

**ELK-DESA<sup>®</sup>**

**ELK-DESA RESOURCES BERHAD**

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED  
RESULTS FOR THE PERIOD ENDED  
30 JUNE 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 30 June 2020

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM	RM	RM	RM
Revenue	30,401,568	35,191,948	30,401,568	35,191,948
Other income	1,203,529	474,469	1,203,529	474,469
Cost of inventories sold	(4,554,616)	(7,147,209)	(4,554,616)	(7,147,209)
Depreciation of PPE & right-of-use assets	(614,772)	(524,137)	(614,772)	(524,137)
Impairment allowance	(14,140,060)	(4,690,129)	(14,140,060)	(4,690,129)
Other expenses	(5,313,900)	(9,409,391)	(5,313,900)	(9,409,391)
Finance costs	(3,973,850)	(1,612,605)	(3,973,850)	(1,612,605)
Profit before taxation	3,007,899	12,282,946	3,007,899	12,282,946
Taxation	(710,437)	(3,008,299)	(710,437)	(3,008,299)
Profit for the financial period	2,297,462	9,274,647	2,297,462	9,274,647
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	2,297,462	9,274,647	2,297,462	9,274,647
Earnings per ordinary share - basic (sen)	0.77	3.13	0.77	3.13
Earnings per ordinary share - diluted (sen)	0.77	3.07	0.77	3.07

*(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 2020)*

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2020**

(The figures have not been audited.)

	<b>As at 30.06.2020 RM</b>	<b>As at 31.03.2020 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,790,576	10,621,921
Hire purchase receivables	421,992,883	466,156,634
Right-of-use assets	2,076,087	2,325,635
Deferred tax assets	5,221,753	5,232,016
	440,081,299	484,336,206
<b>Current assets</b>		
Inventories	12,007,370	12,386,172
Other assets	691,334	2,126,303
Trade receivables	11,450,142	13,912,372
Hire purchase receivables	145,846,965	144,264,976
Other receivables, deposits and prepayments	1,711,005	1,912,425
Short term funds	24,171,945	14,042,200
Cash and bank balances	100,786,102	77,597,465
	296,664,863	266,241,913
Total assets	<u>736,746,162</u>	<u>750,578,119</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	344,355,164	344,340,237
Retained earnings	66,029,519	74,877,336
ICULS - equity component	5,883,445	5,895,891
Total equity	416,268,128	425,113,464
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
ICULS - liability component	319,061	361,824
Block discounting payables - secured	109,134,085	112,969,929
Term loan - unsecured	13,320,000	14,322,000
Medium term notes	54,449,284	54,317,953
Lease liabilities	711,320	1,005,897
	177,933,750	182,977,603
<b>Current liabilities</b>		
Trade payables	6,097,655	11,156,469
Other payables and accruals	6,459,822	8,204,201
Block discounting payables - secured	63,474,012	64,159,143
Term loan - unsecured	4,008,000	4,008,000
Medium term notes	49,474,675	49,474,675
Lease liabilities	1,433,861	1,387,690
Bank overdraft	97,872	149,838
Dividend payable	11,143,503	-
Current tax liabilities	354,884	3,947,036
	142,544,284	142,487,052
Total liabilities	<u>320,478,034</u>	<u>325,464,655</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>736,746,162</b></u>	<u><b>750,578,119</b></u>
Net assets per share	1.40	1.43

*(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 2020)*

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 30 June 2020**  
(The figures have not been audited.)

	<b>Number of Issued Shares Unit</b>	<b>Share Capital RM</b>	<b>Retained Earnings RM</b>	<b>ICULS - equity component RM</b>	<b>Total Equity RM</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	-	-	9,274,647	-	9,274,647
Issuance of shares upon conversion of ICULS	323,017	381,162	(37,379)	(317,694)	26,089
Final dividend for financial year ended 31 March 2019	-	-	(10,376,503)	-	(10,376,503)
<b>Balance as at 30 June 2019</b>	<b>296,471,524</b>	<b>343,543,823</b>	<b>59,760,932</b>	<b>6,559,700</b>	<b>409,864,455</b>
Balance as at 1 April 2020	297,146,444	344,340,237	74,877,336	5,895,891	425,113,464
Total comprehensive income	-	-	2,297,462	-	2,297,462
Issuance of shares upon conversion of ICULS	12,650	14,927	(1,776)	(12,446)	705
Second interim dividend for financial year ended 31 March 2020	-	-	(11,143,503)	-	(11,143,503)
<b>Balance as at 30 June 2020</b>	<b>297,159,094</b>	<b>344,355,164</b>	<b>66,029,519</b>	<b>5,883,445</b>	<b>416,268,128</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 2020)*

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

For the financial period ended 30 June 2020

(The figures have not been audited.)

	<b>3 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	3,007,899	12,282,946
Adjustment for :		
Depreciation of property, plant and equipment	255,487	207,313
Depreciation of right-of-use assets	359,285	316,824
Impairment allowances made for the financial year:		
- hire-purchase receivables	14,239,746	4,957,597
- trade receivables	253,134	188,208
Interest expense	3,952,005	1,566,619
Interest on lease liabilities	21,845	45,986
Interest income	(671,124)	(87,892)
Income from short term funds	(65,190)	(30,748)
Unrealised (gain) / loss on foreign exchange	55,322	11,397
Operating profit before working capital changes	21,408,409	19,458,250
Changes in working capital:		
Inventories	378,802	(290,210)
Other assets	1,434,970	249,059
Hire purchase receivables	28,342,016	(41,504,156)
Trade receivables	2,152,900	(627,492)
Other receivables, deposits and prepayments	201,420	(751,170)
Trade payables	(5,058,814)	4,353,302
Other payables and accruals	(2,802,744)	(842,857)
	24,648,550	(39,413,524)
Cash generated from/(used in) operations	46,056,959	(19,955,274)
Tax paid	(4,292,550)	(3,574,290)
<b>Net cash from/(used in) operating activities</b>	<b>41,764,409</b>	<b>(23,529,564)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(424,142)	(646,457)
Net placement of fixed deposit with licensed banks with original maturity of more than three (3) months	(4,703,284)	-
Interest received	671,124	87,892
Income received from short term funds	65,190	30,748
<b>Net cash from/(used in) investing activities</b>	<b>(4,391,112)</b>	<b>(527,817)</b>
<b><u>Cash flows from financing activities</u></b>		
Net drawdown/(repayment) of term loans	(1,002,000)	-
Net drawdown/(repayment) of block discounting payables	(4,515,661)	12,580,904
Interest paid	(2,808,584)	(1,874,937)
Repayment of lease liabilities	(379,990)	(339,558)
<b>Net cash from/(used in) financing activities</b>	<b>(8,706,235)</b>	<b>10,366,409</b>

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

For the financial period ended 30 June 2020

(The figures have not been audited.)

	<b>3 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM</b>	<b>RM</b>
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	<b>28,667,062</b>	<b>(13,690,972)</b>
Effects of exchange rate changes on cash and cash equivalents	1	1
Cash and cash equivalents as at beginning of financial year	24,496,137	31,409,906
<b>Cash and cash equivalents as at end of financial period</b>	<b>53,163,200</b>	<b>17,718,935</b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	100,786,102	7,586,717
Bank overdraft	(97,872)	(1,386,760)
Short term fund	24,171,945	11,518,978
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	(71,696,975)	-
	<b>53,163,200</b>	<b>17,718,935</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 2020)

#### **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 2020, 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 2020 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 2020.

On 1 April 2020, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

<b>Title</b>	<b>Effective Date</b>
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020

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

#### **A2 Seasonal and Cyclical Factors**

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

#### **A3 Unusual Items due to Their Nature, Size or Incidence**

There were no unusual items that may affect the amount stated in the interim financial statements during the financial period ended 30 June 2020.

#### **A4 Change in Estimates**

There were no changes in estimates that had any material effect for the financial period ended 30 June 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 30 June 2020 except for the following:

##### Equity Securities

During the financial period under review, the Company had issued 12,650 new ordinary shares pursuant to conversions of 14,927 units of ICULS.

As at 30 June 2020, the number of ordinary shares were 297,159,094 shares. The number of outstanding ICULS stood at 7,137,934 units.

#### **A6 Dividend Paid**

There was no dividend paid during the financial period ended 30 June 2020.

#### A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<b>Year to Date and Quarter Ended 30 June 2020</b>			
Revenue (External)	23,471,006	6,930,562	30,401,568
Other income	1,040,753	162,776	1,203,529
Cost of inventories sold	-	(4,554,616)	(4,554,616)
Depreciation of PPE & right-of-use assets	(220,259)	(394,513)	(614,772)
Impairment allowance	(13,895,256)	(244,804)	(14,140,060)
Other expenses	(3,688,783)	(1,625,117)	(5,313,900)
Finance costs	(3,955,085)	(18,765)	(3,973,850)
<b>Profit/(Loss) before tax</b>	<b>2,752,376</b>	<b>255,523</b>	<b>3,007,899</b>
Segment assets	705,449,807	31,296,355	736,746,162
Segment liabilities	316,350,378	4,127,656	320,478,034
<b>Year to Date and Quarter Ended 30 June 2019</b>			
Revenue (External)	24,070,552	11,121,396	35,191,948
Other income	459,409	15,060	474,469
Cost of inventories sold	-	(7,147,209)	(7,147,209)
Depreciation of PPE & right-of-use assets	(143,331)	(380,806)	(524,137)
Impairment allowance	(4,501,921)	(188,208)	(4,690,129)
Other expenses	(6,383,691)	(3,025,700)	(9,409,391)
Finance costs	(1,567,099)	(45,506)	(1,612,605)
<b>Profit/(Loss) before tax</b>	<b>11,933,919</b>	<b>349,027</b>	<b>12,282,946</b>
Segment assets	546,297,879	30,271,651	576,569,530
Segment liabilities	161,422,592	5,282,483	166,705,075

#### 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 June 2020.

#### A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 30 June 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 30 June 2020.

#### A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 30 June 2020.



**B1 Review of Performance**

**YEAR TO DATE AND CURRENT QUARTER (FY2021-Q1 vs FY2020-Q1)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				3 months ended			
	30.06.2020	30.06.2019			30.06.2020	30.06.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	30,401,568	35,191,948	(4,790,380)	-14%	30,401,568	35,191,948	(4,790,380)	-14%
Profit before interest and tax	6,981,749	13,895,551	(6,913,802)	-50%	6,981,749	13,895,551	(6,913,802)	-50%
Profit before taxation	3,007,899	12,282,946	(9,275,047)	-76%	3,007,899	12,282,946	(9,275,047)	-76%
GROUP	As at		Variance	Variance			Variance	Variance
	30.06.2020				30.06.2019			
	RM	RM			RM	%		
Hire Purchase Receivables	567,839,848	513,000,395	54,839,453	11%				
Bank Borrowings	190,033,969	126,827,363	63,206,606	50%				
Medium Term Notes ("MTN")	103,923,959	-	103,923,959	N/A				

The ongoing Coronavirus ("Covid-19") outbreak and the unprecedented Movement Control Order ("MCO") declared by the Malaysian Government from March to May 2020, 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 decreased by 14% to RM30.40 million mainly due to lower revenue contribution from the furniture segment. Meanwhile, the Group's profit before tax decreased by 76% to RM3.00 million as the MCO disruptions had severely affected the Group's result due to significantly higher impairment allowances incurred for the hire purchase segment.

Hire purchase receivables as at 30 June 2020 stood at RM567.84 million, which is 11% higher than the previous year.

In line with the Group's capital management strategy to leverage up in the past two years, total bank borrowings increased by 50% mainly due to higher drawdown of block discounting facilities and while MTNs were issued in the second quarter of the previous financial year to finance the increase of hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.70 times.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				3 months ended			
	30.06.2020	30.06.2019			30.06.2020	30.06.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	23,471,006	24,070,552	(599,546)	-2%	23,471,006	24,070,552	(599,546)	-2%
Profit before interest and tax	6,707,461	13,501,018	(6,793,557)	-50%	6,707,461	13,501,018	(6,793,557)	-50%
Profit before taxation	2,752,376	11,933,919	(9,181,543)	-77%	2,752,376	11,933,919	(9,181,543)	-77%

Revenue decreased by 2% to RM23.47 million, as a result of disruptions to the hire purchase business activities during the quarter.

Impairment allowance increased by 209% to RM13.90 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 0.94% to 2.46%. The higher impairment allowance and credit loss charge were mainly due to the slower repayment from hirers as a result of the ongoing pandemic crisis.

Other expenses reduced by 42% to RM3.69 million mainly due to lower staff costs. Cost to income ratio remains at a manageable level of 19%.

As a result of higher borrowings and debt securities, the finance cost increased by 152% to RM3.96 million.

The profit before tax decreased by 77% to RM2.75 million mainly due to higher impairment allowances for the quarter ended 30 June 2020.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				3 months ended			
	30.06.2020	30.06.2019			30.06.2020	30.06.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	6,930,562	11,121,396	(4,190,834)	-38%	6,930,562	11,121,396	(4,190,834)	-38%
Profit before interest and tax	274,288	394,533	(120,245)	-30%	274,288	394,533	(120,245)	-30%
Profit before taxation	255,523	349,027	(93,504)	-27%	255,523	349,027	(93,504)	-27%

Revenue decreased by 38% to RM6.93 million mainly due to disruptions caused by the MCO as no delivery of goods could be made during the MCO period.

Impairment allowance increased by RM0.06 million to RM0.24 million. Other expenses reduced by RM1.40 million to RM1.63 million mainly due to lower selling, distribution and staff cost.

The segment recorded a profit before tax of RM0.26 million for the quarter ended 30 June 2020.

## B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	30.06.2020	31.03.2020		
	RM	RM	RM	%
Revenue	30,401,568	37,500,248	(7,098,680)	-19%
Profit before interest and tax	6,981,749	13,293,336	(6,311,587)	-47%
Profit before taxation	3,007,899	9,195,976	(6,188,077)	-67%
Hire purchase receivables	567,839,848	610,421,610	(42,581,762)	-7%
Bank borrowings	190,033,969	195,459,073	(5,425,104)	-3%
Medium term notes	103,923,959	103,792,628	131,331	0%

The Group's profit before tax for the current quarter of RM3.01 million was lower as compared to RM9.20 million of the immediate preceding quarter mainly due to lower profit contribution from the hire purchase segment in the current quarter, amidst the ongoing pandemic crisis.

## B3 Prospects and Outlook

The current financial year (FY2021) is expected to be a very challenging year for the used car financing industry following the Covid-19 global crisis.

Unemployment is expected to increase significantly as we move further towards the second half of 2020. This would translate into a lower propensity to spend by consumers. Business confidence is also expected to remain low as the total impact and cost of the pandemic have yet to be determined. Investments by the private sector are expected to be subdued.

These factors play a vital role in the decision making process when it comes to purchasing a used car. At the same time, they may also affect our borrowers' ability to fulfill their repayment commitment.

In view of this muted operating outlook, ELK-Desa does not expect its hire purchase portfolio to grow further in the near future and is bracing itself for performance to be adversely affected in the next 12 months.

As such, in the immediate to medium term, the Group intends to preserve the quality of its assets by intensifying its credit risk management. It will also remain agile and focused on streamlining its existing processes to improve operational efficiencies and optimise operating cost.

Negative consumer sentiment amidst a sluggish property market will also affect the Group's furniture trading business. As a wholesaler for the domestic market, ELK-Desa must now take a more cautious approach in engaging and working with credible and reliable furniture dealers in order to protect its cash flow and minimise defaults.

With the bank moratorium ending in September 2020, coupled with a further round of movement restrictions due to a possible third wave of Covid-19 infections in Malaysia, the remaining quarters of FY2021 remain highly uncertain.

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.

While the Group is working diligently and cohesively to weather the storm for the financial year ending 31 March 2021, the Board is committed to protect the shareholders' value and uphold its 60% dividend policy.

#### 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 June 2020 are set out below:

	<b>3 months ended 30.06.2020 RM</b>
(a) Income Tax	700,397
(b) Deferred Taxation	10,040
	<u>710,437</u>

The Group's effective tax rate for the current quarter is broadly in line with the statutory tax rate.

#### 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 30.06.2020 RM</b>	<b>As at 30.06.2019 RM</b>
<b>Borrowings</b>			
Block Discounting Payables	- within 1 year	63,474,012	54,440,655
(Fixed rate and secured)	- later than 1 year	109,134,085	72,386,708
		<u>172,608,097</u>	<u>126,827,363</u>
Term Loan	- within 1 year	4,008,000	-
(Floating and unsecured)	- later than 1 year	13,320,000	-
		<u>17,328,000</u>	<u>-</u>
Bank overdraft		97,872	-
Total Borrowings		<u>190,033,969</u>	<u>126,827,363</u>
<b>Debt Securities</b>			
ICULS - liability component	- later than 1 year	319,061	550,220
Medium Term Notes	- within 1 year	49,474,675	-
	- later than 1 year	54,449,284	-
		<u>103,923,959</u>	<u>-</u>
Total Debt Securities		<u>104,243,020</u>	<u>550,220</u>

#### B8 Changes in Material Litigation

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

#### B9 Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

### 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 30.06.2020	Quarter ended 30.06.2019	Year to date ended 30.06.2020	Year to date ended 30.06.2019
Profit after taxation (RM)	2,297,462	9,274,647	2,297,462	9,274,647
Weighted average number of ordinary shares (units)	297,147,556	296,332,661	297,147,556	296,332,661
Basic earnings per ordinary share (sen)	0.77	3.13	0.77	3.13

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 30.06.2020	Quarter ended 30.06.2019	Year to date ended 30.06.2020	Year to date ended 30.06.2019
Profit after taxation (RM)	2,297,462	9,274,647	2,297,462	9,274,647
Interest expense on ICULS, net of tax (RM)	26,204	30,475	26,204	30,475
Adjusted profit after tax (RM)	2,323,666	9,305,122	2,323,666	9,305,122
Weighted average number of ordinary shares (units)	297,147,556	296,332,661	297,147,556	296,332,661
Adjustment for potential dilutive shares (units)	6,060,704	6,875,599	6,060,704	6,875,599
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)	0.77	3.07	0.77	3.07

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

The audited financial statements of the Group for the preceding financial year ended 30 June 2020 was not qualified.

### B12 Notes to the Statement of Comprehensive Income

	3 months ended 30.06.2020 RM
Profit before taxation is arrived at after charging:	
Interest expense	3,952,005
Interest on lease liabilities	21,845
And crediting :	
Interest income	736,314
Unrealised foreign exchange (loss) / gain	(55,322)
Realised foreign exchange (loss) / gain	(61,862)

### 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 30.06.2020 RM	As at 31.03.2020 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	94,668,200	104,595,449
- Unrealised	5,145,178	5,145,178
	99,813,378	109,740,627
Less: Consolidation adjustments	(33,783,859)	(34,863,291)
Total retained earnings as per consolidation accounts	66,029,519	74,877,336