

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 198901002858 (180164-X))

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

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM	RM	RM	RM
Revenue	37,204,585	38,654,047	105,000,071	110,470,086
Other income	533,516	1,177,616	2,644,256	2,844,360
Cost of inventories sold	(9,395,353)	(7,168,000)	(23,184,331)	(21,332,695)
Depreciation of PPE & right-of-use assets	(673,551)	(594,727)	(1,940,863)	(1,699,831)
Impairment allowance	(3,285,137)	(6,229,303)	(19,902,610)	(15,572,315)
Other expenses	(8,984,537)	(8,829,357)	(23,961,218)	(27,943,919)
Finance costs	(3,010,004)	(3,759,164)	(10,174,519)	(8,402,413)
Profit before taxation	12,389,519	13,251,112	28,480,786	38,363,273
Taxation	(3,305,825)	(3,818,873)	(7,358,741)	(10,040,807)
Profit for the financial period	9,083,694	9,432,239	21,122,045	28,322,466
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	9,083,694	9,432,239	21,122,045	28,322,466
Earnings per ordinary share - basic (sen)	3.06	3.17	7.11	9.54
Earnings per ordinary share - diluted (sen)	3.00	3.12	6.99	9.37

(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 31 December 2020

(The figures have not been audited.)

	As at 31.12.2020 RM	As at 31.03.2020 RM
ASSETS		
Non-current assets		
Property, plant and equipment	10,994,346	10,621,921
Hire purchase receivables	384,857,593	466,156,634
Right-of-use assets	2,578,865	2,325,635
Deferred tax assets	7,043,467	5,232,016
	405,474,271	484,336,206
Current assets		
Inventories	9,787,574	12,386,172
Other assets	561,731	2,126,303
Trade receivables	16,101,768	13,912,372
Hire purchase receivables	138,267,649	144,264,976
Other receivables, deposits and prepayments	2,318,755	1,912,425
Short term funds	29,748,701	14,042,200
Cash and bank balances	62,577,957	77,597,465
	259,364,135	266,241,913
Total assets	<u>664,838,406</u>	<u>750,578,119</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	344,416,738	344,340,237
Retained earnings	77,416,682	74,877,336
ICULS - equity component	5,832,123	5,895,891
Total equity	427,665,543	425,113,464
LIABILITIES		
Non-current liabilities		
ICULS - liability component	230,991	361,824
Block discounting payables - secured	87,243,000	112,969,929
Term loan - unsecured	11,316,000	14,322,000
Medium term notes	19,711,947	54,317,953
Lease liabilities	1,086,171	1,005,897
Deferred tax liabilities	8,496	-
	119,596,605	182,977,603
Current liabilities		
Trade payables	7,238,906	11,156,469
Other payables and accruals	7,735,775	8,204,201
Block discounting payables - secured	55,852,064	64,159,143
Term loan - unsecured	4,008,000	4,008,000
Medium term notes	34,474,675	49,474,675
Lease liabilities	1,558,560	1,387,690
Bank overdraft	59,604	149,838
Current tax liabilities	6,648,674	3,947,036
	117,576,258	142,487,052
Total liabilities	<u>237,172,863</u>	<u>325,464,655</u>
TOTAL EQUITY AND LIABILITIES	<u>664,838,406</u>	<u>750,578,119</u>
Net assets per share	1.44	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 31 December 2020
(The figures have not been audited.)

	Number of Issued Shares Unit	Share Capital RM	Retained Earnings RM	ICULS - equity component RM	Total Equity RM
Balance as at 1 April 2019	296,148,507	343,162,661	60,900,167	6,877,394	410,940,222
Total comprehensive income	-	-	28,322,466	-	28,322,466
Issuance of shares upon conversion of ICULS	997,937	1,177,576	(115,473)	(981,503)	80,600
Final dividend for financial year ended 31 March 2019	-	-	(10,395,853)	-	(10,395,853)
Interim dividend for financial year ended 31 March 2020	-	-	(10,402,828)	-	(10,402,828)
Balance as at 31 December 2019	297,146,444	344,340,237	68,308,479	5,895,891	418,544,607
Balance as at 1 April 2020	297,146,444	344,340,237	74,877,336	5,895,891	425,113,464
Total comprehensive income	-	-	21,122,045	-	21,122,045
Issuance of shares upon conversion of ICULS	64,830	76,501	(9,115)	(63,768)	3,618
Second interim dividend for financial year ended 31 March 2020	-	-	(11,143,503)	-	(11,143,503)
Interim dividend for financial year ending 31 March 2021	-	-	(7,430,081)	-	(7,430,081)
Balance as at 31 December 2020	297,211,274	344,416,738	77,416,682	5,832,123	427,665,543

(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 31 December 2020

(The figures have not been audited.)

	9 months ended	
	31.12.2020	31.12.2019
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	28,480,786	38,363,273
Adjustment for :		
Depreciation of property, plant and equipment	861,816	688,748
Depreciation of right-of-use assets	1,079,047	1,011,083
Loss/(Gain) on disposal of property, plant and equipment	(1,599)	-
Derecognition of right-of-use assets	(3,336)	-
Property, plant and equipment written off	-	1
Impairment allowances made for the financial year:		
- hire-purchase receivables	21,650,261	16,479,886
- trade receivables	(165,167)	469,991
Interest expense	10,096,161	8,270,044
Interest on lease liabilities	78,358	132,369
Interest income	(1,279,643)	(858,635)
Income from short term funds	(516,800)	(899,839)
Unrealised (gain) / loss on foreign exchange	101,116	5,371
Operating profit before working capital changes	60,381,000	63,662,292
Changes in working capital:		
Inventories	2,598,598	(1,893,361)
Other assets	1,564,572	(541,042)
Hire purchase receivables	65,646,107	(141,717,187)
Trade receivables	(2,137,763)	(1,487,227)
Other receivables, deposits and prepayments	(406,330)	(16,635)
Trade payables	(3,917,563)	1,450,181
Other payables and accruals	1,965,574	1,985,723
	65,313,195	(142,219,548)
Cash generated from/(used in) operations	125,694,195	(78,557,256)
Tax paid	(6,461,200)	(7,532,924)
Net cash from/(used in) operating activities	119,232,995	(86,090,180)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(1,251,742)	(733,511)
Net withdrawal / (placement) of fixed deposit with licensed banks with original maturity of more than three (3) months	25,987,930	(46,369,616)
Proceeds from disposal of property, plant and equipment	19,100	-
Interest received	1,279,643	858,635
Income received from short term funds	516,800	899,839
Net cash from/(used in) investing activities	26,551,731	(45,344,653)
<u>Cash flows from financing activities</u>		
Net drawdown/(repayment) of term loans	(3,006,000)	19,332,000
Net drawdown/(repayment) of block discounting payables	(34,151,580)	47,838,078
Interest paid	(12,132,249)	(8,404,034)
Repayment of lease liabilities	(1,156,156)	(1,084,861)
Dividend paid	(18,573,584)	(10,395,854)
(Repayment) / Issuance of medium term notes	(50,000,000)	105,000,000
Medium term notes issuance costs	-	(1,575,976)
Net cash from/(used in) financing activities	(119,019,569)	150,709,353

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

For the financial period ended 31 December 2020

(The figures have not been audited.)

	9 months ended	
	31.12.2020	31.12.2019
	RM	RM
Net increase/(decrease) in cash and cash equivalents during the financial period	26,765,157	19,274,520
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents as at beginning of financial year	24,496,137	31,409,907
Cash and cash equivalents as at end of financial period	51,261,294	50,684,427
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	62,577,957	65,518,992
Bank overdraft	(59,604)	-
Short term fund	29,748,701	31,535,051
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	(41,005,760)	(46,369,616)
	51,261,294	50,684,427

(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.

Title	Effective Date
<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 31 December 2020.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 December 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 December 2020 except for the following:

Equity Securities

During the financial period under review, the Company had issued 64,830 new ordinary shares pursuant to conversions of 76,501 units of ICULS.

As at 31 December 2020, the number of ordinary shares were 297,211,274 shares. The number of outstanding ICULS stood at 7,076,360 units.

Debt Securities

In July 2020, the Group has redeemed its Senior Medium Term Notes amounting to RM 50million.

A6 Dividend Paid

On 16 July 2020, the Company had paid a second interim single tier dividend of 3.75 sen per share in respect of the financial year ended 31 March 2020, the dividend amounting to RM11.14 million.

On 18 December 2020, the Company had paid a single-tier interim dividend of 2.50 sen per share for the financial year ending 31 March 2021 amounting to RM7.40 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
Quarter Ended 31 December 2020			
Revenue (External)	23,099,863	14,104,722	37,204,585
Other income	456,565	76,951	533,516
Cost of inventories sold	-	(9,395,353)	(9,395,353)
Depreciation of PPE & right-of-use assets	(275,212)	(398,339)	(673,551)
Impairment allowance	(3,470,340)	185,203	(3,285,137)
Other expenses	(5,555,728)	(3,428,809)	(8,984,537)
Finance costs	(2,988,606)	(21,398)	(3,010,004)
Profit/(Loss) before tax	11,266,542	1,122,977	12,389,519

Quarter Ended 31 December 2019

Revenue (External)	27,641,608	11,012,439	38,654,047
Other income	1,166,187	11,429	1,177,616
Cost of inventories sold	-	(7,168,000)	(7,168,000)
Depreciation of PPE & right-of-use assets	(209,598)	(385,129)	(594,727)
Impairment allowance	(6,027,706)	(201,597)	(6,229,303)
Other expenses	(5,923,352)	(2,906,005)	(8,829,357)
Finance costs	(3,721,525)	(37,639)	(3,759,164)
Profit/(Loss) before tax	12,925,614	325,498	13,251,112

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
9 months Ended 31 December 2020			
Revenue (External)	69,810,244	35,189,827	105,000,071
Other income	2,126,110	518,146	2,644,256
Cost of inventories sold	-	(23,184,331)	(23,184,331)
Depreciation of PPE & right of use assets	(751,911)	(1,188,952)	(1,940,863)
Impairment allowance	(20,113,282)	210,672	(19,902,610)
Other expenses	(15,568,684)	(8,392,534)	(23,961,218)
Finance costs	(10,109,185)	(65,334)	(10,174,519)
Profit/(Loss) before tax	25,393,292	3,087,494	28,480,786

Segment assets	629,103,198	35,735,208	664,838,406
Segment liabilities	230,981,191	6,191,672	237,172,863

9 months Ended 31 December 2019

Revenue (External)	77,384,573	33,085,513	110,470,086
Other income	2,805,866	38,494	2,844,360
Cost of inventories sold	-	(21,332,695)	(21,332,695)
Depreciation of property, plant and equipment	(554,362)	(1,145,469)	(1,699,831)
Impairment allowance	(15,144,353)	(427,962)	(15,572,315)
Other expenses	(19,020,990)	(8,922,929)	(27,943,919)
Finance costs	(8,276,950)	(125,463)	(8,402,413)
Profit/(Loss) before tax	37,193,784	1,169,489	38,363,273

Segment assets	712,862,654	31,833,564	744,696,218
Segment liabilities	320,695,660	5,455,950	326,151,610

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 31 December 2020.

A10 Changes in Contingent Liabilities and Contingent Assets

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

A12 Related Party Disclosures

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

B1 Review of Performance

CURRENT QUARTER (FY2021-Q3 vs FY2020-Q3)

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2020	31.12.2019			31.12.2020	31.12.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	37,204,585	38,654,047	(1,449,462)	-4%	105,000,071	110,470,086	(5,470,015)	-5%
Profit before interest and tax	15,399,523	17,010,276	(1,610,753)	-9%	38,655,305	46,765,686	(8,110,381)	-17%
Profit before taxation	12,389,519	13,251,112	(861,593)	-7%	28,480,786	38,363,273	(9,882,487)	-26%
GROUP	As at		Variance	Variance				
	31.12.2020				31.12.2019			
	RM	RM			RM	%		
Hire Purchase Receivables	523,125,242	601,691,135	(78,565,893)	-13%				
Bank Borrowings	158,478,668	181,319,193	(22,840,525)	-13%				
Medium Term Notes ("MTN")	54,186,622	105,909,977	(51,723,355)	-49%				

The ongoing Coronavirus ("Covid-19") outbreak and the Movement Control Order ("MCO") declared by the Malaysian Government has resulted in disruptions to our Group's business and operations.

The Group's revenue and profit before tax for the quarter decreased to RM37.20 million and RM12.39 million respectively mainly due to lower contribution from the hire-purchase segment.

Hire purchase receivables as at 31 December 2020 stood at RM523.13 million, which is 13% lower than the previous year.

The Group's bank borrowings decreased by 13% mainly due to repayment of block discounting facilities. MTNs were reduced by 49% due to a redemption of a senior note on its maturity date during the financial year. As at 31 December 2020, the Group's gearing remains at a low level of 0.49 times.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2020	31.12.2019			31.12.2020	31.12.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	23,099,863	27,641,608	(4,541,745)	-16%	69,810,244	77,384,573	(7,574,329)	-10%
Profit before interest and tax	14,255,148	16,647,139	(2,391,991)	-14%	35,502,477	45,470,734	(9,968,257)	-22%
Profit before taxation	11,266,542	12,925,614	(1,659,072)	-13%	25,393,292	37,193,784	(11,800,492)	-32%

Revenue decreased by 16% to RM23.10 million, as a result of a smaller hire purchase portfolio coupled with significantly lower new hire purchase disbursements during the quarter.

Impairment allowance decreased by 42% to RM3.47 million while credit loss charge (i.e. impairment allowance over average net hire purchase receivables) decreased from 0.98% to 0.62%. The impairment allowance and credit loss charge were lower during the quarter as the Group was able to resume its recovery activities after the movement controls was gradually relaxed.

Other expenses reduced by 6% to RM5.56 million mainly due to lower operating costs as a result of lower business activities. Cost to income ratio remains at a manageable level of 28%. Finance cost reduced by 20% to RM3.0 million due to lower borrowings.

The profit before tax decreased by 13% to RM11.27 million mainly due to lower revenue derived during the quarter.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2020	31.12.2019			31.12.2020	31.12.2019		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	14,104,722	11,012,439	3,092,283	28%	35,189,827	33,085,513	2,104,314	6%
Profit before interest and tax	1,144,375	363,137	781,238	215%	3,152,828	1,294,952	1,857,876	143%
Profit before taxation	1,122,977	325,498	797,479	245%	3,087,494	1,169,489	1,918,005	164%

Revenue increased by 28% to RM14.10 million mainly due to significantly higher domestic sales. After the MCO was uplifted, the furniture segment experienced a very vibrant business activity in the furniture industry as there was pent up consumer demand for home furnitures.

Impairment allowance decreased by RM0.39 million due to better repayment from furniture dealers.

Other expenses increased by 18% to RM3.43 million mainly due to higher staff cost.

The segment recorded a higher profit before tax of RM1.12 million for the quarter ended 31 December 2020 mainly due to higher revenue, stable profit margins and lower impairment allowances.

YEAR-TO-DATE (FY2021 YTD vs FY2020 YTD)

The Group's revenue decreased by 5% to RM105 million while the profit before tax decreased by 26% to RM28.50 million. The decrease in revenue and profit before tax were mainly due to lower contributions from the hire purchase segment for the financial period ended 30 December 2020.

Hire Purchase Segment

Revenue decreased by 10% from RM77.38 million to RM69.81 million, mainly due to lower new hire purchase disbursements during the 9 months period.

Impairment allowance increased by 33% to RM20.11 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 2.75% to 3.41%. The higher impairment allowance and credit loss charge were incurred mainly in the first quarter arising from slower hirer repayment as a result of the ongoing pandemic crisis and MCO disruptions to our recovery activities.

Other expenses decreased by 18% to RM15.57 million mainly due lower staff costs. Cost to income ratio remains at a manageable level of 26%.

Finance cost increased by 22% to RM10.11 million mainly due to higher borrowings at the beginning of financial year. The finance cost has been reducing gradually during the financial year as a result of the Group's concerted effort to pair down its borrowing.

The profit before tax for the nine (9) months period decreased by 32% from RM37.19 million to RM25.39 million mainly due to lower revenue and higher impairment allowances.

Furniture Segment

Revenue increased by 6% to RM35.19 million mainly due to higher domestic sales. After the MCO was uplifted, the furniture segment experienced a very vibrant business activity in the furniture industry as there was pent up consumer demand for home furnitures.

Other income increased significantly by RM0.46 million mainly due to subsidies received under the wage subsidy programme that was implemented by the government to assist employers in retaining their workers.

Impairment allowance decreased by RM0.64 million due to better repayment from furniture dealers.

Depreciation and other expenses decreased 5% to RM9.58 million mainly due to lower selling and distribution cost.

The segment recorded a significantly higher profit before tax of RM3.09 million for the nine (9) months period ended 31 December 2020 mainly due to wage subsidies received, cost efficiencies and lower impairment allowances.

B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	31.12.2020	30.09.2020		
	RM	RM	RM	%
Revenue	37,204,585	37,393,918	(189,333)	-1%
Profit before interest and tax	15,399,523	16,574,168	(1,174,645)	-7%
Profit before taxation	12,389,519	13,383,503	(993,984)	-7%
Hire purchase receivables	523,125,242	539,574,291	(16,449,049)	-3%
Bank borrowings	158,478,668	170,704,052	(12,225,384)	-7%
Medium term notes	54,186,622	54,055,290	131,332	0%

The Group's profit before tax for the current quarter of RM12.39 million was lower as compared to RM13.38 million of the immediate preceding quarter due to a lower profit contribution from the hire purchase segment in the current quarter.

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.

The unemployment rate is expected to remain elevated in the coming months, as a slower recovery is seen in the labour market amid more movement restrictions in Malaysia arising from the third wave of Covid-19 infection cases. 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.

In October 2020, the Government has gazetted the Temporary Measures for Reducing the Impact of Covid-19 Act 2020 which suspended the Group's right to perform repossession activities from October to December 2020. In December 2020, the suspension of repossession activities was further extended to March 2021. It remains uncertain whether there will be any extension of this measure beyond March 2021.

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. On the positive side, we have seen higher demands for household furnitures in recent months. We expect that this short term pent up demand to normalise in the coming months.

With the bank moratorium that has ended in September 2020, coupled with a further round of movement restrictions due to the 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 31 December 2020 are set out below:

	3 months ended 31.12.2020	9 months ended 31.12.2020
	RM	
(a) Income Tax	5,130,043	9,162,838
(b) Deferred Taxation	<u>(1,824,218)</u>	<u>(1,804,097)</u>
	<u>3,305,825</u>	<u>7,358,741</u>

The effective tax rate of the Group for the current quarter ended 31 December 2020 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.

Borrowings		As at 31.12.2020	As at 31.12.2019
		RM	
Block Discounting Payables	- within 1 year	55,852,064	60,630,813
(Fixed rate and secured)	- later than 1 year	87,243,000	101,266,897
		143,095,064	161,897,710
Term Loan	- within 1 year	4,008,000	4,097,483
(Floating and unsecured)	- later than 1 year	11,316,000	15,324,000
		15,324,000	19,421,483
Bank overdraft		59,604	-
Total Borrowings		<u>158,478,668</u>	<u>181,319,193</u>
Debt Securities			
ICULS - liability component	- later than 1 year	230,991	403,136
Medium Term Notes	- within 1 year	34,474,675	53,204,505
	- later than 1 year	19,711,947	52,705,472
		54,186,622	105,909,977
Total Debt Securities		<u>54,417,613</u>	<u>106,313,113</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 (3Q 2020 : Nil).

Year-to-date ("YTD") dividend for the financial period ended 31 December 2020 is 2.50 sen per ordinary share (YTD FY2020: 3.50 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 31.12.2020	Quarter ended 31.12.2019	Year to date ended 31.12.2020	Year to date ended 31.12.2019
Profit after taxation (RM)	9,083,694	9,432,239	21,122,045	28,322,466
Weighted average number of ordinary shares (units)	297,193,845	297,112,384	297,172,436	296,787,735
Basic earnings per ordinary share (sen)	3.06	3.17	7.11	9.54

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 31.12.2020	Quarter ended 31.12.2019	Year to date ended 31.12.2020	Year to date ended 31.12.2019
Profit after taxation (RM)	9,083,694	9,432,239	21,122,045	28,322,466
Interest expense on ICULS, net of tax (RM)	24,920	26,346	76,674	82,964
Adjusted profit after tax (RM)	9,108,614	9,458,585	21,198,719	28,405,430
Weighted average number of ordinary shares (units)	297,193,845	297,112,384	297,172,436	296,787,735
Adjustment for potential dilutive shares (units)	6,014,415	6,095,876	6,035,824	6,420,525
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)	3.00	3.12	6.99	9.37

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 December 2020 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2020	9 months ended 31.12.2020
Profit before taxation is arrived at after charging:		RM
Interest expense	2,981,685	10,096,161
Interest on lease liabilities	28,319	78,358
And crediting :		
Interest income	606,446	1,796,443
Unrealised foreign exchange (loss) / gain	(42,684)	(101,116)
Realised foreign exchange (loss) / gain	(33,855)	(89,316)

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 31.12.2020 RM	As at 31.03.2020 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	109,051,740	104,595,449
- Unrealised	6,977,791	5,145,178
	116,029,531	109,740,627
Less: Consolidation adjustments	(38,612,849)	(34,863,291)
Total retained earnings as per consolidation accounts	77,416,682	74,877,336