

# **ELK-DESA<sup>®</sup>**

**ELK-DESA RESOURCES BERHAD**

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED  
RESULTS FOR THE PERIOD ENDED  
30 SEPTEMBER 2024**

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the financial period ended 30 September 2024**  
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Revenue	46,437,731	39,199,363	92,317,352	78,375,239
Other income	569,813	462,962	1,553,883	956,821
Cost of inventories sold	(9,812,127)	(7,677,091)	(19,527,588)	(15,515,261)
Depreciation of PPE & right-of-use assets	(595,745)	(626,638)	(1,189,563)	(1,274,458)
Impairment allowance	(10,936,771)	(5,846,057)	(20,785,303)	(12,905,694)
Other expenses	(10,783,265)	(10,642,942)	(22,706,917)	(21,064,532)
Finance costs	(3,810,847)	(3,042,610)	(7,601,203)	(5,635,070)
Share of Results of Associates, Net of Tax	12,112	-	10,471	-
Profit before taxation	11,080,901	11,826,987	22,071,132	22,937,045
Taxation	(2,821,042)	(2,986,244)	(5,672,845)	(5,595,481)
Profit for the financial period	8,259,859	8,840,743	16,398,287	17,341,564
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	8,259,859	8,840,743	16,398,287	17,341,564
Earnings per ordinary share - basic (sen)	1.82	1.94	3.61	3.81
Earnings per ordinary share - diluted (sen)	1.82	1.94	3.61	3.81

*(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 2024)*

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 September 2024**

(The figures have not been audited.)

	<b>As at 30.09.2024 RM</b>	<b>As at 31.03.2024 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	32,949,609	33,325,532
Investment in associate	4,045,691	4,035,220
Hire purchase receivables	540,443,980	493,757,125
Right-of-use assets	3,760,264	4,379,086
Deferred tax assets	7,611,941	5,854,201
	<u>588,811,485</u>	<u>541,351,164</u>
<b>Current assets</b>		
Inventories	17,475,476	15,657,348
Other assets	2,470,406	2,489,347
Trade receivables	18,571,214	19,325,481
Hire purchase receivables	153,521,232	147,992,055
Financing receivables	41,344	55,744
Other receivables, deposits and prepayments	1,585,449	1,396,770
Current tax assets	81,113	817,598
Short term funds	25,714,565	63,984,908
Cash and bank balances	13,343,808	13,878,959
	<u>232,804,607</u>	<u>265,598,210</u>
Total assets	<u><u>821,616,092</u></u>	<u><u>806,949,374</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	351,493,098	351,493,098
Retained earnings	134,677,416	131,923,383
Total equity	486,170,514	483,416,481
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Block discounting payables - secured	195,543,920	194,958,860
Lease liabilities	3,277,628	3,742,358
	<u>198,821,548</u>	<u>198,701,218</u>
<b>Current liabilities</b>		
Trade payables	6,861,454	7,300,266
Other payables and accruals	7,290,252	9,540,784
Block discounting payables - secured	87,912,252	83,912,739
Term loan - unsecured	294,000	2,298,000
Revolving Credit - secured	19,000,000	20,000,000
Lease liabilities	918,383	1,054,600
Bank overdraft	9,320,303	-
Current tax liabilities	5,027,386	725,286
	<u>136,624,030</u>	<u>124,831,675</u>
Total liabilities	<u><u>335,445,578</u></u>	<u><u>323,532,893</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>821,616,092</u></u>	<u><u>806,949,374</u></u>
Net assets per share	1.07	1.06

*(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 2024)*

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 30 September 2024**  
(The figures have not been audited.)

	<b>Number of Issued Shares Units</b>	<b>Share Capital RM</b>	<b>Retained Earnings RM</b>	<b>Total Equity RM</b>
Balance as at 1 April 2023	454,808,456	351,493,098	120,279,736	471,772,834
Total comprehensive income	-	-	17,341,564	17,341,564
Second interim dividend for financial year ended 31 March 2023	-	-	(15,918,329)	(15,918,329)
<b>Balance as at 30 September 2023</b>	<b>454,808,456</b>	<b>351,493,098</b>	<b>121,702,971</b>	<b>473,196,069</b>
Balance as at 1 April 2024	454,808,456	351,493,098	131,923,383	483,416,481
Total comprehensive income	-	-	16,398,287	16,398,287
Second interim dividend for financial year ended 31 March 2024	-	-	(13,644,254)	(13,644,254)
<b>Balance as at 30 September 2024</b>	<b>454,808,456</b>	<b>351,493,098</b>	<b>134,677,416</b>	<b>486,170,514</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 2024)*

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial period ended 30 September 2024

(The figures have not been audited.)

	6 months ended	
	30.09.2024	30.09.2023
	RM	RM
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	22,071,132	22,937,045
Adjustment for :		
Depreciation of property, plant and equipment	604,294	677,121
Depreciation of right-of-use assets	585,270	597,337
Fair value (gain)/loss on short term funds	311,273	-
Gain on disposal of property, plant and equipment	-	(53,295)
Derecognition of right-of-use assets	(807)	-
Property, plant and equipment written off	3,748	-
Inventories written down	50,257	217,899
Impairment allowances made for the financial year:		
- hire-purchase receivables	22,996,484	13,835,339
- trade receivables	170,059	38,581
Interest expense	7,478,879	5,491,099
Interest on lease liabilities	122,324	143,971
Interest income	(183,528)	(234,674)
Income from short term funds	(372,221)	(229,453)
Unrealised loss/(gain) on foreign exchange	132,076	(59,503)
Share of (profit)/loss of associate	(10,471)	-
Operating profit before working capital changes	53,958,769	43,361,467
Changes in working capital:		
Inventories	(1,868,385)	(1,372,553)
Other assets	18,941	(1,172,170)
Hire purchase receivables	(75,212,516)	(27,543,001)
Financing receivables	14,400	(110,000)
Trade receivables	452,132	1,608,637
Other receivables, deposits and prepayments	(188,679)	(477,025)
Trade payables	(439,280)	445,903
Other payables and accruals	(2,243,028)	(578,687)
	(79,466,415)	(29,198,896)
Cash (used in)/generated from operations	(25,507,646)	14,162,571
Tax paid	(2,392,000)	(6,530,925)
<b>Net cash (used in)/from operating activities</b>	<b>(27,899,646)</b>	<b>7,631,646</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(232,119)	(497,886)
Purchase of unquoted shares	-	(4,030,000)
Proceeds from disposal of property, plant and equipment	-	120,415
Interest received	183,528	234,674
Income received from short term funds	372,221	229,453
<b>Net cash (used in)/from investing activities</b>	<b>323,630</b>	<b>(3,943,344)</b>

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial period ended 30 September 2024

(The figures have not been audited.)

	<b>6 months ended</b>	
	<b>30.09.2024</b>	<b>30.09.2023</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from financing activities</u></b>		
Net repayment of term loans	(2,004,000)	(2,004,000)
Net drawdown/(repayment) of block discounting payables	4,624,533	51,191,657
Net drawdown/(repayment) of revolving credit	(1,000,000)	-
Interest paid	(7,525,875)	(5,723,483)
Repayment of lease liabilities	(688,912)	(677,362)
Dividend paid	(13,644,254)	(15,918,329)
<b>Net cash from/(used in) financing activities</b>	<b>(20,238,508)</b>	<b>26,868,483</b>
<b>Net (decrease)/increase in cash and cash equivalents during the financial period</b>		
Effects of fair value changes on cash and cash equivalents	(311,273)	-
Cash and cash equivalents as at beginning of financial year	77,863,867	28,668,699
<b>Cash and cash equivalents as at end of financial period</b>	<b>29,738,070</b>	<b>59,225,484</b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	13,343,808	9,095,280
Bank overdraft	(9,320,303)	(547,562)
Short term funds	25,714,565	50,677,766
	<b>29,738,070</b>	<b>59,225,484</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 2024)

## **ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2024

### **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 are unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2024, 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 2024 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning or after 1 April 2024.

On 1 April 2024, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

<b>Title</b>		<b>Effective Date</b>
Amendments to MFRS 16	<i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7	<i>Supplier Finance Arrangements</i>	1 January 2024

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 year ended 30 September 2024.

### **A4 Change in Estimates**

There were no changes in estimates that had any material effect for the financial period ended 30 September 2024.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 September 2024.

**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2024

**A6 Dividend Paid**

On 20 June 2024, the Company had paid a second interim single tier dividend of 3.00 sen per share in respect of the financial year ended 31 March 2024, the dividend amounting to RM13.64 million.

**A7 Segmental Reporting**

	<b>Hire Purchase Financing RM</b>	<b>Furniture RM</b>	<b>Consolidated RM</b>
<b><u>Quarter Ended 30 September 2024</u></b>			
Revenue (External)	31,758,953	14,678,778	46,437,731
Other income	548,866	20,947	569,813
Cost of inventories sold	-	(9,812,127)	(9,812,127)
Depreciation of PPE & right-of-use assets	(305,270)	(290,475)	(595,745)
Impairment allowance	(10,911,482)	(25,289)	(10,936,771)
Other expenses	(6,564,518)	(4,218,747)	(10,783,265)
Finance costs	(3,785,076)	(25,771)	(3,810,847)
Share of Results of Associates, Net of Tax	-	12,112	12,112
<b>Profit before tax</b>	<b>10,741,473</b>	<b>339,428</b>	<b>11,080,901</b>
<b><u>Quarter Ended 30 September 2023</u></b>			
Revenue (External)	27,436,980	11,762,383	39,199,363
Other income	430,682	32,280	462,962
Cost of inventories sold	-	(7,677,091)	(7,677,091)
Depreciation of PPE & right-of-use assets	(338,994)	(287,644)	(626,638)
Impairment allowance	(5,541,644)	(304,413)	(5,846,057)
Other expenses	(7,222,468)	(3,420,474)	(10,642,942)
Finance costs	(3,006,851)	(35,759)	(3,042,610)
<b>Profit before tax</b>	<b>11,757,705</b>	<b>69,282</b>	<b>11,826,987</b>



**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2024

	<b>Hire Purchase Financing RM</b>	<b>Furniture RM</b>	<b>Consolidated RM</b>
<b><u>6 months Ended 30 September 2024</u></b>			
Revenue (External)	62,471,478	29,845,874	92,317,352
Other income	1,512,018	41,865	1,553,883
Cost of inventories sold	-	(19,527,588)	(19,527,588)
Depreciation of PPE & right of use assets	(609,353)	(580,210)	(1,189,563)
Impairment allowance	(20,621,451)	(163,852)	(20,785,303)
Other expenses	(14,447,731)	(8,259,186)	(22,706,917)
Finance costs	(7,547,114)	(54,089)	(7,601,203)
Share of Results of Associates, Net of Tax	-	10,471	10,471
<b>Profit before tax</b>	<b><u>20,757,847</u></b>	<b><u>1,313,285</u></b>	<b><u>22,071,132</u></b>
Segment assets	752,805,914	68,810,178	821,616,092
Segment liabilities	330,477,260	4,968,318	335,445,578
<b><u>6 months Ended 30 September 2023</u></b>			
Revenue (External)	54,174,821	24,200,418	78,375,239
Other income	834,223	122,598	956,821
Cost of inventories sold	-	(15,515,261)	(15,515,261)
Depreciation of PPE & right-of-use assets	(704,962)	(569,496)	(1,274,458)
Impairment allowance	(12,870,908)	(34,786)	(12,905,694)
Other expenses	(13,969,316)	(7,095,216)	(21,064,532)
Finance costs	(5,569,781)	(65,289)	(5,635,070)
<b>Profit before tax</b>	<b><u>21,894,077</u></b>	<b><u>1,042,968</u></b>	<b><u>22,937,045</u></b>
Segment assets	669,594,146	68,719,896	738,314,042
Segment liabilities	259,845,487	5,272,486	265,117,973

**A8 Subsequent Events**

There was no material event subsequent to 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 2024.

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

There were no contingent liabilities and assets for the Group as at 30 September 2024.

**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2024

**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 2024.

**A12 Related Party Disclosures**

There was no significant related party transaction during the financial period ended 30 September 2024.

**B1 Review of Performance****YEAR TO DATE AND CURRENT QUARTER (FY2025-Q2 vs FY2024-Q2)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2024	30.09.2023			30.09.2024	30.09.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	46,437,731	39,199,363	7,238,368	18%	92,317,352	78,375,239	13,942,113	18%
Profit before interest and tax	14,891,748	14,869,597	22,151	0%	29,672,335	28,572,115	1,100,220	4%
Profit before taxation	11,080,901	11,826,987	(746,086)	-6%	22,071,132	22,937,045	(865,913)	-4%

  

GROUP	As at		Variance	Variance
	30.09.2024	30.09.2023		
	RM	RM	RM	%
Hire Purchase Receivables	693,965,212	588,810,608	105,154,604	18%
Bank Borrowings	312,070,475	247,519,997	64,550,478	26%

The Group's revenue for the quarter increased by 18% to RM46.44 million due to higher contribution from both hire purchase and furniture segments. The Group's profit before tax for the quarter decreased by 6% to RM11.08 million mainly due to lower contribution from hire purchase segment.

Hire purchase receivables as at 30 September 2024 stood at RM693.97 million, which is 18% higher than the previous year that is in line with the Group's strategy to grow its hire purchase receivables.

The Group's bank borrowings increased by 26% to support the increased hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.64 times as compared to 0.52 times one year ago.

**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2024

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2024	30.09.2023			30.09.2024	30.09.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	31,758,953	27,436,980	4,321,973	16%	62,471,478	54,174,821	8,296,657	15%
Profit before interest and tax	14,526,549	14,764,556	(238,007)	-2%	28,304,961	27,463,858	841,103	3%
Profit before taxation	10,741,473	11,757,705	(1,016,232)	-9%	20,757,847	21,894,077	(1,136,230)	-5%

Revenue increased by 16% to RM31.76 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 97% to RM10.91 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 0.90% to 1.54%. The higher impairment allowance and credit loss charge were mainly due to the slower hirer repayment.

Nevertheless, net impaired loans ratio decreased from 0.52% as at 30 June 2024 to 0.44% as at 30 September 2024, due to higher level of impairment provision for the impaired loans.

Other expenses decreased by 9% to RM6.56 million mainly due to lower staff costs. Cost to income ratio stood at 24% during the quarter as compared to 30% in the previous corresponding quarter. Finance cost increased by 26% to RM3.79 million mainly due to the higher borrowings to support the increased hire purchase receivables.

The profit before tax decreased by 9% to RM10.74 million mainly due to higher impairment allowances during the quarter.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2024	30.09.2023			30.09.2024	30.09.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	14,678,778	11,762,383	2,916,395	25%	29,845,874	24,200,418	5,645,456	23%
Profit before interest and tax	365,199	105,041	260,158	248%	1,367,374	1,108,257	259,117	23%
Profit before taxation	339,428	69,282	270,146	390%	1,313,285	1,042,968	270,317	26%

Revenue increased by 25% to RM14.68 million mainly due to higher domestic sale especially in East Malaysia which is in line with the Group's strategy to grow our presence in Sabah and Sarawak. The gross profit margin decreased marginally from 35% to 33% mainly due to higher imported good purchase cost as a result of rising shipping costs.

Impairment allowance decreased by 92% to RM0.03 million mainly due to better repayment from furniture dealers in this quarter as compared to corresponding quarter last year.

Other expenses increased by 23% to RM4.22 million mainly due to higher selling and distribution cost resulting from shipping costs to East Malaysia and operating costs that was in line with the increase in furniture sales.

The segment recorded a higher profit before tax of RM0.34 million mainly due to higher furniture sales and lower impairment allowance.

## **ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2024

### **YEAR-TO-DATE (FY2025 YTD vs FY2024 YTD)**

The Group's revenue increased by 18% to RM92.32 million mainly due to higher contribution from both hire purchase and furniture segments. However, the Group's profit before tax decreased by 4% to RM22.07 million mainly due to lower contribution from hire purchase segment.

#### **Hire Purchase Segment**

Revenue increased by 15% to RM62.47 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 60% to RM20.62 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 2.17% to 3.08%. The higher impairment allowance and credit loss charge were mainly due to the slower repayment from hirers and higher losses incurred from sales of repossessed vehicles in this financial period.

The net impaired loans ratio decreased from 0.56% as at 31 March 2024 to 0.44% as at 30 September 2024 due to higher level of impairment provision for the impaired loans.

Other expenses increased by 3% to RM14.45 million mainly due to higher operating costs but offset by lower staff costs. Cost to income ratio stood at 27% in this financial period as compared to 30% in the previous corresponding period.

Finance cost increased by 36% to RM7.55 million due to higher borrowings to support the increased hire purchase receivables.

The profit before tax for the six (6) months period decreased by 5% from RM21.89 million to RM20.76 million mainly due to higher impairment allowance.

#### **Furniture Segment**

Revenue increased by 23% to RM29.85 million mainly due to higher furniture sales in this financial period as compared to the previous corresponding period. The gross profit margin decreased from 36% to 35% mainly due to higher imported good purchase cost as a result of rising shipping costs.

Impairment allowance increased to RM0.16 million mainly due to slower repayment from furniture dealers in this financial period as compared to the previous corresponding period.

Other expenses increased by 16% to RM8.26 million mainly due to higher selling, distribution and operating costs which was in line with the increase in furniture sales.

The segment recorded a higher profit before tax of RM1.31 million for the six (6) months period ended 30 September 2024 mainly due to higher furniture sales.

**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2024

**B2 Comparison of Results with Preceding Quarter**

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	30.09.2024 RM	30.06.2024 RM	RM	%
Revenue	46,437,731	45,879,620	558,111	1%
Profit before interest and tax	14,891,748	14,780,586	111,162	1%
Profit before taxation	11,080,901	10,990,231	90,670	1%
Hire purchase receivables	693,965,212	668,344,553	25,620,659	4%
Bank borrowings	312,070,475	302,113,516	9,956,959	3%

The Group's profit before tax for the current quarter of RM11.08 million was higher as compared to RM10.99 million of the immediate preceding quarter mainly due to a higher profit contribution from hire purchase segment in the current quarter.

## **ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2024

### **B3 Prospects and Outlook**

The Malaysian economy advanced by 5.9% in the second quarter of 2024, according to the Bank Negara Malaysia's ("BNM") Second Quarter Report of 2024. The growth is driven by stronger domestic demand and further expansion in exports. Household spending increased amid sustained positive labour market conditions and larger policy support.

BNM also reported that inflation are projected to remain within the forecast ranges given mitigation measures by the Government to minimise cost impact to businesses. Nevertheless, the central bank also cautioned that inflation may be impacted by changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

For the hire purchase segment, ELK-Desa is confident that demand for used car financing will continue to outstrip supply, more so within the niche and underserved used car financing market that it operates in. In FY2025, ELK-Desa will be focused on driving down impaired loans ratio even more by pro-actively engaging our customers and maintaining our pace in recovery efforts. However, we expect to experience increasing pressure in collection and recovery due to the uncertainties on the living cost arising from government subsidies rationalisation.

For our furniture segment, ELK-Desa will stay on track with its strategic direction to grow our presence in Sabah and Sarawak. We plan to bolster our logistic arrangements in order to have a competitive edge over other wholesalers from Peninsular Malaysia. In an effort to become more competitive within the markets in Sabah and Sarawak, we aim to offer more in terms of diversity and range of products, while positioning ourselves as a trusted partner in delivering quality and value for money furniture products.

Moving forward, in view of the strong domestic demand, we intend to expand our hire purchase portfolio in a robust yet sustainable manner. However, as we are cautiously monitoring the increasing pressure in collections and recovery, the Board of Directors will strive to maintain the performance that was achieved in the last financial year.

**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements  
for the second quarter ended 30 September 2024

**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 2024 are set out below:

	<b>3 months ended 30.09.2024 RM</b>	<b>6 months ended 30.09.2024 RM</b>
(a) Income Tax	3,956,135	7,430,585
(b) Deferred Taxation	<u>(1,135,093)</u>	<u>(1,757,740)</u>
	<u>2,821,042</u>	<u>5,672,845</u>
Effective tax rate	25%	26%

The effective tax rate of the Group for the current quarter ended 30 September 2024 was higher than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

**B6 Status of Corporate Proposals Announced but Not Completed**

There were no corporate proposals announced for the Group as at the reporting date.

**B7 Group Borrowings & Debt Securities**

The Group did not have any borrowings or debt securities that were denominated in foreign currency.

<b>Borrowings</b>	<b>As at 30.09.2024 RM</b>	<b>As at 30.09.2023 RM</b>
Block Discounting Payables - within 1 year	87,912,252	75,159,415
(Fixed rate and secured) - later than 1 year	195,543,920	167,511,020
	283,456,172	242,670,435
Term Loan - within 1 year	294,000	4,008,000
(Floating rate and secured) - later than 1 year	-	294,000
	294,000	4,302,000
Bank overdraft (Floating rate and secured)	9,320,303	547,562
Revolving Credit (Floating rate and secured)	19,000,000	-
Total Borrowings	<u>312,070,475</u>	<u>247,519,997</u>
Gearing ratio (times)	0.64	0.52

**ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2024

**B8 Changes in Material Litigation**

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

**B9 Dividend**

The Board of Directors has declared a single tier interim dividend of 2.00 sen per share (Q2 FY2024: 2.00 sen per share) in respect of the current financial year ending 31 March 2025. The dividend will be paid on 18 December 2024 to the shareholders whose name appear in the record of depositors of the Company as at 4 December 2024.

Year-to-date ("YTD") dividend for the financial period ended 30 September 2024 is 2.00 sen per ordinary share (YTD FY2024: 2.00 sen per share).

**B10 Earnings Per Share**

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

	<b>Quarter ended 30.09.2024</b>	<b>Quarter ended 30.09.2023</b>	<b>Year to date 30.09.2024</b>	<b>Year to date 30.09.2023</b>
Profit after taxation (RM)	8,259,859	8,840,743	16,398,287	17,341,564
Weighted average number of ordinary	454,808,456	454,808,456	454,808,456	454,808,456
Basic earnings per ordinary share (sen)	1.82	1.94	3.61	3.81

Diluted earnings per share is equivalent to the basic earnings per share as the Group has no dilutive potential ordinary shares during the current and prior financial years.

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

The audited financial statements of the Group for the preceding financial year ended 31 March 2024 was not qualified.

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

	<b>3 months ended 30.09.2024 RM</b>	<b>6 months ended 30.09.2024 RM</b>
Profit before taxation is arrived at after charging:		
Interest expense	3,751,585	7,478,879
Interest on lease liabilities	59,262	122,324
Fair value loss on short term funds	6,113	311,273
Inventories written down	13,775	50,257
And crediting :		
Interest income	294,474	555,749
Unrealised foreign exchange gain / (loss)	(128,935)	(132,076)
Realised foreign exchange gain / (loss)	(136,114)	(178,842)