

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
30 SEPTEMBER 2025**

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 2025
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	RM	RM	RM	RM
Revenue	48,878,151	46,437,731	98,124,169	92,317,352
Other income	675,098	569,813	1,434,003	1,553,883
Cost of inventories sold	(9,410,143)	(9,812,127)	(19,890,182)	(19,527,588)
Depreciation of PPE & right-of-use assets	(785,013)	(595,745)	(1,436,520)	(1,189,563)
Impairment allowances on receivables, net of reversal	(10,850,824)	(10,936,771)	(24,045,952)	(20,785,303)
Other expenses	(12,521,498)	(10,783,265)	(24,909,481)	(22,706,917)
Finance costs	(4,799,673)	(3,810,847)	(9,506,822)	(7,601,203)
Share of Results of Associates, Net of Tax	-	12,112	-	10,471
Profit before taxation	11,186,098	11,080,901	19,769,215	22,071,132
Taxation	(2,598,404)	(2,821,042)	(4,752,536)	(5,672,845)
Profit for the financial period	8,587,694	8,259,859	15,016,679	16,398,287
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Equity instruments measured at fair value through other comprehensive income ("FVOCI")	-	-	2,609,787	-
Total comprehensive income	8,587,694	8,259,859	17,626,466	16,398,287
Earnings per ordinary share - basic (sen)	1.91	1.82	3.33	3.61
Earnings per ordinary share - diluted (sen)	1.91	1.82	3.33	3.61

(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 2025)

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

As at 30 September 2025

(The figures have not been audited.)

	As at 30.09.2025 RM	As at 31.03.2025 RM
ASSETS		
Non-current assets		
Property, plant and equipment	33,401,963	33,103,262
Investment in associate	1	3,320,138
Other investment	6,673,924	744,000
Hire purchase receivables	570,379,627	559,220,101
Right-of-use assets	10,893,058	3,400,305
Deferred tax assets	7,735,442	5,922,678
	629,084,015	605,710,484
Current assets		
Inventories	16,610,121	14,238,154
Other assets	3,025,836	4,475,840
Trade receivables	20,905,941	25,410,606
Hire purchase receivables	159,465,095	157,205,745
Financing receivables	87,321	65,786
Other receivables, deposits and prepayments	1,871,941	1,646,303
Current tax assets	40,226	85,189
Short term funds	35,973,548	65,501,253
Cash and bank balances	22,165,184	18,516,205
	260,145,213	287,145,081
Total assets	889,229,228	892,855,565
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,493,098	351,493,098
Treasury shares	(8,243,968)	-
Reserves	148,162,691	141,829,468
Total equity	491,411,821	493,322,566
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	221,470,114	230,643,418
Lease liabilities	9,741,350	2,818,140
	231,211,464	233,461,558
Current liabilities		
Trade payables	5,761,198	7,162,417
Other payables and accruals	8,058,973	9,195,903
Block discounting payables - secured	103,257,781	101,623,354
Fixed loan - secured	247,719	-
Revolving Credit - secured	21,000,000	22,000,000
Lease liabilities	1,639,360	1,034,051
Bank overdraft	22,272,993	21,695,916
Current tax liabilities	4,367,919	3,359,800
	166,605,943	166,071,441
Total liabilities	397,817,407	399,532,999
TOTAL EQUITY AND LIABILITIES	889,229,228	892,855,565
Net assets per share	1.10	1.08

(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 2025)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 September 2025
(The figures have not been audited.)

	←	<u>Non-distributable</u>	→	<u>Distributable</u>	
	Share Capital RM	Treasury Shares RM	FVOCI Reserve RM	Retained Earnings RM	Total Equity RM
Balance as at 1 April 2024	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)
Balance as at 30 September 2024	351,493,098	-	-	134,677,416	486,170,514
Balance as at 1 April 2025	351,493,098	-	-	141,829,468	493,322,566
Purchase of treasury shares	-	(8,243,968)	-	-	(8,243,968)
Total comprehensive income	-	-	2,609,787	15,016,679	17,626,466
Second interim dividend for financial year ended 31 March 2025	-	-	-	(11,293,243)	(11,293,243)
Balance as at 30 September 2025	351,493,098	(8,243,968)	2,609,787	145,552,904	491,411,821

(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 2025)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 30 September 2025

(The figures have not been audited.)

	6 months ended	
	30.09.2025	30.09.2024
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	19,769,215	22,071,132
Adjustment for :		
Depreciation of property, plant and equipment	713,459	604,294
Depreciation of right-of-use assets	723,061	585,270
Unrealised fair value (gain)/loss on short term funds	38,301	311,273
Gain on disposal of property, plant and equipment	(21,164)	-
Derecognition of right-of-use assets	(484)	(807)
Property, plant and equipment written off	2,422	3,748
Inventories (reversal)/written down	(441,983)	50,257
Impairment allowances made for the financial year:		
- hire-purchase receivables	26,254,860	22,996,484
- trade receivables	452,218	170,059
Interest expense	9,342,104	7,478,879
Interest on lease liabilities	164,718	122,324
Interest income	(225,888)	(183,528)
Income from short term funds	(798,979)	(372,221)
Unrealised loss/(gain) on foreign exchange	17,810	132,076
Share of (profit)/loss of associate	-	(10,471)
Operating profit before working capital changes	<u>55,989,670</u>	<u>53,958,769</u>
Changes in working capital:		
Inventories	(1,929,984)	(1,868,385)
Other assets	1,450,004	18,941
Hire purchase receivables	(39,673,736)	(75,212,516)
Financing receivables	(21,535)	14,400
Trade receivables	4,034,637	452,132
Other receivables, deposits and prepayments	(225,638)	(188,679)
Trade payables	(1,401,219)	(439,280)
Other payables and accruals	(1,135,105)	(2,243,028)
	(38,902,576)	(79,466,415)
Cash (used in)/generated from operations	<u>17,087,094</u>	<u>(25,507,646)</u>
Tax paid	(5,599,025)	(2,392,000)
Tax refunded	86,807	-
Net cash (used in)/from operating activities	<u>11,574,876</u>	<u>(27,899,646)</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(1,014,668)	(232,119)
Proceeds from disposal of property, plant and equipment	21,250	-
Interest received	225,888	183,528
Income received from short term funds	798,979	372,221
Net cash (used in)/from investing activities	<u>31,449</u>	<u>323,630</u>

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

For the financial period ended 30 September 2025

(The figures have not been audited.)

	6 months ended	
	30.09.2025	30.09.2024
	RM	RM
<u>Cash flows from financing activities</u>		
Net repayment of term loans	-	(2,004,000)
Net drawdown of fixed loan	242,360	-
Net drawdown/(repayment) of block discounting payables	(7,548,189)	4,624,533
Net drawdown/(repayment) of revolving credit	(1,000,000)	(1,000,000)
Interest paid	(9,329,257)	(7,525,875)
Repayment of lease liabilities	(851,530)	(688,912)
Dividend paid	(11,293,243)	(13,644,254)
Purchase of treasury shares	(8,243,968)	-
Net cash from/(used in) financing activities	(38,023,827)	(20,238,508)
Net (decrease)/increase in cash and cash equivalents during the financial period	(26,417,502)	(47,814,524)
Effects of fair value changes on cash and cash equivalents	(38,301)	(311,273)
Cash and cash equivalents as at beginning of financial year	62,321,542	77,863,867
Cash and cash equivalents as at end of financial period	35,865,739	29,738,070
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	22,165,184	13,343,808
Bank overdraft	(22,272,993)	(9,320,303)
Short term funds	35,973,548	25,714,565
	35,865,739	29,738,070

(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 2025)

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

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2025

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 2025, 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 2025 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 2025.

On 1 April 2025, the following amendment of the MFRS Framework was adopted by the Group.

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

Application of the above amendment does not have an impact on the financial statements of the Group.

A2 Seasonal and Cyclical Factors

Generally, the Group's revenue 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 2025.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 30 September 2025.

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

Save as disclosed below, there were no issuance, repurchases, resale and repayment of debt and equity securities and share cancellations during the financial period ended 30 September 2025.

During the 3 months under review, the Company had acquired 4,200,000 of its issued ordinary shares for a total consideration of RM4,734,157 from the open market at an average price of RM1.13 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 7,280,000 shares at an average cost of RM1.13 per share. The remaining number of outstanding shares was 447,528,456 shares.

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Notes to the Interim Financial Statements

for the second quarter ended 30 September 2025

A6 Dividend Paid

On 24 June 2025, the Company had paid a second interim single tier dividend of 2.50 sen per share in respect of the financial year ended 31 March 2025, the dividend amounting to RM11.29 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>Quarter Ended 30 September 2025</u>			
Revenue (External)	33,438,773	15,439,378	48,878,151
Other income	654,456	20,642	675,098
Cost of inventories sold	-	(9,410,143)	(9,410,143)
Depreciation of PPE & right-of-use assets	(375,033)	(409,980)	(785,013)
Impairment allowance	(10,561,098)	(289,726)	(10,850,824)
Other expenses	(7,621,719)	(4,899,779)	(12,521,498)
Finance costs	(4,710,892)	(88,781)	(4,799,673)
Profit before tax	10,824,487	361,611	11,186,098
<u>Quarter Ended 30 September 2024</u>			
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
Profit before tax	10,741,473	339,428	11,080,901

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

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2025

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>6 Months Ended 30 September 2025</u>			
Revenue (External)	66,305,410	31,818,759	98,124,169
Other income	1,392,535	41,468	1,434,003
Cost of inventories sold	-	(19,890,182)	(19,890,182)
Depreciation of PPE & right of use assets	(706,560)	(729,960)	(1,436,520)
Impairment allowance	(23,642,834)	(403,118)	(24,045,952)
Other expenses	(14,928,672)	(9,980,809)	(24,909,481)
Finance costs	(9,394,682)	(112,140)	(9,506,822)
Profit before tax	19,025,197	744,018	19,769,215
Segment assets	808,287,695	80,941,533	889,229,228
Segment liabilities	385,592,650	12,224,757	397,817,407
<u>6 Months Ended 30 September 2024</u>			
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
Profit before tax	20,757,847	1,313,285	22,071,132
Segment assets	752,805,914	68,810,178	821,616,092
Segment liabilities	330,477,260	4,968,318	335,445,578

A8 Subsequent Events

There was no material event subsequent to the current quarter.

A9 Changes in the Composition of the Group

Saved 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 30 September 2025.

During the current quarter, Tat Lian Holding Sdn. Bhd. ("TLHSB"), an associate of ELK-Desa Furniture Sdn Bhd ("EDF"), a wholly owned subsidiary of the Group, remained under members' voluntary liquidation. In relation to the liquidation, EDF had received a distribution in specie on 18 April 2025, comprising 4,057,985 ordinary shares in Unico Holdings Berhad ("UHB"). As a result, the Group derecognised its investment in TLHSB. The liquidation does not have a material impact on the Group's financial position or performance. There were no further developments during the quarter.

As at 30 September 2025, EDF owns 4.99% equity interest in UHB. As the Group does not have significant influence over UHB, the investment is accounted for as a financial asset under MFRS 9 – Financial Instruments, and has been irrevocably designated at fair value through other comprehensive income (FVOCI).

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

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2025

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 30 September 2025.

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 2025.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 30 September 2025.

B1 Review of Performance**YEAR TO DATE AND CURRENT QUARTER (FY2026-Q2 vs FY2025-Q2)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2025	30.09.2024	RM	%	30.09.2025	30.09.2024	RM	%
Revenue	48,878,151	46,437,731	2,440,420	5%	98,124,169	92,317,352	5,806,817	6%
Profit before interest and tax	15,985,771	14,891,748	1,094,023	7%	29,276,037	29,672,335	(396,298)	-1%
Profit before taxation	11,186,098	11,080,901	105,197	1%	19,769,215	22,071,132	(2,301,917)	-10%

GROUP	As at		Variance	Variance
	30.09.2025	30.09.2024		
	RM	RM	RM	%
Hire Purchase Receivables	729,844,722	693,965,212	35,879,510	5%
Bank Borrowings	368,248,607	312,070,475	56,178,132	18%

The Group's revenue for the quarter increased by 5% to RM48.88 million due to higher contribution from both hire purchase and furniture segments. The Group's profit before tax for the quarter marginally increased to RM11.19 million.

Hire purchase receivables as at 30 September 2025 stood at RM729.84 million, which is 5% higher than the previous year that is in line with the Group's strategy to grow its hire purchase receivables moderately.

The Group's bank borrowings increased by 18% to support the increased hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.75 times as compared to 0.64 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 2025

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2025	30.09.2024			30.09.2025	30.09.2024		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	33,438,773	31,758,953	1,679,820	5%	66,305,410	62,471,478	3,833,932	6%
Profit before interest and tax	15,535,379	14,526,549	1,008,830	7%	28,419,879	28,304,961	114,918	0%
Profit before taxation	10,824,487	10,741,473	83,014	1%	19,025,197	20,757,847	(1,732,650)	-8%

Revenue increased by 5% to RM33.44 million mainly due to increase in hire purchase portfolio.

Impairment allowance decreased by 3% to RM10.56 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) decreased from 1.54% to 1.41%. The lower impairment allowance and credit loss charge were mainly due to the positive recovery activities. Despite this, impairment allowances remain at high level.

Net impaired loans ratio increased from 0.85% as at 30 June 2025 to 1.12% as at 30 September 2025 due to higher impaired loan accounts.

Cost to income ratio stood at 27% during the quarter as compared to 24% in the previous corresponding quarter. Finance cost increased by 24% to RM4.71 million mainly due to the higher borrowings to support the increased hire purchase receivables.

The profit before tax increased marginally to RM10.82 million mainly due to higher revenue and lower impairment allowances during the quarter.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2025	30.09.2024			30.09.2025	30.09.2024		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	15,439,378	14,678,778	760,600	5%	31,818,759	29,845,874	1,972,885	7%
Profit before interest and tax	450,392	365,199	85,193	23%	856,158	1,367,374	(511,216)	-37%
Profit before taxation	361,611	339,428	22,183	7%	744,018	1,313,285	(569,267)	-43%

Revenue increased by 5% to RM15.44 million mainly due to higher domestic furniture sales as compared to the previous corresponding quarter. Gross profit margin (after deducting shipping and transportation cost) increased from 26% to 30%.

Impairment allowance increased to RM0.29 million mainly due to slower repayment from the local furniture dealers as compared to the previous corresponding quarter.

Other expenses increased by 16% to RM4.90 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 RM0.36 million mainly due to the 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 2025

YEAR-TO-DATE (FY2026 YTD vs FY2025 YTD)

The Group's revenue increased by 6% to RM98.12 million mainly due to higher contribution from both hire purchase and furniture segments. However, the Group's profit before tax decreased by 10% to RM19.77 million due to lower contribution from both segment.

Hire Purchase Segment

Revenue increased by 6% to RM66.31 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 15% to RM23.64 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 3.08% to 3.17%. The higher impairment allowance and credit loss charge were mainly due to the higher losses incurred on repossession during this financial period.

The net impaired loans ratio increased from 0.60% as at 31 March 2025 to 1.12% as at 30 September 2025 due to higher impaired loan accounts.

Finance cost increased by 24% to RM9.39 million due to higher borrowings to support the increased hire purchase receivables.

The profit before tax for the six (6) months period decreased by 8% from RM20.76 million to RM19.03 million mainly due to higher impairment allowance.

Furniture Segment

Revenue increased by 7% to RM31.82 million mainly due to higher furniture sales in this financial period as compared to the previous corresponding period. Gross profit margin (after deducting shipping and transportation cost) increased from 28% to 29%.

Impairment allowance increased to RM0.40 million mainly due to slower repayment from furniture dealers in this financial period as compared to the previous corresponding period.

Other expenses increased by 21% to RM9.98 million mainly due to higher selling, distribution and operating costs which was in line with the increase in furniture sales.

The segment recorded a lower profit before tax of RM0.74 million for the six (6) months period ended 30 September 2025 mainly due to higher impairment allowance and operating expenses.

B2 Comparison of Results with Preceding Quarter

GROUP	Current	Immediate	Variance	Variance
	Quarter	Preceding Quarter		
	30.09.2025	30.06.2025		
	RM	RM	RM	%
Revenue	48,878,151	49,246,018	(367,867)	-1%
Profit before interest and tax	15,985,771	13,290,266	2,695,505	20%
Profit before taxation	11,186,098	8,583,117	2,602,981	30%
Hire purchase receivables	729,844,722	721,066,924	8,777,798	1%
Bank borrowings	368,248,607	380,215,764	(11,967,157)	-3%

The Group's profit before tax for the current quarter of RM11.19 million was higher as compared to RM8.58 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 2025

B3 Prospects and Outlook

In accordance with Bank Negara Malaysia's ("BNM") Quarterly Bulletin for the second quarter of 2025, the Malaysian economy expanded by 4.4%, driven by robust domestic demand. Growth was supported by stronger household spending amid favourable labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. At the same time, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. Export growth was slower due to weaker commodities-related exports. On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and Government services.

Core inflation remain stable at 1.8%. The moderation was largely due to lower prices for fuel and slower price increases for food-related items. Inflationary pressure from global commodity prices is expected to remain limited, contributing to moderate domestic cost conditions. In this environment, the impact of domestic policy measures on inflation is expected to remain contained.

Looking at the collections trends in the past few quarters, we acknowledge emerging pressures in collections and recovery activities, particularly due to rising living costs and easy access of non-bank consumer credit (e.g. Buy Now Pay Later "BnPL"), affecting the repayment ability of customers.

Moving forward, we are paying very close attention to emerging macroeconomic risks. These include uncertainties in global trade, with rising shipping costs possibly impacting cost of living. While some of these costs may be temporarily offset by lower priced products entering our market, we also have to be mindful of how the influx of these products impact local players.

Volatility in global financial markets could also affect consumer sentiment. Moreover, in the automotive sector, the aggressive pricing strategy by Chinese vehicle manufacturers is beginning to alter the competitive landscape, forcing downward price adjustments on all vehicles. This trend could influence overall demand patterns and residual values of vehicles, with implications for credit risk and asset recovery in our hire purchase segment.

In FY2026, ELK-Desa remains committed to sustainable growth, focusing on hire purchase portfolio within our niche and underserved market segment.

In the furniture segment, to further strengthen our competitive edge, our strategy remains focused on enhancing logistics and product variety across all geographical locations in Malaysia, specifically reinforcing our wholesale presence in Sabah and Sarawak.

In view of the macroeconomic and sectoral headwinds, the Board of Directors acknowledges that it is challenging to achieve previous year performance. However, the Board of Directors remains confident in the Group's resilience and its ability to deliver long-term value to shareholders and stakeholders.

B4 Profit Forecasts

The Group did not issue any profit forecasts for the period under review.

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

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2025

B5 Taxation

Tax charge for the quarter and financial period ended 30 September 2025 are set out below:

	3 months ended 30.09.2025 RM	6 months ended 30.09.2025 RM
(a) Income Tax	3,772,150	6,565,300
(b) Deferred Taxation	<u>(1,173,746)</u>	<u>(1,812,764)</u>
	<u>2,598,404</u>	<u>4,752,536</u>
Effective tax rate	23%	24%

The effective tax rate of the Group for the current quarter ended 30 September 2025 was approximate to the statutory tax rate.

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.

Borrowings	As at 30.09.2025 RM	As at 30.09.2024 RM
Block Discounting Payables - within 1 year	103,257,781	87,912,252
(Fixed rate and secured) - later than 1 year	221,470,114	195,543,920
	324,727,895	283,456,172
Term Loan - within 1 year	-	294,000
(Floating rate and secured) - later than 1 year	-	-
	-	294,000
Fixed Loan - within 1 year	247,719	-
(Floating rate and secured) - later than 1 year	-	-
	247,719	-
Bank overdraft (Floating rate and secured)	22,272,993	9,320,303
Revolving Credit (Floating rate and secured)	21,000,000	19,000,000
Total Borrowings	<u>368,248,607</u>	<u>312,070,475</u>
Gearing ratio (times)	0.75	0.64

B8 Changes in Material Litigation

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

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

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2025

B9 Dividend

The Board of Directors has declared a first single tier interim dividend of 2.00 sen per share (Q2 FY2025: 2.00 sen per share) in respect of the current financial year ending 31 March 2026. The dividend will be paid on 8 January 2026 to the shareholders whose name appear in the record of depositors of the Company as at 23 December 2025.

Year-to-date ("YTD") dividend for the financial period ended 30 September 2025 is 2.00 sen per ordinary share (YTD FY2025: 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.

	Quarter ended 30.09.2025	Quarter ended 30.09.2024	Year to date 30.09.2025	Year to date 30.09.2024
Profit for the period attributable to owners of the Company (RM)	8,587,694	8,259,859	15,016,679	16,398,287
Weighted average number of ordinary shares (units)	449,520,380	454,808,456	451,148,907	454,808,456
Basic earnings per ordinary share (sen)	1.91	1.82	3.33	3.61

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 2025 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 30.09.2025 RM	6 months ended 30.09.2025 RM
Profit before taxation is arrived at after charging:		
Interest expense	4,685,560	9,342,104
Interest on lease liabilities	114,113	164,718
Unrealised fair value (gain) / loss on short term funds	116,765	38,301
Inventories (reversal) / written down	(195,156)	(441,983)
And crediting :		
Interest	437,614	1,024,867
Unrealised foreign exchange gain / (loss)	30,846	(17,810)
Realised foreign exchange gain / (loss)	(100,593)	(164,768)