

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
31 DECEMBER 2021**

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 2021
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Revenue	38,198,676	37,204,585	92,933,518	105,000,071
Other income	461,263	533,516	1,601,342	2,644,256
Cost of inventories sold	(10,312,085)	(9,395,353)	(19,300,962)	(23,184,331)
Depreciation of PPE & right-of-use assets	(656,107)	(673,551)	(2,038,372)	(1,940,863)
Impairment allowance	(2,110,167)	(3,285,137)	(15,775,322)	(19,902,610)
Other expenses	(9,594,470)	(8,984,537)	(22,117,525)	(23,961,218)
Finance costs	(1,864,306)	(3,010,004)	(7,939,663)	(10,174,519)
Profit before taxation	14,122,804	12,389,519	27,363,016	28,480,786
Taxation	(3,604,584)	(3,305,825)	(7,126,007)	(7,358,741)
Profit for the financial period	10,518,220	9,083,694	20,237,009	21,122,045
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	10,518,220	9,083,694	20,237,009	21,122,045
Earnings per ordinary share - basic (sen)	3.53	3.06	6.80	7.11
Earnings per ordinary share - diluted (sen)	3.48	3.00	6.70	6.99

(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 2021)

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

As at 31 Decemebr 2021

(The figures have not been audited.)

	As at 31.12.2021 RM	As at 31.03.2021 RM
ASSETS		
Non-current assets		
Property, plant and equipment	11,109,219	11,069,698
Hire purchase receivables	337,203,529	385,842,527
Right-of-use assets	4,233,625	4,425,013
Deferred tax assets	11,009,128	8,830,394
	363,555,501	410,167,632
Current assets		
Inventories	10,404,345	9,073,407
Other assets	1,206,973	507,821
Trade receivables	16,558,846	17,311,074
Hire purchase receivables	132,088,741	136,954,548
Other receivables, deposits and prepayments	3,472,600	2,327,260
Current tax assets	429,171	48,240
Short term funds	52,103,712	15,461,222
Cash and bank balances	11,643,479	71,162,489
	227,907,867	252,846,061
Total assets	<u>591,463,368</u>	<u>663,013,693</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	344,870,046	344,449,188
Retained earnings	91,667,208	91,576,189
ICULS - equity component	5,454,296	5,805,076
Total equity	441,991,550	441,830,453
LIABILITIES		
Non-current liabilities		
ICULS - liability component	49,494	186,617
Block discounting payables - secured	74,742,779	76,707,640
Term loan - unsecured	7,308,000	10,314,000
Medium term notes	-	19,843,278
Lease liabilities	3,658,896	3,219,212
Deferred tax liabilities	2,168	862
	85,761,337	110,271,609
Current liabilities		
Trade payables	4,050,242	8,059,810
Other payables and accruals	4,957,644	7,802,936
Block discounting payables - secured	44,601,609	50,035,409
Term loan - unsecured	4,008,000	4,008,000
Medium term notes	-	34,474,675
Lease liabilities	732,943	1,303,103
Bank overdraft	97,993	262,576
Current tax liabilities	5,262,050	4,965,122
	63,710,481	110,911,631
Total liabilities	<u>149,471,818</u>	<u>221,183,240</u>
TOTAL EQUITY AND LIABILITIES	<u>591,463,368</u>	<u>663,013,693</u>
Net assets per share	1.49	1.49

(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 2021)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 2021
(The figures have not been audited.)

	Number of Issued Shares Units	Share Capital RM	Retained Earnings RM	ICULS - equity component RM	Total Equity RM
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 ended 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
Balance as at 1 April 2021	297,238,774	344,449,188	91,576,189	5,805,076	441,830,453
Total comprehensive income	-	-	20,237,009	-	20,237,009
Issuance of shares upon conversion of ICULS	356,658	420,858	(59,609)	(350,780)	10,469
Second Interim Dividend For Financial Year Ended 31 March 2021	-	-	(14,134,472)	-	(14,134,472)
Interim Dividend For Financial Year Ending 31 March 2022	-	-	(5,951,909)	-	(5,951,909)
Balance as at 31 December 2021	297,595,432	344,870,046	91,667,208	5,454,296	441,991,550

(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 2021)

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

For the financial period ended 31 December 2021

(The figures have not been audited.)

	9 months ended	
	31.12.2021	31.12.2020
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	27,363,016	28,480,786
Adjustment for :		
Depreciation of property, plant and equipment	818,871	861,816
Depreciation of right-of-use assets	1,219,501	1,079,047
Loss/(gain) on disposal of property, plant and equipment	(1,966)	(1,599)
Derecognition of right-of-use assets	-	(3,336)
Lease concession	(108,585)	-
Inventories written down / (written back)	(194,502)	-
Impairment allowances made for the financial year:		
- hire-purchase receivables	16,599,063	21,650,261
- trade receivables	151,718	(165,167)
Interest expense	7,756,301	10,096,161
Interest on lease liabilities	183,362	78,358
Interest income	(544,592)	(1,279,643)
Income from short term funds	(1,182,033)	(516,800)
Unrealised loss/(gain) on foreign exchange	(13,062)	101,116
Operating profit before working capital changes	52,047,092	60,381,000
Changes in working capital:		
Inventories	(1,136,436)	2,598,598
Other assets	(699,152)	1,564,572
Hire purchase receivables	36,905,742	65,646,107
Trade receivables	614,748	(2,137,763)
Other receivables, deposits and prepayments	(1,145,340)	(406,330)
Trade payables	(4,009,568)	(3,917,563)
Other payables and accruals	(2,094,524)	1,965,574
	28,435,470	65,313,195
Cash generated from/(used in) operations	80,482,562	125,694,195
Tax paid	(9,390,743)	(6,461,200)
Tax refunded	-	-
Net cash from/(used in) operating activities	71,091,819	119,232,995
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(886,726)	(1,251,742)
Net withdrawal/(placement) of fixed deposit with licensed banks with original maturity of more than three (3) months	5,022,466	25,987,930
Withdrawals/(Placements) of deposits assigned in favour of the trustee	(707,919)	(13,065,721)
Proceeds from disposal of property, plant and equipment	30,300	19,100
Interest received	544,592	1,279,643
Income received from short term funds	1,182,033	516,800
Net cash from/(used in) investing activities	5,184,746	13,486,010

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

For the financial period ended 31 December 2021

(The figures have not been audited.)

	9 months ended	
	31.12.2021	31.12.2020
	RM	RM
<u>Cash flows from financing activities</u>		
Net (repayment)/drawdown of term loans	(3,006,000)	(3,006,000)
Net (repayment)/drawdown of block discounting payables	(7,435,070)	(34,151,580)
Interest paid	(7,913,139)	(12,132,249)
Repayment of lease liabilities	(1,233,366)	(1,156,156)
Dividend paid	(20,086,381)	(18,573,584)
(Repayment)/Issuance of medium term notes	(55,000,000)	(50,000,000)
Net cash from/(used in) financing activities	(94,673,956)	(119,019,569)
Net increase/(decrease) in cash and cash equivalents during the financial period	(18,397,391)	13,699,436
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents as at beginning of financial year	79,530,215	(11,235,137)
Cash and cash equivalents as at end of financial period	61,132,824	2,464,299
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	11,643,479	62,577,957
Bank overdraft	(97,993)	(59,604)
Short term fund	52,103,712	29,748,701
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	-	(41,005,759)
Deposits assigned in favour of the trustee of special purpose entity	(2,516,374)	(48,796,996)
	61,132,824	2,464,299

(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 2021)

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 2021, 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 2021 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 2021.

On 1 April 2021, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2021

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 2021.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 December 2021.

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 2021 except for the following:

Equity Securities

During the financial period under review, the Company had issued 356,658 new ordinary shares pursuant to conversions of 420,858 units of ICULS.

As at 31 December 2021, the number of ordinary shares were 297,595,432 shares. The number of outstanding ICULS stood at 6,623,052 units.

Debt Securities

On July 2021, the Group has redeemed its Senior Medium Term Notes amounting to RM55 million. Out of RM55 million, RM35 million was redeemed on its maturity date in July 2021, and remaining RM20 million was redeemed one year earlier than its maturity date, i.e July 2022.

A6 Dividend Paid

On 18 June 2021, the Company had paid a second interim single tier dividend of 4.75 sen per share in respect of the financial year ended 31 March 2021, the dividend amounting to RM14.13 million.

On 16 December 2021, the Company had paid a single-tier interim dividend of 2.00 sen per share for the financial year ending 31 March 2022 amounting to RM5.95 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
Quarter Ended 31 December 2021			
Revenue (External)	22,350,898	15,847,778	38,198,676
Other income	303,342	157,921	461,263
Cost of inventories sold	-	(10,312,085)	(10,312,085)
Depreciation of PPE & right-of-use assets	(340,591)	(315,516)	(656,107)
Impairment allowance	(2,060,680)	(49,487)	(2,110,167)
Other expenses	(6,117,488)	(3,476,982)	(9,594,470)
Finance costs	(1,846,402)	(17,904)	(1,864,306)
Profit/(Loss) before tax	12,289,079	1,833,725	14,122,804

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

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
9 months Ended 31 December 2021			
Revenue (External)	63,851,134	29,082,384	92,933,518
Other income	1,308,960	292,382	1,601,342
Cost of inventories sold	-	(19,300,962)	(19,300,962)
Depreciation of PPE & right of use assets	(1,036,036)	(1,002,336)	(2,038,372)
Impairment allowance	(15,637,761)	(137,561)	(15,775,322)
Other expenses	(14,641,305)	(7,476,220)	(22,117,525)
Finance costs	(7,896,974)	(42,689)	(7,939,663)
Profit/(Loss) before tax	25,948,018	1,414,998	27,363,016
Segment assets	555,453,631	36,009,737	591,463,368
Segment liabilities	144,732,892	4,738,926	149,471,818

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

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 2021.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 31 December 2021.

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 2021.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 31 December 2021.

B1 Review of Performance

YEAR TO DATE AND CURRENT QUARTER (FY2022-Q3 vs FY2021-Q3)

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2021	31.12.2020			31.12.2021	31.12.2020		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	38,198,676	37,204,585	994,091	3%	92,933,518	105,000,071	(12,066,553)	-11%
Profit before interest and tax	15,987,110	15,399,523	587,587	4%	35,302,679	38,655,305	(3,352,626)	-9%
Profit before taxation	14,122,804	12,389,519	1,733,285	14%	27,363,016	28,480,786	(1,117,770)	-4%

GROUP	As at		Variance	Variance
	31.12.2021	31.12.2020		
	RM	RM		
Hire Purchase Receivables	469,292,270	523,125,242	(53,832,972)	-10%
Bank Borrowings	130,758,381	158,478,668	(27,720,287)	-17%
Medium Term Notes ("MTN")	-	54,186,622	(54,186,622)	-100%

The ongoing Coronavirus ("Covid-19") outbreak and the reintroduction of the Movement Control Order ("MCO") declared by the Malaysian Government from June to September 2021, has resulted in disruptions to our Group's business and operations.

The Group's revenue for the quarter increased to RM38.20 million due to the higher contribution from the furniture segment. Profit before tax for the quarter increased by 14% to RM14.12 million due to higher contribution from both hire purchase and furniture segments.

Hire purchase receivables as at 31 December 2021 stood at RM469.29 million, which is 10% lower than the previous year.

The Group's bank borrowings decreased by 17% mainly due to repayment of block discounting facilities and term loans. There was no outstanding balance for MTN as they were fully redeemed during the financial period. As at 31 December 2021, the Group's gearing remains at a low level of 0.30 times.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2021	31.12.2020			31.12.2021	31.12.2020		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	22,350,898	23,099,863	(748,965)	-3%	63,851,134	69,810,244	(5,959,110)	-9%
Profit before interest and tax	14,135,481	14,255,148	(119,667)	-1%	33,844,992	35,502,477	(1,657,485)	-5%
Profit before taxation	12,289,079	11,266,542	1,022,537	9%	25,948,018	25,393,292	554,726	2%

Revenue decreased by 3% to RM22.35 million, as a result of a smaller hire purchase portfolio.

Impairment allowance decreased by 41% to RM2.06 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) decreased from 0.62% to 0.40%. The lower impairment allowance and credit loss charge were mainly due to decrease in the non-performing accounts during the quarter.

Other expenses increased by 10% to RM6.12 million mainly due to higher operating costs such as staff and operating costs. Cost to income ratio remains at a manageable level of 31%. Finance cost reduced by 38% to RM1.85 million due to lower borrowings.

The profit before tax increased by 9% to RM12.29 million mainly due to the lower impairment allowance and borrowing cost during the quarter.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2021	31.12.2020			31.12.2021	31.12.2020		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	15,847,778	14,104,722	1,743,056	12%	29,082,384	35,189,827	(6,107,443)	-17%
Profit before interest and tax	1,851,629	1,144,375	707,254	62%	1,457,687	3,152,828	(1,695,141)	-54%
Profit before taxation	1,833,725	1,122,977	710,748	63%	1,414,998	3,087,494	(1,672,496)	-54%

Revenue increased by 12% to RM15.85 million mainly due to higher domestic furniture sales.

Other expenses increased marginally to RM3.48 million.

The segment recorded a profit before tax of RM1.83 million for the quarter ended 31 December 2021 mainly due to higher revenue.

YEAR-TO-DATE (FY2022 YTD vs FY2021 YTD)

The Group's revenue decreased by 11% to RM92.93 million while the profit before tax decreased by 4% to RM27.36 million. The decrease in revenue and profit before tax were mainly due to lower contribution from the furniture segment for the financial period ended 31 December 2021.

Hire Purchase Segment

Revenue decreased by 9% from RM69.81 million to RM63.85 million, mainly due to lower hire purchase portfolio.

Impairment allowance decreased by 22% to RM15.64 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) decreased from 3.41% to 2.92%. The lower impairment allowance and credit loss charge were mainly due to our hirers' continuous repayment trend during the financial period.

Other expenses decreased by 6% to RM14.64 million mainly due to lower operating costs when the office premises were closed. Cost to income ratio remains at a manageable level of 27%.

Finance cost decreased by 22% to RM7.90 million mainly due to lower borrowings and debt securities as a result of the Group's concerted effort to pare down its borrowings.

The profit before tax for the nine (9) months period increased marginally to RM25.95 million mainly due to lower impairment allowance and finance cost.

Furniture Segment

Revenue decreased by 17% to RM29.08 million mainly due to disruptions caused by the MCO as no delivery of goods could be made during the MCO period.

Other expenses decreased by 11% to RM7.48 million mainly due to lower operating costs such as selling and distribution costs.

The segment recorded a net profit before tax of RM1.41 million for the nine (9) months period ended 31 December 2021 due to higher revenue.

B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance RM	Variance %
	31.12.2021 RM	30.09.2021 RM		
Revenue	38,198,676	23,362,227	14,836,449	64%
Profit before interest and tax	15,987,110	9,499,447	6,487,663	68%
Profit before taxation	14,122,804	6,329,167	7,793,637	123%
Hire purchase receivables	469,292,270	469,869,190	(576,920)	0%
Bank borrowings	130,758,381	146,707,912	(15,949,531)	-11%

The Group's profit before tax for the current quarter of RM14.12 million was higher as compared to RM6.33 million of the immediate preceding quarter due to a higher profit contribution from both the hire purchase and furniture segments in the current quarter.

B3 Prospects and Outlook

Due to the disruptions from the full lockdown from June to September 2021, that affected both our hire-purchase and furniture businesses, ELK-Desa expects its performance for financial year ending 31 March 2022 to be lower than the previous financial year.

The operating landscape in the remaining part of the financial year (FY2022) is expected to have less uncertainties compared to a year ago. This stems from the on-going roll-out of the national vaccination programme, positive outcome of the Government's economic stimulus packages and the gradual recovery of global trade and economy. However, the recent unexpected and unprecedented floods in Kuala Lumpur and Selangor may have an impact to our hirers, albeit not substantial, in terms of potential damage of their vehicles and their loan repayment ability.

ELK-Desa expects demand for used-car financing to remain strong on the back of stable macro-economic factors including manageable unemployment rate, improving consumer and business confidence as well as controllable inflation. Barring any unforeseen shocks to the economy, we anticipate demand to continue to out-pace supply as this niche market remains underserved.

Demand for hire purchase solutions continue to be strong but disruptions to the economy caused by the pandemic, MCO and recent floods may hamper our customers' ability to fulfill their loan obligations. Moving forward, ELK-Desa is maintaining its cautious stance to protect the quality of its assets while ensuring that its hire purchase receivables does not decline any further. In addition, the Group will also remain vigilant in credit risk management while continuing to improve operational efficiencies and optimise operating cost.

For the Group's furniture trading business, demand for furniture products is also expected to remain resilient. The lifestyle in the new normal will see more and more people working and studying from home. Hence, we foresee an uptrend in consumers spending to make their homes better equipped for work and study.

In spite of the increased demand for affordable quality furniture products, raw material supply locally and globally have been hampered by logistic problems due to the pandemic while travel restrictions as well as foreign labour policies have caused labour shortages. ELK-Desa aims to focus on overcoming these supply chain issues by working closely with our suppliers.

Concurrently, being a furniture wholesaler for the domestic market, ELK-Desa is also committed to building strong relationships with furniture retailers across Malaysia in order to solidify our brand presence and grow.

Due to the substantially lower hire purchase portfolio, the performance for financial year ending 31 March 2022 is expected to be lower than the previous financial year. However, the Board remains committed to delivering its dividend policy of distributing not less than 60% of the Group's annual net profits after tax to shareholders.

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 2021 are set out below:

	3 months ended 31.12.2021	9 months ended 31.12.2021
	RM	RM
(a) Income Tax	3,286,850	9,306,740
(b) Deferred Taxation	317,734	(2,180,733)
	<u>3,604,584</u>	<u>7,126,007</u>

The effective tax rate of the Group for the current quarter ended 31 December 2021 was higher than the statutory tax rate mainly 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 31.12.2021	As at 31.12.2020
		RM	RM
Block Discounting Payables (Fixed rate and secured)	- within 1 year	44,601,609	55,852,064
	- later than 1 year	74,742,779	87,243,000
		119,344,388	143,095,064
Term Loan (Floating and unsecured)	- within 1 year	4,008,000	4,008,000
	- later than 1 year	7,308,000	11,316,000
		11,316,000	15,324,000
Bank overdraft		97,993	59,604
Total Borrowings		<u>130,758,381</u>	<u>158,478,668</u>
Debt Securities			
ICULS - liability component	- later than 1 year	49,494	230,991
Medium Term Notes	- within 1 year	-	34,474,675
	- later than 1 year	-	19,711,947
		-	54,186,622
Total Debt Securities		<u>49,494</u>	<u>54,417,613</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 FY2021 : Nil).

Year-to-date ("YTD") dividend for the financial period ended 31 December 2021 is 2.00 sen per ordinary share (YTD FY2021 : 2.50 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 31.12.2021	Quarter ended 31.12.2020	Year to date 31.12.2021	Year to date 31.12.2020
Profit after taxation (RM)	10,518,220	9,083,694	20,237,009	21,122,045
Weighted average number of ordinary shares (units)	297,590,495	297,193,845	297,515,873	297,172,436
Basic earnings per ordinary share (sen)	3.53	3.06	6.80	7.11

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 31.12.2021	Quarter ended 31.12.2020	Year to date 31.12.2021	Year to date 31.12.2020
Profit after taxation (RM)	10,518,220	9,083,694	20,237,009	21,122,045
Interest expense on ICULS, net of tax (RM)	22,008	24,920	67,692	76,674
Adjusted profit after tax (RM)	10,540,228	9,108,614	20,304,701	21,198,719
Weighted average number of ordinary shares (units)	297,590,495	297,193,845	297,515,873	297,172,436
Adjustment for potential dilutive shares (units)	5,617,765	6,014,415	5,692,387	6,035,824
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)	3.48	3.00	6.70	6.99

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2021 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2021	9 months ended 31.12.2021 RM
Profit before taxation is arrived at after charging:		
Interest expense	1,800,556	7,756,301
Interest on lease liabilities	63,749	183,362
And crediting :		
Interest income	468,938	1,726,625
Unrealised foreign exchange gain / (loss)	(14,140)	13,062
Realised foreign exchange gain / (loss)	(35,685)	(116,384)

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 31.12.2021 RM	As at 31.03.2021 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	115,430,827	116,682,670
- Unrealised	10,997,250	8,785,606
	126,428,077	125,468,276
Less: Consolidation adjustments	(34,760,869)	(33,892,087)
Total retained earnings as per consolidation accounts	91,667,208	91,576,189