,835)
	<u>20,379,146</u>	<u>67,449,444</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 2016)

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 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 2016, 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 2016 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 April 2016.

On 1 April 2016, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
MFRS 14	<i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	<i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101	<i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs	<i>Annual Improvements to 2012 - 2014 Cycle</i>	1 January 2016

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

Generally, the Group's operations will benefit from higher consumer spendings during festive seasons in Malaysia.

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 2016.

A4 Change in Estimates

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

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 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 December 2016.

During the financial period under review, the Company had:

- 1) issued 58,324,526 new ordinary shares of RM1.00 each pursuant to conversions of 68,823,002 units of ICULS; and
- 2) acquired 2,680,000 of its issued ordinary shares for a total consideration of RM3,295,277 from the open market at an average price of RM1.23 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 12,830,000 shares at an average cost of RM1.30 per share.

A6 Dividend Paid

On 30 September 2016, Company has paid a single-tier final dividend of 3.5 sen per share for the financial year ended 31 March 2016 amounting to RM7.96 million .

On 8 February 2017, Company has paid a single-tier interim dividend of 3.25 sen per share for the financial year ending 31 March 2017 amount to RM7.48 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Elimination RM	Consolidated RM
<u>Quarter Ended 31 December 2016</u>				
Revenue (External)	16,729,262	8,389,657	-	25,118,919
Revenue (Inter-Segment)	-	3,474	(3,474)	-
Other income	368,732	26,299	-	395,031
Cost of inventories sold	-	(5,468,425)	2,463	(5,465,962)
Depreciation of property, plant and equipment	(95,081)	(48,855)	-	(143,936)
Impairment allowance	(5,216,903)	(36,534)	-	(5,253,437)
Other expenses	(4,211,667)	(2,627,434)	1,011	(6,838,090)
Finance costs	(168,708)	(38,788)	-	(207,496)
Profit/(Loss) before rights issue expenses & tax	7,405,635	199,394	-	7,605,029
Rights issue expenses	-	-	-	-
Profit/(Loss) before tax	7,405,635	199,394	-	7,605,029
<u>Quarter Ended 31 December 2015</u>				
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)
Profit/(Loss) before rights issue expenses & tax	7,062,531	164,331	-	7,226,862
Rights issue expenses	(1,003,820)	-	-	(1,003,820)
Profit/(Loss) before tax	6,058,711	164,331	-	6,223,042

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2016

	Hire Purchase Financing RM	Furniture RM	Elimination RM	Consolidated RM
<u>9 months Ended 31 December 2016</u>				
Revenue (External)	48,019,891	21,618,692	-	69,638,583
Revenue (Inter-Segment)	-	3,813	(3,813)	-
Other income	1,623,885	62,930	-	1,686,815
Cost of inventories sold	-	(14,027,544)	2,713	(14,024,831)
Depreciation of property, plant and equipment	(284,488)	(142,940)	-	(427,428)
Impairment allowance	(14,663,298)	(51,340)	-	(14,714,638)
Other expenses	(11,801,863)	(7,220,773)	2,989	(19,019,647)
Finance costs	(696,716)	(84,753)	-	(781,469)
Profit/(Loss) before rights issue expenses & tax	22,197,411	158,085	1,889	22,357,385
Rights issue expenses	-	-	-	-
Profit/(Loss) before tax	22,197,411	158,085	1,889	22,357,385
Segment assets	354,781,761	18,066,516	-	372,848,277
Segment liabilities	42,212,063	2,971,434	-	45,183,497
<u>9 months Ended 31 December 2015</u>				
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)
Profit/(Loss) before rights issue expenses & tax	19,075,462	44,439	-	19,119,901
Rights issue expenses	(1,003,820)	-	-	(1,003,820)
Profit/(Loss) before tax	18,071,642	44,439	-	18,116,081
Segment assets	373,114,048	6,885,130	-	379,999,178
Segment liabilities	53,844,255	1,862,690	-	55,706,945

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 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 December 2016.

ELK-Desa Marketing Sdn Bhd ("EDM")

On 15 July 2016, EDM, an indirect wholly owned subsidiary of the Company was placed under Members' Voluntary Winding-Up. EDM has been dormant since year 2015.

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 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 December 2016.

A12 Related Party Disclosures

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

B1 Review Of Performance

CURRENT QUARTER (FY2017-Q3 vs FY2016-Q3)

The Group's revenue increased by 48% or RM8.09 million to RM25.12 million, mainly due to higher contribution from both hire purchase and furniture business.

The Group's profit before tax increased by 22% from RM6.22 million to RM7.61 million mainly due to the absence of the RM1.00 million of rights issue expenses incurred in the previous corresponding quarter and higher profit contribution from the hire purchase business during the current quarter.

Hire Purchase Business

Revenue increased by 22% from RM13.75 million to RM16.73 million, mainly due to increase in hire purchase portfolio for the quarter.

Impairment allowance increased by 48% to RM5.22 million mainly due to larger hire purchase portfolio, prolonged delay in installment payments by the hirers, together with a general decline in used car prices and higher cost of debts recoveries.

Other expenses increased by 27% to RM4.21 million, which is in line with the larger hire purchase portfolio.

As a result of lower borrowings and outstanding ICULS, the finance cost decreased by 71% to RM0.17 million.

Despite the increase in impairment allowance and other expenses, the profit before tax increased by 22% to RM7.41 million mainly due to larger hire purchase portfolio, lower finance costs and the absence of the RM1.00 million rights issue expenses incurred in the previous corresponding quarter.

Furniture Business

The furniture business commenced operations in July 2015. In line with the Group's plan to expand its furniture business, the furniture division started its wholesale and manufacturing activities. This resulted in an increase of 156% in revenue from RM3.28 million to RM8.39 million, resulting in profit before tax of approximately RM199,000.

YEAR-TO-DATE (FY2017YTD vs FY2016YTD)

The Group's revenue increased 51% to RM69.64 million mainly due to higher contribution from both hire purchase and furniture business.

The Group's profit before tax increased 23% from RM18.12 million to RM22.36 million due to the absence of the RM1.00 million of rights issue expenses and higher contribution from hire purchase business.

Hire Purchase Business

Revenue increased by 16% from RM41.37 million to RM48.02 million, mainly due to increase in hire purchase portfolio for the period under review.

Impairment allowance increased by 29% to RM14.66 million mainly due to larger hire purchase portfolio, prolonged delay installment payments by the hirers, together with a general decline in used car prices and higher cost of debts recoveries.

Other expenses increased by 14% to RM11.80 million, which is in line with the larger hire purchase portfolio.

As a result of lower borrowings and outstanding ICULS, the finance cost decreased by 66% to RM0.70 million.

The profit before tax increased 16% from RM18.07 million to RM22.20 million mainly due to larger hire purchase portfolio, lower finance costs and the absence of the RM1.00 million right issues expenses incurred in the previous financial period.

Furniture Business

The furniture business commenced operations in July 2015. In line with the Group's plan to expand its furniture business, the furniture division started its wholesale and manufacturing activities. This resulted in an increase of 341% in revenue from RM4.90 million to RM21.62 million, resulting in a profit before tax of approximately RM158,000.

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2016

B2 Comparison of Results with Preceding Quarter

The Group's profit before tax for the current quarter of RM7.61 million was higher as compared to RM7.27 million of the immediate preceding quarter mainly due to profit contribution from furniture division in the current quarter.

B3 Prospects and Outlook

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 in the current economic environment. 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 growing the small value second hand car financing segment. 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 furniture business will be affected by the sluggish consumers' sentiments and current soft economic environment. However, the Group will continue to grow the furniture business and focus on ensuring the operational efficiencies in the various divisions (i.e. retail, wholesale, export and manufacturing).

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 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 2016 are set out below:

	3 months ended 31.12.2016 RM	9 months ended 31.12.2016 RM
(a) Income Tax	1,904,805	5,652,927
(b) Deferred Taxation	30,634	123,557
	<u>1,935,439</u>	<u>5,776,484</u>

The effective tax rate of the Group for the financial period ended 31 December 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 third quarter ended 31 December 2016

B6 Status of Corporate Proposals Announced

In October 2015, the Company has successfully completed the Rights Issue of 59,800,000 ordinary shares.

As at 31 December 2016, the status of utilisation of proceeds is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Timeframe for Utilisation	Balance	Remarks
	RM	RM		RM	
(a) Hire purchase disbursements	49,960,000	49,973,372	Within 12 months	(13,372)	
(b) Repayment of bank borrowings	20,000,000	17,174,138	Within 12 months	2,825,862	Note 1
(c) Expenses relating to the Rights Issue	1,800,000	1,786,628	Within 3 months	13,372	
	71,760,000	68,934,138		2,825,862	

Note 1: The time frame for the utilisation of proceeds for the purpose of the repayment of bank borrowings is expected to be between 12 to 18 months instead of the earlier estimation of 12 months.

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 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.

		As at 31.12.2016	As at 31.03.2016
		RM	RM
Borrowings			
Block Discounting Payables	- within 1 year	7,539,020	11,533,443
	- later than 1 year	2,813,200	3,974,461
		10,352,220	15,507,904
Bank Overdraft	- within 1 year	30,925	-
Total Borrowings		<u>10,383,145</u>	<u>15,507,904</u>
Debt Securities			
ICULS - liability component	- later than 1 year	<u>4,379,387</u>	<u>16,183,828</u>

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

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2016

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 (3Q 2016 : 3.25 sen).

Year-to-date ("YTD") dividend for the financial period ended 31 December 2016 is 3.25 sen per ordinary share (YTD 31 Dec 2015 : 3.25 sen).

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 31.12.2016	Quarter ended 31.12.2015	Year to date ended 31.12.2016	Year to date ended 31.12.2015
Profit after taxation (RM)	5,669,590	4,720,448	16,580,901	13,677,887
Weighted average number of ordinary shares (units)	226,837,578	160,651,304	210,430,520	136,448,855
Basic earnings per ordinary share (sen)	2.50	2.94	7.88	10.02

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 31.12.2016	Quarter ended 31.12.2015	Year to date ended 31.12.2016	Year to date ended 31.12.2015
Profit after taxation (RM)	5,669,590	4,720,448	16,580,901	13,677,887
Interest expense on ICULS, net of tax (RM)	90,019	385,322	368,675	1,204,605
Adjusted profit after tax (RM)	5,759,609	5,105,770	16,949,576	14,882,492
Weighted average number of ordinary shares (units)	226,837,578	160,651,304	210,430,520	136,448,855
Adjustment for potential dilutive shares (units)	29,878,185	84,745,762	47,017,230	81,639,445
Adjusted weighted average number of ordinary shares (units)	256,715,763	245,397,066	257,447,750	218,088,300
Diluted earnings per ordinary share (sen)	2.24	2.08	6.58	6.82

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2016 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.16 RM	9 months ended 31.12.16 RM
Profit before taxation is arrived at after charging:		
Interest expense	168,708	696,571
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	(14,972)	19,269
Unrealised foreign exchange (gain) or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items	-	-
And crediting:		
Interest income	199,363	1,225,365

B13 Retained Earnings

The following analysis of realised and unrealised retained earnings is prepared in accordance with the guidance issued by the Malaysian Institute of Accountants in the prescribed format by Bursa Malaysia Securities Berhad.

	As at 31.12.2016 RM	As at 31.03.2016 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	90,926,636	85,187,869
- Unrealised	<u>2,329,145</u>	<u>2,329,145</u>
	93,255,781	87,517,014
Less: Consolidation adjustments	<u>(42,395,939)</u>	<u>(34,912,194)</u>
Total retained earnings as per consolidation accounts	<u><u>50,859,842</u></u>	<u><u>52,604,820</u></u>