

# **ELK-DESA<sup>®</sup>**

**ELK-DESA RESOURCES BERHAD**

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED  
RESULTS FOR THE PERIOD ENDED  
31 MARCH 2020**

**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 31 March 2020

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM	RM	RM	RM
Revenue	37,500,248	32,463,959	147,970,335	123,394,170
Other income	1,276,269	727,728	4,120,629	2,538,672
Cost of inventories sold	(6,799,630)	(6,349,639)	(28,132,325)	(24,438,857)
Depreciation of PPE & right of use assets	(600,559)	(293,902)	(2,300,390)	(923,774)
Impairment allowance	(8,642,663)	(4,888,318)	(24,214,978)	(17,527,594)
Other expenses	(9,440,329)	(8,777,794)	(37,384,249)	(34,984,632)
Finance costs	(4,133,360)	(1,462,751)	(12,535,773)	(4,252,198)
Profit before taxation	9,159,976	11,419,283	47,523,249	43,805,787
Taxation	(2,593,803)	(2,906,867)	(12,634,608)	(10,889,871)
Profit for the financial period	6,566,173	8,512,416	34,888,641	32,915,916
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	6,566,173	8,512,416	34,888,641	32,915,916
Earnings per ordinary share - basic (sen)	2.21	2.87	11.75	11.22
Earnings per ordinary share - diluted (sen)	2.17	2.82	11.54	10.90

(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 2019)

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

**As at 31 March 2020**

(The figures have not been audited.)

	<b>As at 31.03.2020 RM</b>	<b>As at 31.03.2019 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,621,921	10,667,280
Hire purchase receivables	466,156,634	357,435,653
Right-of-use assets	2,325,634	-
Deferred tax assets	5,232,016	3,337,307
	484,336,205	371,440,240
<b>Current assets</b>		
Inventories	12,386,172	11,057,387
Other assets	2,126,304	1,312,303
Trade receivables	13,912,372	11,506,486
Hire purchase receivables	144,264,976	119,018,183
Other receivables, deposits and prepayments	1,912,425	1,783,133
Current tax assets	-	35,447
Short term funds	14,042,200	16,408,066
Cash and bank balances	77,597,465	15,001,840
	266,241,914	176,122,845
Total assets	<u>750,578,119</u>	<u>547,563,085</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	344,340,237	343,162,661
Retained earnings	74,877,335	60,900,167
ICULS - equity component	5,895,891	6,877,394
Total equity	425,113,463	410,940,222
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
ICULS - liability component	361,824	629,435
Block discounting payables - secured	112,969,930	64,080,577
Term loan - unsecured	14,322,000	-
Medium term notes	54,317,953	-
Lease liabilities	1,005,896	-
Deferred tax liability	-	12,289
	182,977,603	64,722,301
<b>Current liabilities</b>		
Trade payables	11,156,469	13,915,203
Other payables and accruals	8,204,201	5,237,530
Block discounting payables - secured	64,159,143	50,223,162
Term loan - unsecured	4,008,000	-
Medium term notes	49,474,675	-
Lease liabilities	1,387,690	-
Bank overdraft	149,838	-
Current tax liabilities	3,947,037	2,524,667
	142,487,053	71,900,562
Total liabilities	<u>325,464,656</u>	<u>136,622,863</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>750,578,119</u>	<u>547,563,085</u>
Net assets per share	1.43	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 2019)*

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 31 March 2020**  
(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 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
- Adjustment on initial application of MFRS 9	-	-	-	1,182,534	-	-	1,182,534
Balance as at 1 April 2018 (as restated)	298,417,611	307,439,983	23,260,816	66,351,692	(16,735,944)	17,264,332	397,580,879
Total comprehensive income	-	-	-	32,915,916	-	-	32,915,916
Final dividend for financial year ended 31 March 2018	-	-	-	(10,292,128)	-	-	(10,292,128)
Interim dividend for financial year ended 31 March 2019	-	-	-	(10,365,218)	-	-	(10,365,218)
Issuance of shares upon conversion of ICULS	10,560,896	12,461,862	-	(974,151)	-	(10,386,938)	1,100,773
Cancellation of treasury shares	(12,830,000)	-	-	(16,735,944)	16,735,944	-	-
Transfer pursuant to Section 618(2) of the Companies Act 2016	-	23,260,816	(23,260,816)	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>296,148,507</b>	<b>343,162,661</b>	<b>-</b>	<b>60,900,167</b>	<b>-</b>	<b>6,877,394</b>	<b>410,940,222</b>
Balance as at 1 April 2019	296,148,507	343,162,661	-	60,900,167	-	6,877,394	410,940,222
Total comprehensive income	-	-	-	34,888,641	-	-	34,888,641
Issuance of shares upon conversion of ICULS	997,937	1,177,576	-	(115,474)	-	(981,503)	80,599
Final dividend for financial year ended 31 March 2019	-	-	-	(10,395,854)	-	-	(10,395,854)
Interim Dividend For Financial Year Ended 31 March 2020	-	-	-	(10,400,145)	-	-	(10,400,145)
<b>Balance as at 31 March 2020</b>	<b>297,146,444</b>	<b>344,340,237</b>	<b>-</b>	<b>74,877,335</b>	<b>-</b>	<b>5,895,891</b>	<b>425,113,463</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 2019)

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

For the financial period ended 31 March 2020

(The figures have not been audited.)

	<b>12 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	47,523,249	43,805,787
Adjustment for :		
Depreciation of property, plant and equipment	934,563	923,774
Depreciation of right-of-use assets	1,365,827	-
Loss/(Gain) on disposal of property, plant and equipment	-	(4,510)
Property, plant and equipment written off	1	-
Net impairment allowance made for the financial period	25,874,402	19,090,280
Interest expense	12,368,796	4,252,198
Interest on lease liabilities	166,977	-
Interest income	(1,462,700)	(539,571)
Income from short term funds	(908,179)	(765,173)
Unrealised (gain) / loss on foreign exchange	(40,003)	(11,011)
Reversal of impairment losses on trade receivables	(64,646)	(36,694)
Operating profit before working capital changes	85,758,287	66,715,080
Changes in working capital:		
Inventories	(1,328,785)	(2,605,813)
Other assets	(814,001)	100,392
Hire purchase receivables	(159,228,243)	(105,963,895)
Trade receivables	(2,915,170)	(2,279,914)
Other receivables, deposits and prepayments	(129,292)	322,933
Trade payables	(2,758,734)	363,270
Other payables and accruals	2,924,455	834,621
	(164,249,770)	(109,228,406)
Cash generated from/(used in) operations	(78,491,483)	(42,513,326)
Tax paid	(13,146,973)	(11,535,818)
Tax refunded	37,733	71,788
<b>Net cash from/(used in) operating activities</b>	<b>(91,600,723)</b>	<b>(53,977,356)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(889,205)	(4,477,031)
Net placement of fixed deposit with licensed banks with original maturity of more than three (3) months	(66,993,690)	-
Proceeds from disposal of property, plant and equipment	-	130,000
Interest received	1,462,700	539,571
Income received from short term funds	908,179	765,173
<b>Net cash from/(used in) investing activities</b>	<b>(65,512,016)</b>	<b>(3,042,287)</b>
<b><u>Cash flows from financing activities</u></b>		
Net drawdown/(repayment) of term loans	18,330,000	-
Net drawdown/(repayment) of block discounting payables	63,161,736	63,937,840
Interest paid	(12,455,940)	(5,115,469)
Repayment of lease liabilities	(1,464,852)	-
Dividend paid	(20,795,999)	(20,657,346)
Issuance of medium term notes	105,000,000	-
Medium term notes expenses paid	(1,575,976)	-
<b>Net cash from/(used in) financing activities</b>	<b>150,198,969</b>	<b>38,165,025</b>

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

For the financial period ended 31 March 2020

(The figures have not been audited.)

	<u>12 months ended</u>	
	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM	RM
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	<b>(6,913,770)</b>	<b>(18,854,618)</b>
Effects of exchange rate changes on cash and cash equivalents	1	-
Cash and cash equivalents as at beginning of financial year	31,409,906	50,264,524
<b>Cash and cash equivalents as at end of financial period</b>	<b><u>24,496,137</u></b>	<b><u>31,409,906</u></b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	77,597,465	15,001,840
Bank overdraft	(149,838)	-
Short term fund	14,042,200	16,408,066
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	(66,993,690)	-
	<b><u>24,496,137</u></b>	<b><u>31,409,906</u></b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2019)*

## 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 2019, 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 2019 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 2019.

On 1 April 2019, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
MFRS 16	<i>Leases</i>	1 January 2019
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

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 16 Leases

MFRS 16, Leases replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group applied MFRS 16 using modified retrospective approach and measured the right-of-use assets equals to the lease liabilities as 1 April 2019 with no restatement of comparative information. The following table analysed the impact of transition to MFRS 16 on the statement of financial position of the Group :

	RM
<b>Right-of-use assets</b>	
Closing balance as at 31 March 2019	-
- Recognition of right-of-use assets under MFRS 16	3,442,004
Opening balance as at 1 April 2019	<u>3,442,004</u>
<b>Lease liabilities</b>	
Closing balance as at 31 March 2019	-
- Recognition of right-of-use assets under MFRS 16	3,442,004
Opening balance as at 1 April 2019	<u>3,442,004</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 31 March 2020.

## **A4 Change in Estimates**

There were no changes in estimates that had any material effect for the financial period ended 31 March 2020.

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

There were no issuance, repurchases and repayment of debt and equity securities and share cancellations during the financial period ended 31 March 2020 except for the following:

### Equity Securities

During the twelve months period under review, the Company had issued 997,937 new ordinary shares pursuant to conversions of 1,177,576 units of ICULS.

As at 31 March 2020, the number of ordinary shares were 297,146,444 shares. The number of outstanding ICULS stood at 7,152,861 units.

### Debt Securities

During the financial period under review, Premier Auto Assets Berhad, a special purpose vehicle incorporated to facilitate the Asset-Backed Securitisation ("ABS") exercise of the Group, had issued RM105 million and RM40.5 million of Senior Medium Term Notes ("MTN") and Junior MTNs respectively. The Junior MTNs were subscribed by ELK-Desa Capital Sdn Bhd, a wholly owned subsidiary of the Company.

## **A6 Dividend Paid**

Pursuant to the shareholders' approval on 8 August 2019 for the single-tier final dividend of 3.50 sen per share in respect of the financial year ended 31 March 2019, the dividend amounting to RM10.40 million was paid to shareholders on 28 August 2019.

On 15 January 2020, the Company had paid a single-tier interim dividend of 3.50 sen per share for the financial year ending 31 March 2020 amounting to RM10.40 million.



**A7 Segmental Reporting**

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<b>Quarter Ended 31 March 2020</b>			
Revenue (External)	27,288,678	10,211,570	37,500,248
Other income	1,005,305	270,964	1,276,269
Cost of inventories sold	-	(6,799,630)	(6,799,630)
Depreciation of PPE & right of use assets	(211,790)	(388,769)	(600,559)
Impairment allowance	(8,511,861)	(130,802)	(8,642,663)
Other expenses	(6,682,398)	(2,757,931)	(9,440,329)
Finance costs	(4,100,002)	(33,358)	(4,133,360)
<b>Profit/(Loss) before tax</b>	<b>8,787,932</b>	<b>372,044</b>	<b>9,159,976</b>

<b>Quarter Ended 31 March 2019</b>			
Revenue (External)	22,529,361	9,934,598	32,463,959
Other income	673,229	54,499	727,728
Cost of inventories sold	-	(6,349,639)	(6,349,639)
Depreciation of property, plant and equipment	(160,501)	(133,401)	(293,902)
Impairment allowance	(4,653,675)	(234,643)	(4,888,318)
Other expenses	(5,750,516)	(3,027,278)	(8,777,794)
Finance costs	(1,462,751)	-	(1,462,751)
<b>Profit/(Loss) before tax</b>	<b>11,175,147</b>	<b>244,136</b>	<b>11,419,283</b>

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<b>12 months Ended 31 March 2020</b>			
Revenue (External)	104,673,252	43,297,083	147,970,335
Other income	3,811,171	309,458	4,120,629
Cost of inventories sold	-	(28,132,325)	(28,132,325)
Depreciation of PPE & right of use assets	(756,129)	(1,544,261)	(2,300,390)
Impairment allowance	(23,656,214)	(558,764)	(24,214,978)
Other expenses	(25,703,388)	(11,680,861)	(37,384,249)
Finance costs	(12,376,953)	(158,820)	(12,535,773)
<b>Profit/(Loss) before tax</b>	<b>45,991,739</b>	<b>1,531,510</b>	<b>47,523,249</b>

Segment assets	718,562,358	32,015,761	750,578,119
Segment liabilities	320,424,659	5,039,997	325,464,656

<b>12 months Ended 31 March 2019</b>			
Revenue (External)	84,900,357	38,493,813	123,394,170
Other income	2,397,329	141,343	2,538,672
Cost of inventories sold	-	(24,438,857)	(24,438,857)
Depreciation of property, plant and equipment	(562,500)	(361,274)	(923,774)
Impairment allowance	(16,948,745)	(578,849)	(17,527,594)
Other expenses	(22,685,537)	(12,299,095)	(34,984,632)
Finance costs	(4,252,198)	-	(4,252,198)
<b>Profit/(Loss) before tax</b>	<b>42,848,706</b>	<b>957,081</b>	<b>43,805,787</b>

Segment assets	521,775,079	25,788,006	547,563,085
Segment liabilities	134,621,589	2,001,274	136,622,863

**A8 Subsequent Events**

There was no material event subsequent to the current quarter.

**A9 Changes in the Composition of the Group**

Saved as disclosed, there were no material changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the financial period ended 31 March 2020.

Premier Auto Assets Berhad ("PAAB") a special purpose vehicle was incorporated to facilitate an assets-backed securitisation exercise of the Group.

PAAB is deemed to be an indirect subsidiary of the Company in accordance to the accounting standards.

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

There were no contingent liabilities and assets for the Group as at 31 March 2020.

**A11 Capital Commitments**

There were no material capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 March 2020.

**A12 Related Party Disclosures**

There was no significant related party transaction during the financial period ended 31 March 2020.

## B1 Review Of Performance

### CURRENT QUARTER (FY2020-Q4 vs FY2019-Q4)

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				12 months ended			
	31.03.2020	31.03.2019			31.03.2020	31.03.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	37,500,248	32,463,959	5,036,289	16%	147,970,335	123,394,170	24,576,165	20%
Profit before interest and tax	13,293,336	12,882,034	411,302	3%	60,059,022	48,057,985	12,001,037	25%
Profit before taxation	9,159,976	11,419,283	(2,259,307)	-20%	47,523,249	43,805,787	3,717,462	8%
GROUP	As at		Variance	Variance				
	31.03.2020				31.03.2019			
	RM	RM			RM	%		
Hire Purchase Receivables	610,421,610	476,453,836	133,967,774	28%				
Bank Borrowings	195,459,073	114,303,739	81,155,334	71%				
Medium Term Notes ("MTN")	103,792,628	-	103,792,628	N/A				

The ongoing Coronavirus ("Covid-19") outbreak and the unprecedented Movement Control Order ("MCO") declared by the Malaysian Government, has resulted in disruptions to our Group's business and operations as we do not fall under the essential services.

The Group's revenue for the quarter under review increased by 16% to RM37.50 million mainly due to higher contribution from the hire purchase segment. However, the Group's profit before tax decreased by 20% to RM9.16 million as the MCO disruptions had severely affected the Group's result in the month of March due to significantly higher impairment allowances incurred for the hire purchase segment.

Hire purchase receivables recorded a 28% growth year on year from RM476.45 million to RM610.42 million as at 31 March 2020. This was the key factor that led to the increase in hire purchase revenue for the current financial period.

In line with the Group's capital management strategy to leverage up, total bank borrowings increased by 71% mainly due to higher drawdown of block discounting facilities and MTNs were issued during the current financial year to finance the increase of hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.72 times.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				12 months ended			
	31.03.2020	31.03.2019			31.03.2020	31.03.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	27,288,678	22,529,361	4,759,317	21%	104,673,252	84,900,357	19,772,895	23%
Profit before interest and tax	12,887,934	12,637,898	250,036	2%	58,368,692	47,100,904	11,267,788	24%
Profit before taxation	8,787,932	11,175,147	(2,387,215)	-21%	45,991,739	42,848,706	3,143,033	7%

Revenue increased by 21% to RM27.29 million, mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 83% to RM8.51 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 1.0% to 1.4%. The higher impairment allowance and credit loss charge were mainly due to a significantly larger hire purchase receivables portfolio and higher expected credit loss provisions in view of the uncertain economic effects arising from the ongoing Covid-19 outbreak. In addition, the unprecedented MCO has disrupted our hire purchase operations and the payment behaviour of our hirers.

Other expenses increased by 16% to RM6.70 million mainly due to higher staff costs. Nevertheless, cost to income ratio remains at a manageable level of 28.6%.

As a result of higher borrowings and debt securities, the finance cost increased by 180% to RM4.10 million.

The profit before tax decreased by 21% to RM8.79 million mainly due to higher impairment allowances for the quarter ended 31 March 2020.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				12 months ended			
	31.03.2020	31.03.2019			31.03.2020	31.03.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	10,211,570	9,934,598	276,972	3%	43,297,083	38,493,813	4,803,270	12%
Profit before interest and tax	405,402	244,136	161,266	66%	1,690,330	957,081	733,249	77%
Profit before taxation	372,044	244,136	127,908	52%	1,531,510	957,081	574,429	60%

Revenue increased by 3% to RM10.21 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. The revenue growth was muted largely due to the MCO declared by the Malaysian Government starting from 18 March 2020 as no delivery of goods could be made during the MCO.

Impairment allowance reduced by RM0.10 million to RM0.13 million. Depreciation and other expenses remained relatively stable at RM3.18 million.

The segment recorded a profit before tax of RM0.37 million for the quarter ended 31 March 2020.

### YEAR-TO-DATE (FY2020 YTD vs FY2019 YTD)

The Group's revenue increased by 20% to RM147.97 million while the profit before tax increased by 8% to RM47.52 million. The increase in revenue and profit before tax were mainly due to higher contributions from the hire purchase segment for the financial year ended 31 March 2020.

#### Hire Purchase Segment

Revenue increased by 23% from RM84.90 million to RM104.67 million, mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 40% to RM23.66 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 3.8% to 4.2%. The higher impairment allowance and credit loss charge were mainly due to a significantly larger hire purchase receivables portfolio and higher expected credit loss provisions in view of the uncertain economic effects arising from the ongoing Covid-19 outbreak. In addition, the unprecedented MCO has disrupted our hire purchase operations and the payment behaviour of our hirers.

Other expenses increased by 13% to RM25.70 million mainly due higher staff costs. Nevertheless, cost to income ratio remains at a manageable level of 27.5%.

As a result of higher borrowings and debt securities, the finance cost increased by 191% to RM12.38 million.

The profit before tax increased by 7% to RM46.00 million mainly in view of the increased hire purchase revenue that was offset by the higher impairment allowances arising from Covid-19 effects for the twelve (12) months period ended 31 March 2020.

#### Furniture Segment

Revenue increased by 12% to RM43.30 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 reduced by RM0.02 million to RM0.56 million. Depreciation and other expenses increased 5% to RM13.25 million, which is in line with the overall business growth.

The segment recorded a higher profit before tax of RM1.53 million for the twelve (12) months period ended 31 March 2020 mainly due to higher revenue.

### B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	31.03.2020	31.12.2019		
	RM	RM	RM	%
Revenue	37,500,248	38,654,047	(1,153,799)	-3%
Profit before interest and tax	13,293,336	17,010,276	(3,716,940)	-22%
Profit before taxation	9,159,976	13,251,112	(4,091,136)	-31%
Hire purchase receivables	610,421,610	601,691,135	8,730,475	1%
Bank borrowings	195,459,073	181,319,193	14,139,880	8%
Medium term notes	103,792,628	105,909,977	(2,117,349)	-2%

The Group's profit before tax for the current quarter of RM9.16 million was lower as compared to RM13.25 million of the immediate preceding quarter mainly due to lower profit contribution from the hire purchase segment in the current quarter.

### B3 Prospects and Outlook

Due to the effects of the recent Covid-19 pandemic which severely affected the country's economic growth in the first six (6) months of year 2020, the economic conditions in the next 12 months remain very uncertain. According to the Bank Negara Malaysia, the unemployment rate is likely to surpass its earlier forecast of 4% issued in April 2020, amidst a complete halt in economic activities under the first three phases of the MCO from 18 March 2020 to 3 May 2020.

The uncertain economic outlook from the effects of the Covid-19 pandemic was exacerbated by extremely volatile crude oil prices in the last few months. The RON-95 petrol prices in Malaysia have decreased approximately 40% in May 2020 when compared to prices in February 2020.

In view of the uncertainty of the current business environment, the Group does not expect to grow its hire purchase portfolio in the near future. The Group will remain agile, focus on streamlining its existing processes and intensifying its credit risk management, amidst a fluid economic environment due to the Covid-19 pandemic.

### B3 Prospects and Outlook (continued)

Demand for furniture is expected to be subdued in the foreseeable future as consumer sentiments remain cautious amidst a sluggish property market. The Group will continue to operate in the domestic wholesale market and focus on cost optimisation in the coming year.

While we are paying close attention to these developments, we believe that the second hand car and furniture industries would be able to withstand the difficulties in the medium to long term, given the various economic stimulus packages announced by the Government to enhance the cash flows for households and businesses.

Based on the above factors and observations, the Board expects that the Group's performance in the next financial year ending 31 March 2021 to be adversely affected amidst a more challenging economic environment in the coming 12 months.

### B4 Profit Forecasts

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

### B5 Taxation

Tax charge for the quarter and financial period ended 31 March 2020 are set out below:

	<b>3 months ended</b> <b>31.03.2020</b>	<b>12 months ended</b> <b>31.03.2019</b>
	<b>RM</b>	<b>RM</b>
(a) Income Tax	4,555,111	14,567,057
(b) Deferred Taxation	<u>(1,961,308)</u>	<u>(1,932,449)</u>
	<u><u>2,593,803</u></u>	<u><u>12,634,608</u></u>

The effective tax rate of the Group for the current quarter ended 31 March 2020 was higher than the statutory tax rate due to certain expenses which were not deductible for tax purposes and under provision of taxation for prior year.

### 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.

		<b>As at</b> <b>31.03.2020</b>	<b>As at</b> <b>31.03.2019</b>
		<b>RM</b>	<b>RM</b>
<b>Borrowings</b>			
Block Discounting Payables (Fixed rate and secured)	- within 1 year	64,159,143	50,223,162
	- later than 1 year	112,969,930	64,080,577
		177,129,073	114,303,739
Term Loan (Floating and unsecured)	- within 1 year	4,008,000	-
	- later than 1 year	14,322,000	-
		18,330,000	-
Total Borrowings		<u><u>195,459,073</u></u>	<u><u>114,303,739</u></u>
<b>Debt Securities</b>			
ICULS - liability component	- later than 1 year	361,824	629,435
Medium Term Notes	- within 1 year	49,474,675	-
	- later than 1 year	54,317,953	-
		103,792,628	-
Total Debt Securities		<u><u>104,154,452</u></u>	<u><u>629,435</u></u>

### 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 second single tier interim dividend of 3.75 sen per share in respect of the financial year ended 31 March 2020. The dividend will be paid on 16 July 2020 to the shareholders whose name appears in the record of depositors of the Company as at 30 June 2020.

In addition to the first single tier interim dividend of 3.50 sen per share which was paid on 15 January 2020, the total dividend for the financial year ended 31 March 2020 would be 7.25 sen per share (FY2019: 7.00 sen). This represents a dividend payout ratio of approximately 62% of the net profit, which is higher than the dividend policy of 60% set by the Board.

With the declaration of the second interim dividend, the Board of Directors will not recommend any final dividend for the financial year ended 31 March 2020.

### 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 31.03.2020	Quarter ended 31.03.2019	Year to date ended 31.03.2020	Year to date ended 31.03.2019
Profit after taxation (RM)	6,566,173	8,512,416	34,888,641	32,915,916
Weighted average number of ordinary shares (units)	297,146,444	296,146,545	296,876,922	293,276,451
Basic earnings per ordinary share (sen)	2.21	2.87	11.75	11.22

Diluted earnings per share is calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares.

	Quarter ended 31.03.2020	Quarter ended 31.03.2019	Year to date ended 31.03.2020	Year to date ended 31.03.2019
Profit after taxation (RM)	6,566,173	8,512,416	34,888,641	32,915,916
Interest expense on ICULS, net of tax (RM)	26,720	31,985	109,684	131,749
Adjusted profit after tax (RM)	6,592,893	8,544,401	34,998,325	33,047,665
Weighted average number of ordinary shares (units)	297,146,444	296,146,545	296,876,922	293,276,451
Adjustment for potential dilutive shares (units)	6,061,816	7,061,715	6,331,338	9,931,809
Adjusted weighted average number of ordinary shares (units)	303,208,260	303,208,260	303,208,260	303,208,260
Diluted earnings per ordinary share (sen)	2.17	2.82	11.54	10.90

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

The audited financial statements of the Group for the preceding financial year ended 31 March 2019 was not qualified.

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

	<b>3 months ended 31.03.2020</b>	<b>12 months ended 31.03.2020</b>
		<b>RM</b>
Profit before taxation is arrived at after charging:		
Interest expense	4,098,751	12,368,796
Interest on lease liabilities	34,609	166,977
And crediting :		
Interest income	612,404	2,370,879
Unrealised foreign exchange (loss) / gain	45,375	40,003
Realised foreign exchange (loss) / gain	(9,423)	(205,642)

**B13 Retained Earnings**

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

	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	<b>RM</b>	<b>RM</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	104,595,449	92,571,840
- Unrealised	5,145,178	3,186,245
	<u>109,740,627</u>	<u>95,758,085</u>
Less: Consolidation adjustments	(34,863,292)	(34,857,918)
Total retained earnings as per consolidation accounts	<u><u>74,877,335</u></u>	<u><u>60,900,167</u></u>