

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
30 SEPTEMBER 2018**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 30 September 2018
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM	RM	RM	RM
Revenue	30,994,500	24,964,217	59,816,138	50,535,152
Other income	667,769	432,201	1,343,414	650,803
Cost of inventories sold	(6,559,030)	(4,600,932)	(12,267,476)	(9,650,224)
Depreciation of property, plant and equipment	(182,152)	(160,943)	(345,025)	(314,037)
Impairment allowance	(3,786,447)	(5,081,971)	(7,707,544)	(11,693,702)
Other expenses	(8,652,479)	(6,881,095)	(16,907,707)	(13,405,533)
Finance costs	(892,426)	(581,585)	(1,620,710)	(1,133,123)
Profit before taxation	11,589,735	8,089,892	22,311,090	14,989,336
Taxation	(2,969,436)	(2,128,402)	(5,620,154)	(3,977,801)
Profit for the financial period	8,620,299	5,961,490	16,690,936	11,011,535
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	8,620,299	5,961,490	16,690,936	11,011,535
Earnings per ordinary share - basic (sen)	2.94	2.43	5.74	4.62
Earnings per ordinary share - diluted (sen)	2.85	2.25	5.53	4.31

(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 2018)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018
(The figures have not been audited.)

	As at 30.09.2018 RM	As at 31.03.2018 RM
ASSETS		
Non-current assets		
Property, plant and equipment	10,782,786	7,239,513
Hire purchase receivables	322,257,339	281,872,966
Deferred tax assets	2,904,210	3,624,551
	<u>335,944,335</u>	<u>292,737,030</u>
Current assets		
Inventories	8,954,701	8,451,574
Other assets	1,594,850	1,412,695
Trade receivables	12,083,669	9,919,379
Hire purchase receivables	113,005,902	105,410,777
Other receivables, deposits and prepayments	1,849,857	2,106,066
Current tax assets	-	36,530
Fixed deposits	400,168	-
Short term funds	28,376,880	34,669,749
Cash and bank balances	5,301,985	15,594,775
	<u>171,568,012</u>	<u>177,601,545</u>
Total assets	<u>507,512,347</u>	<u>470,338,575</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	317,437,644	307,439,983
Share premium	23,260,816	23,260,816
Retained earnings	71,998,933	65,169,158
ICULS - equity component	8,931,300	17,264,332
Treasury shares	(16,735,944)	(16,735,944)
Total equity	<u>404,892,749</u>	<u>396,398,345</u>
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	44,554,068	29,435,983
ICULS - liability component	976,911	2,260,704
Deferred tax liability	13,716	13,716
	<u>45,544,695</u>	<u>31,710,403</u>
Current liabilities		
Trade payables	15,134,867	13,551,933
Other payables and accruals	3,307,046	4,807,919
Block discounting payables - secured	34,603,193	21,205,294
Current tax liabilities	4,029,797	2,664,681
	<u>57,074,903</u>	<u>42,229,827</u>
Total liabilities	<u>102,619,598</u>	<u>73,940,230</u>
TOTAL EQUITY AND LIABILITIES	<u>507,512,347</u>	<u>470,338,575</u>
Net assets per share	1.38	1.39

(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 2018)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 September 2018
(The figures have not been audited.)

	Number of Issued Shares Unit	Share Capital RM	Share Premium RM	Retained Earnings RM	Treasury shares RM	ICULS - equity component RM	Total Equity RM
Balance as at 1 April 2017	243,129,526	243,129,886	24,496,944	57,280,090	(16,735,944)	25,915,034	334,086,010
Total comprehensive income	-	-	-	11,011,535	-	-	11,011,535
Final Dividend for financial year ended 31 March 2017	-	-	-	(8,136,209)	-	-	(8,136,209)
Issuance of shares upon conversion of ICULS	2,218,810	2,618,199	-	(155,662)	-	(2,182,259)	280,278
Issuance of shares pursuant to rights issue	46,492,498	53,931,298	-	-	-	-	53,931,298
Expenses incurred pursuant to rights issue	-	-	(999,371)	-	-	-	(999,371)
Balance as at 30 September 2017	291,840,834	299,679,383	23,497,573	59,999,754	(16,735,944)	23,732,775	390,173,541
Balance as at 1 April 2018 - as previously stated	298,417,611	307,439,983	23,260,816	65,169,158	(16,735,944)	17,264,332	396,398,345
- Effect of adoption of MFRS9	-	-	-	1,212,489	-	-	1,212,489
Balance as at 1 April 2018 (as restated)	298,417,611	307,439,983	23,260,816	66,381,647	(16,735,944)	17,264,332	397,610,834
Total comprehensive income	-	-	-	16,690,936	-	-	16,690,936
Final Dividend for financial year ended 31 March 2018	-	-	-	(10,292,128)	-	-	(10,292,128)
Issuance of shares upon conversion of ICULS	8,472,593	9,997,661	-	(781,522)	-	(8,333,032)	883,107
Balance as at 30 September 2018	306,890,204	317,437,644	23,260,816	71,998,933	(16,735,944)	8,931,300	404,892,749

(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 2018)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 September 2018
(The figures have not been audited.)

	6 months ended	
	30.09.2018	30.09.2017
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	22,311,090	14,989,336
Adjustment for :		
Depreciation of property, plant and equipment	348,145	314,500
Loss/(Gain) on disposal of property, plant and equipment	(4,510)	(2,357)
Property, plant and equipment written off	-	1
Net impairment allowance made for the financial period	8,634,001	12,117,138
Interest expense	1,620,710	1,092,127
Interest income	(193,627)	(324,369)
Income from short term funds	(565,585)	(18,916)
Unrealised (gain) / loss on foreign exchange	(29,607)	-
Operating profit before working capital changes	<u>32,120,617</u>	<u>28,167,460</u>
Changes in working capital:		
Inventories	(503,127)	(1,648,765)
Other assets	(182,155)	118,651
Hire purchase receivables	(54,582,074)	(29,296,547)
Trade receivables	(2,509,568)	(80,551)
Other receivables, deposits and prepayments	256,209	(599,800)
Trade payables	1,582,934	(1,957,065)
Other payables and accruals	(1,004,955)	(569,656)
	<u>(56,942,736)</u>	<u>(34,033,733)</u>
Cash generated from/(used in) operations	<u>(24,822,119)</u>	<u>(5,866,273)</u>
Tax paid	<u>(4,189,274)</u>	<u>(3,961,489)</u>
Net cash from/(used in) operating activities	(29,011,393)	(9,827,762)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(4,016,909)	(420,180)
Proceeds from disposal of property, plant and equipment	130,000	2,358
Interest received	193,627	324,369
Income received from short term funds	565,585	18,916
Net cash from/(used in) investing activities	(3,127,697)	(74,537)
<u>Cash flows from financing activities</u>		
Net (repayment)/drawdown of block discounting payables	28,637,950	21,708,101
Proceeds from issuance of Rights Issue	-	53,931,298
Rights Issue expenses paid	-	(999,371)
Interest paid	(2,364,822)	(1,950,462)
Dividend paid	(10,292,128)	(8,136,209)
Net cash from/(used in) financing activities	15,981,000	64,553,357

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 September 2018
(The figures have not been audited.)

	<u>6 months ended</u>	
	<u>30.09.2018</u>	<u>30.09.2017</u>
	RM	RM
Net increase/(decrease) in cash and cash equivalents during the financial period	(16,158,090)	54,651,058
Effects of exchange rate changes on cash and cash equivalents	(27,402)	-
Cash and cash equivalents as at beginning of financial year	50,264,525	14,078,125
Cash and cash equivalents as at end of financial period	<u>34,079,033</u>	<u>68,729,183</u>
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	5,702,153	13,963,273
Bank overdraft	-	(333,109)
Short term fund	28,376,880	55,099,019
	<u>34,079,033</u>	<u>68,729,183</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 2018)

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

Notes to the Interim Financial Statements

for the second quarter ended 30 September 2018

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 2018, 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 2018 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 April 2018.

On 1 April 2018, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
Amendments to MFRS 1	<i>Annual Improvements to MFRS Standards 2014 - 2017 Cycle</i>	1 January 2018
MFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15		1 January 2018
MFRS 9	<i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128	<i>Annual Improvements to MFRS Standards 2014 - 2017 Cycle</i>	1 January 2018
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140	<i>Transfers of Investment Property</i>	1 January 2018

Application of the above accounting standards, amendments and interpretations are not expected to have a material impact on the financial statements of the Group.

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018.

The Group is applying the modified retrospective method for the adoption of MFRS 9 and the cumulative effects are shown as an adjustment to the opening retained earnings on 1 April 2018.

The new requirements introduced in respect of the accounting for financial instruments were classification and measurement, impairment and hedge accounting.

The impact of the adoption of MFRS 9 to the Group is limited to classification and measurement, and impairment whereas the hedge accounting is not applicable to the Group.

a) Classification and Measurement

MFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The Group analysed the contractual cash flow characteristics of all financial instruments and concluded that reclassification for these instruments is not required.

b) Impairment

MFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the hirers, debtors and the economic environment in which the business is operating in.

The financial impact arising from the initial application of MFRS9 on the statement of financial position of the Group as at 1 April 2018 are as follows:-

Financial Effects Due to the adoption of MFRS 9

The following table summaries the financial impact, net of tax, of transition to MFRS 9 on the statements financial position of the Group :

	RM
Deferred tax assets	
Balance as at 1 April 2018	3,624,551
- Effects of MFRS 9	<u>(412,231)</u>
Balance as at 1 April 2018, restated	<u>3,212,320</u>
Hire purchase receivables	
Balance as at 1 April 2018	387,283,743
- Effects of MFRS 9	<u>1,717,629</u>
Balance as at 1 April 2018, restated	<u>389,001,372</u>
Trade receivables	
Balance as at 1 April 2018	9,919,379
- Effects of MFRS 9	<u>(92,908)</u>
Balance as at 1 April 2018, restated	<u>9,826,471</u>
Retained earnings	
Balance as at 1 April 2018	65,169,158
- Effects of MFRS 9	<u>1,212,489</u>
Balance as at 1 April 2018, restated	<u>66,381,647</u>

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 30 September 2018.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 30 September 2018.

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 30 September 2018.

During the financial period under review, the Company had issued 1,403,900 new ordinary shares pursuant to conversions of 1,656,602 units of ICULS.

As at 30 September 2018, the number of ordinary shares were 294,060,204 shares, after deducting the treasury shares held of 12,830,000 shares. The number of outstanding ICULS stood at 10,204,638.

A6 Dividend Paid

Pursuant to the shareholders' approval on 9 August 2018 for the single-tier final dividend of 3.5 sen per share in respect of the financial year ended 31 March 2018, the dividend was paid to shareholders on 26 September 2018.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
Quarter Ended 30 September 2018			
Revenue (External)	20,731,051	10,263,449	30,994,500
Other income	688,243	(20,474)	667,769
Cost of inventories sold	-	(6,559,030)	(6,559,030)
Depreciation of property, plant and equipment	(137,076)	(45,076)	(182,152)
Impairment allowance	(3,557,823)	(228,624)	(3,786,447)
Other expenses	(5,528,135)	(3,124,344)	(8,652,479)
Finance costs	(892,426)	-	(892,426)
Profit/(Loss) before tax	11,303,834	285,901	11,589,735
Quarter Ended 30 September 2017			
Revenue (External)	17,668,718	7,295,499	24,964,217
Other income	422,530	9,671	432,201
Cost of inventories sold	-	(4,600,932)	(4,600,932)
Depreciation of property, plant and equipment	(105,735)	(55,208)	(160,943)
Impairment allowance	(5,094,877)	12,906	(5,081,971)
Other expenses	(4,282,743)	(2,598,352)	(6,881,095)
Finance costs	(559,421)	(22,164)	(581,585)
Profit/(Loss) before tax	8,048,472	41,420	8,089,892
6 months Ended 30 September 2018			
Revenue (External)	40,696,320	19,119,818	59,816,138
Other income	1,232,668	110,746	1,343,414
Cost of inventories sold	-	(12,267,476)	(12,267,476)
Depreciation of property, plant and equipment	(254,534)	(90,491)	(345,025)
Impairment allowance	(7,393,748)	(313,796)	(7,707,544)
Other expenses	(10,793,755)	(6,113,951)	(16,907,707)
Finance costs	(1,620,710)	-	(1,620,710)
Profit/(Loss) before tax	21,866,240	444,850	22,311,090
Segment assets	483,141,882	24,370,465	507,512,347
Segment liabilities	100,721,123	1,898,475	102,619,598
6 months Ended 30 September 2017			
Revenue (External)	35,305,884	15,229,268	50,535,152
Other income	630,299	20,504	650,803
Cost of inventories sold	-	(9,650,224)	(9,650,224)
Depreciation of property, plant and equipment	(206,227)	(107,810)	(314,037)
Impairment allowance	(11,546,409)	(147,293)	(11,693,702)
Other expenses	(8,199,072)	(5,206,462)	(13,405,533)
Finance costs	(1,092,128)	(40,995)	(1,133,123)
Profit/(Loss) before tax	14,892,347	96,988	14,989,336
Segment assets	435,185,005	20,872,057	456,057,062
Segment liabilities	63,150,337	2,733,184	65,883,521

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 2018.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 30 September 2018.

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 2018.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 30 September 2018.

B1 Review Of Performance

CURRENT QUARTER (FY2019-Q2 vs FY2018-Q2)

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2018	30.09.2017			30.09.2018	30.09.2017		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	30,994,500	24,964,217	6,030,283	24%	59,816,138	50,535,152	9,280,986	18%
Profit before interest and tax	12,482,161	8,671,477	3,810,684	44%	23,931,800	16,122,459	7,809,341	48%
Profit before taxation	11,589,735	8,089,892	3,499,843	43%	22,311,090	14,989,336	7,321,754	49%
GROUP	As at		Variance	Variance			Variance	Variance
	30.09.2018	30.09.2017						
	RM	RM			RM	%		
Hire Purchase Receivables	435,263,241	355,552,551	79,710,690	22%				
Total Borrowings	79,157,261	43,722,168	35,435,093	81%				

The Group's revenue increased by 24% to RM30.99 million due to higher contribution from both hire purchase and furniture segment. The Group's profit before tax increased by 43% to RM11.59 million mainly due to increase in hire purchase portfolio and significantly lower impairment allowance for the quarter ended 30 September 2018.

Hire purchase receivables recorded a 22% growth year on year from RM355.55 million to RM435.26 million as at 30 September 2018. This was the key factor that led to the increase in hire purchase revenue for the current financial period.

Total borrowings increased by 81% mainly due to higher drawdown of block discounting facility during the current financial period to support the increased hire purchase receivables.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2018	30.09.2017			30.09.2018	30.09.2017		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	20,731,051	17,668,718	3,062,333	17%	40,696,320	35,305,884	5,390,436	15%
Profit before interest and tax	12,196,260	8,607,893	3,588,367	42%	23,486,950	15,984,475	7,502,475	47%
Profit before taxation	11,303,834	8,048,472	3,255,362	40%	21,866,240	14,892,347	6,973,893	47%

Revenue increased by 17% to RM20.73 million, mainly due to increase in hire purchase portfolio.

Other income increased by 63% to RM0.69 million mainly due to additional income received from short term funds.

Impairment allowance decreased by 30% to RM3.56 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) decreased from 1.37% to 0.81%. The improvement was mainly due to stable domestic economic environment during the financial period under review and the Group's concerted efforts in credit recovery.

Other expenses increased by 29% to RM5.53 million mainly due to higher staff costs attributed to the recruitment of a larger workforce. As a result of higher borrowings, the finance cost increased by 60% to RM0.89 million.

The profit before tax increased by 40% to RM11.30 million mainly due to increase in hire purchase portfolio and lower impairment allowance for the quarter ended 30 September 2018.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				6 months ended			
	30.09.2018	30.09.2017			30.09.2018	30.09.2017		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	10,263,449	7,295,499	2,967,950	41%	19,119,818	15,229,268	3,890,550	26%
Profit before interest and tax	285,901	63,584	222,317	350%	444,850	137,983	306,867	222%
Profit before taxation	285,901	41,420	244,481	590%	444,850	96,988	347,862	359%

Revenue increased by 41% to RM10.26 million mainly due to the increase of local sales, which is in line with the Group's effort to focus its operations in the domestic market.

Other expenses increased by 20% to RM3.12 million mainly due to higher operating expenses which is in tandem with the higher sales.

The segment recorded a profit before tax of RM0.28 million mainly due to higher revenue for the quarter ended 30 September 2018 .

YEAR-TO-DATE (FY2019 YTD vs FY2018 YTD)

The Group's revenue increased by 18% to RM59.82million, due to higher contribution from both hire purchase and furniture segment.

The Group's profit before tax increased by 49% to RM22.31 million, mainly contributed by the hire purchase segment.

Hire Purchase Segment

Revenue increased by 15% from RM35.31 million to RM40.70 million, mainly due to increase in hire purchase portfolio.

Impairment allowance decreased by 36% to RM7.39 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) decreased from 3.31% to 1.80%. The improvement was mainly due to stable domestic economic environment during the financial period under review and the Group's concerted efforts in credit recovery.

Other expenses increased by 32% to RM10.79 million mainly due to higher staff costs attributed to the recruitment of a larger workforce and higher staff development expenses.

As a result of higher borrowings, the finance cost increased by 48% to RM1.62 million.

The profit before tax increased by 47% to RM21.87 million mainly due to increase in hire purchase portfolio and lower impairment allowance for the six (6) months period ended 30 September 2018.

Furniture Segment

Revenue increased by 26% to RM19.12 million mainly due to the increase of local sales, which is in line with the Group's effort to focus its operations in the domestic market.

Impairment allowance increased by RM0.16 million to RM0.31 million, mainly due to slower payment from furniture dealers. Other expenses increased by 17% to RM6.11 million mainly due to higher operating expenses which is in tandem with the higher sales.

The segment recorded a profit before tax of RM0.44 million for the six (6) months period ended 30 September 2018.

B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	30.09.2018	30.06.2018		
	RM	RM	RM	%
Revenue	30,994,500	28,821,638	2,172,862	8%
Profit before interest and tax	12,482,161	11,449,639	1,032,522	9%
Profit before taxation	11,589,735	10,721,355	868,380	8%

The Group's profit before tax for the current quarter of RM11.59 million was higher as compared to RM10.70 million of the immediate preceding quarter mainly due to higher profit contribution from hire purchase segment in the current quarter.

B3 Prospects and Outlook

Despite the uncertain economic conditions ahead, the overall macro-economic factors (i.e. labour market conditions, inflation outlook, cost of living) and general public sentiments remain positive. In view of this, the Group intends to maintain its momentum in growing its hire purchase portfolio in the financial year ending 31 March 2019 without compromising on the quality of its assets.

The Group will focus on its core business of second hand car hire purchase financing, which strategically operates in the underserved niche market, and continue to remain prudent in managing its credit risks.

The furniture business will continue to focus its operations in the domestic market.

In conclusion, the Board is confident that the Group's performance for the financial year ending 31 March 2019 is expected to be better than financial year ended 31 March 2018.

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 2018 are set out below:

	3 months ended 30.09.2018	6 months ended 30.09.2018
	RM	RM
(a) Income Tax	2,957,250	5,590,919
(b) Deferred Taxation	12,186	29,235
	<u>2,969,436</u>	<u>5,620,154</u>

The effective tax rate of the Group for the financial period ended 30 September 2018 was higher than the statutory tax rate due to certain expenses which were not deductible for tax purposes.

B6 Status of Corporate Proposals Announced

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

B7 Group Borrowings & Debt Securities

The Group does not have any borrowings or debt securities that are denominated in foreign currency.

		As at 30.09.2018	As at 30.09.2017
		RM	RM
Borrowings			
Block Discounting Payables	- within 1 year	34,603,193	16,453,169
(Fixed rate and secured)	- later than 1 year	44,554,068	26,935,890
		79,157,261	43,389,059
Bank Overdraft	- within 1 year	-	333,109
(Floating rate and unsecured)			
Total Borrowings		<u>79,157,261</u>	<u>43,722,168</u>
Debt Securities			
ICULS - liability component	- later than 1 year	976,911	3,502,863

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 3.50 sen per share (Q2 FY2018: 3.25 sen) in respect of the current financial year ending 31 March 2019. The dividend will be paid on 30 January 2019 to the shareholders whose name appear in the record of depositors of the Company as at 18 January 2019.

Year-to-date ("YTD") dividend for the financial period ended 30 September 2018 is 3.50 sen per ordinary share (YTD FY 2018: 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 period.

	Quarter ended 30.09.2018	Quarter ended 30.09.2017	Year to date ended 30.09.2018	Year to date ended 30.09.2017
Profit after taxation (RM)	8,620,299	5,961,490	16,690,936	11,011,535
Weighted average number of ordinary shares (units)	293,551,274	245,609,235	290,720,092	238,119,005
Basic earnings per ordinary share (sen)	2.94	2.43	5.74	4.62

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 30.09.2018	Quarter ended 30.09.2017	Year to date ended 30.09.2018	Year to date ended 30.09.2017
Profit after taxation (RM)	8,620,299	5,961,490	16,690,936	11,011,535
Interest expense on ICULS, net of tax (RM)	35,658	105,075	82,838	348,577
Adjusted profit after tax (RM)	8,655,957	6,066,565	16,773,774	11,360,112
Weighted average number of ordinary shares (units)	293,551,274	245,609,235	290,720,092	238,119,005
Adjustment for potential dilutive shares (units)	9,656,986	24,245,712	12,488,168	25,202,250
Adjusted weighted average number of ordinary shares (units)	303,208,260	269,854,947	303,208,260	263,321,255
Diluted earnings per ordinary share (sen)	2.85	2.25	5.53	4.31

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2018 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 30.09.2018 RM	6 months ended 30.09.2018 RM
Profit before taxation is arrived at after charging:		
Interest expense	892,426	1,620,710
And crediting :		
Interest income	379,102	759,212
Unrealised foreign exchange gain	22,751	29,607
Realised foreign exchange gain	-	5,746

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 30.09.2018 RM	As at 31.03.2018 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	104,217,870	97,021,116
- Unrealised	2,669,751	3,043,541
	<u>106,887,621</u>	<u>100,064,657</u>
Less: Consolidation adjustments	(34,888,688)	(34,895,499)
Total retained earnings as per consolidation accounts	<u><u>71,998,933</u></u>	<u><u>65,169,158</u></u>