

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
30 June 2023**

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 2023

(The figures have not been audited.)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>30.06.2023</u>	<u>30.06.2022</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Revenue	39,175,876	38,955,459	39,175,876	38,955,459
Other income	493,859	546,955	493,859	546,955
Cost of inventories sold	(7,838,170)	(9,284,570)	(7,838,170)	(9,284,570)
Depreciation of PPE & right-of-use assets	(647,820)	(679,739)	(647,820)	(679,739)
Impairment allowance	(7,059,637)	5,256,840	(7,059,637)	5,256,840
Other expenses	(10,421,590)	(9,748,372)	(10,421,590)	(9,748,372)
Finance costs	(2,592,460)	(1,672,412)	(2,592,460)	(1,672,412)
Profit before taxation	<u>11,110,058</u>	<u>23,374,161</u>	<u>11,110,058</u>	<u>23,374,161</u>
Taxation	(2,609,237)	(5,780,622)	(2,609,237)	(5,780,622)
Profit for the financial period	<u>8,500,821</u>	<u>17,593,539</u>	<u>8,500,821</u>	<u>17,593,539</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	<u>8,500,821</u>	<u>17,593,539</u>	<u>8,500,821</u>	<u>17,593,539</u>
Earnings per ordinary share - basic (sen)	<u>1.87</u>	<u>3.88</u>	<u>1.87</u>	<u>3.88</u>
Earnings per ordinary share - diluted (sen)	<u>1.87</u>	<u>3.87</u>	<u>1.87</u>	<u>3.87</u>

(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 2023)

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

As at 30 June 2023

(The figures have not been audited.)

	As at 30.06.2023 RM	As at 31.03.2023 RM
ASSETS		
Non-current assets		
Property, plant and equipment	33,173,489	33,200,590
Hire purchase receivables	430,473,728	430,791,408
Right-of-use assets	4,548,618	4,776,574
Deferred tax assets	10,590,305	12,889,992
	478,786,140	481,658,564
Current assets		
Inventories	17,432,448	17,221,446
Other assets	2,652,938	700,877
Trade receivables	16,043,004	17,623,180
Hire purchase receivables	143,995,968	144,311,538
Other receivables, deposits and prepayments	2,055,178	1,462,842
Current tax assets	393,216	402,140
Short term funds	47,717,126	11,251,658
Cash and bank balances	13,275,984	18,417,009
	243,565,862	211,390,690
Total assets	<u>722,352,002</u>	<u>693,049,254</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,493,098	351,493,098
Retained earnings	112,862,228	120,279,736
Total equity	464,355,326	471,772,834
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	162,202,077	127,228,240
Term loan - unsecured	1,296,000	2,298,000
Lease liabilities	3,944,789	4,153,095
	167,442,866	133,679,335
Current liabilities		
Trade payables	4,424,936	3,632,978
Other payables and accruals	6,276,440	7,852,595
Block discounting payables - secured	72,443,890	64,474,434
Term loan - unsecured	4,008,000	4,008,000
Lease liabilities	946,379	935,904
Bank overdraft	308,359	999,968
Current tax liabilities	2,145,806	5,693,206
	90,553,810	87,597,085
Total liabilities	<u>257,996,676</u>	<u>221,276,420</u>
TOTAL EQUITY AND LIABILITIES	<u>722,352,002</u>	<u>693,049,254</u>
Net assets per share	1.02	1.04

(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 2023)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2023
(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 2022	297,619,913	344,898,934	97,199,748	5,430,218	447,528,900
Total comprehensive income	-	-	17,593,539	-	17,593,539
Issuance of shares upon conversion of ICULS	5,587,206	6,594,164	(1,157,193)	(5,430,218)	6,753
Second interim dividend for financial year ended 31 March 2022	-	-	(9,854,277)	-	(9,854,277)
Balance as at 30 June 2022	303,207,119	351,493,098	103,781,817	-	455,274,915
Balance as at 1 April 2023	454,808,456	351,493,098	120,279,736	-	471,772,834
Total comprehensive income	-	-	8,500,821	-	8,500,821
Second interim dividend for financial year ended 31 March 2023	-	-	(15,918,329)	-	(15,918,329)
Balance as at 30 June 2023	454,808,456	351,493,098	112,862,228	-	464,355,326

(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 2023)

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

For the financial period ended 30 June 2023

(The figures have not been audited.)

	3 months ended	
	30.06.2023	30.06.2022
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	11,110,058	23,374,161
Adjustment for :		
Depreciation of property, plant and equipment	351,314	273,611
Depreciation of right-of-use assets	296,506	406,128
Gain on disposal of property, plant and equipment	(53,606)	-
Inventories written down	98,452	5,103
Impairment allowances made for the financial year:		
- hire-purchase receivables	7,531,680	(4,972,595)
- trade receivables	(265,833)	108,389
Interest expense	2,523,159	1,587,138
Interest on lease liabilities	69,301	85,274
Interest income	(139,912)	(90,652)
Income from short term funds	(30,449)	(10,927)
Unrealised loss/(gain) on foreign exchange	(67,372)	(84,858)
Operating profit before working capital changes	<u>21,423,298</u>	<u>20,680,772</u>
Changes in working capital:		
Inventories	(309,454)	(1,114,041)
Other assets	(1,952,061)	328,284
Hire purchase receivables	(6,898,430)	(29,165,055)
Trade receivables	1,913,381	85,104
Other receivables, deposits and prepayments	(592,336)	(1,017,945)
Trade payables	791,958	(818,546)
Other payables and accruals	(1,572,115)	(1,953,696)
	(8,619,057)	(33,655,895)
Cash (used in)/generated from operations	<u>12,804,241</u>	<u>(12,975,123)</u>
Tax paid	(3,848,025)	(3,173,025)
Net cash (used in)/from operating activities	<u>8,956,216</u>	<u>(16,148,148)</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(391,008)	(266,202)
Withdrawals of deposits assigned in favour of the trustee	-	1,120,686
Proceeds from disposal of property, plant and equipment	120,400	-
Interest received	139,912	90,652
Income received from short term funds	30,449	10,927
Net cash (used in)/from investing activities	<u>(100,247)</u>	<u>956,063</u>

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

For the financial period ended 30 June 2023

(The figures have not been audited.)

	3 months ended	
	30.06.2023	30.06.2022
	RM	RM
<u>Cash flows from financing activities</u>		
Net repayment of term loans	(1,002,000)	(1,002,000)
Net drawdown/(repayment) of block discounting payables	43,131,517	35,523,981
Interest paid	(2,715,424)	(1,917,127)
Repayment of lease liabilities	(335,681)	(447,900)
Dividend paid	(15,918,329)	(9,854,277)
Net cash from/(used in) financing activities	23,160,083	22,302,677
Net (decrease)/increase in cash and cash equivalents during the financial period	32,016,052	7,110,592
Cash and cash equivalents as at beginning of financial year	28,668,699	53,715,351
Cash and cash equivalents as at end of financial period	60,684,751	60,825,943
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	13,275,984	26,940,188
Bank overdraft	(308,359)	-
Short term fund	47,717,126	33,885,755
	60,684,751	60,825,943

(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 2023)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the first quarter ended 30 June 2023

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 2023, 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 2023 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 2023.

On 1 April 2023, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
MFRS 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17	<i>Insurance Contracts (Initial application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 year ended 30 June 2023.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 30 June 2023.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2023.

A6 Dividend Paid

On 22 June 2023, the Company had paid a second interim single tier dividend of 3.50 sen per share in respect of the financial year ended 31 March 2023, the dividend amounting to RM15.92 million.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2023

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>Year to Date and Quarter Ended 30 June 2023</u>			
Revenue (External)	26,737,841	12,438,035	39,175,876
Other income	403,541	90,318	493,859
Cost of inventories sold	-	(7,838,170)	(7,838,170)
Depreciation of PPE & right of use assets	(365,967)	(281,853)	(647,820)
Impairment allowance	(7,329,264)	269,627	(7,059,637)
Other expenses	(6,746,848)	(3,674,742)	(10,421,590)
Finance costs	(2,562,931)	(29,529)	(2,592,460)
Profit before tax	10,136,372	973,686	11,110,058
Segment assets	658,442,724	63,909,278	722,352,002
Segment liabilities	253,691,907	4,304,769	257,996,676
<u>Year to Date and Quarter Ended 30 June 2022</u>			
Revenue (External)	24,515,346	14,440,113	38,955,459
Other income	339,942	207,013	546,955
Cost of inventories sold	-	(9,284,570)	(9,284,570)
Depreciation of PPE & right-of-use assets	(338,430)	(341,309)	(679,739)
Impairment allowance	5,362,364	(105,524)	5,256,840
Other expenses	(6,252,824)	(3,495,548)	(9,748,372)
Finance costs	(1,630,836)	(41,576)	(1,672,412)
Profit before tax	21,995,562	1,378,599	23,374,161
Segment assets	583,669,114	39,984,625	623,653,739
Segment liabilities	163,668,224	4,710,600	168,378,824

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 2023.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 30 June 2023.

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 2023.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 30 June 2023.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2023

B1 Review of Performance**YEAR TO DATE AND CURRENT QUARTER (FY2024-Q1 vs FY2023-Q1)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				3 months ended			
	30.06.2023	30.06.2022			30.06.2023	30.06.2022		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	39,175,876	38,955,459	220,417	1%	39,175,876	38,955,459	220,417	1%
Profit before interest and tax	13,702,518	25,046,573	(11,344,055)	-45%	13,702,518	25,046,573	(11,344,055)	-45%
Profit before taxation	11,110,058	23,374,161	(12,264,103)	-52%	11,110,058	23,374,161	(12,264,103)	-52%

GROUP	As at		Variance	Variance
	30.06.2023	30.06.2022		
	RM	RM		
Hire Purchase Receivables	574,469,696	502,188,434	72,281,262	14%
Bank Borrowings	240,258,326	151,348,000	88,910,326	59%

The Group's revenue for the quarter increased marginally by 1% to RM39.18 million mainly due to higher contribution from hire purchase segment. However, the Group's profit before tax for the quarter decreased by 52% to RM11.11 million mainly due to an absence of reversal of impairment allowances for the hire purchase segment as compared to previous corresponding quarter.

Hire purchase receivables as at 30 June 2023 stood at RM574.47 million, which is 14% higher than the previous year that is in line with the Group's strategy to bring back its hire purchase receivables towards pre-pandemic levels.

The Group's bank borrowings increased by 59% as a result of higher drawdown of block discounting facilities to support the increased hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.52 times as compared to 0.33 times one year ago.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				3 months ended			
	30.06.2023	30.06.2022			30.06.2023	30.06.2022		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	26,737,841	24,515,346	2,222,495	9%	26,737,841	24,515,346	2,222,495	9%
Profit before interest and tax	12,699,303	23,626,398	(10,927,095)	-46%	12,699,303	23,626,398	(10,927,095)	-46%
Profit before taxation	10,136,372	21,995,562	(11,859,190)	-54%	10,136,372	21,995,562	(11,859,190)	-54%

Revenue increased by 9% to RM26.74 million mainly due to increase in hire purchase portfolio.

For the quarter, there was an impairment allowance amounting to RM7.33 million compared to a reversal of impairment allowance amounting to RM5.36 million in the corresponding period of the last financial year. There was a credit loss charge (i.e. impairment allowance over average net hire purchase receivables) of 1.18% compared to a reversal of credit loss charge of 1.01% in the corresponding period of the last financial year.

The reversal of impairment allowance and credit loss charge in the previous correspondence period were due to exceptionally good collection and positive recovery activities. Net impaired loans ratio increased from 1.92% as at 31 March 2023 to 2.25% as at 30 June 2023.

Other expenses increased by 8% to RM6.75 million mainly due to higher operating and staff costs. Cost to income ratio stood at 29% during the quarter as compared to 28% in the previous corresponding quarter. Finance cost increased by 57% to RM2.56 million mainly due to the higher block discount interest expenses as a result of higher drawdown of block discounting facilities to support the increased hire purchase receivables.

The profit before tax decreased by 54% to RM10.14 million mainly due to an absence of reversal of impairment allowances for the hire purchase segment as compared to previous corresponding quarter.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2023

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				3 months ended			
	30.06.2023	30.06.2022	RM	RM	RM	RM	RM	%
Revenue	12,438,035	14,440,113	(2,002,078)	-14%	12,438,035	14,440,113	(2,002,078)	-14%
Profit before interest and tax	1,003,215	1,420,175	(416,960)	-29%	1,003,215	1,420,175	(416,960)	-29%
Profit before taxation	973,686	1,378,599	(404,913)	-29%	973,686	1,378,599	(404,913)	-29%

Revenue decreased by 14% to RM12.44 million mainly due to lower furniture sales in this quarter as compared to the previous corresponding quarter. Despite the decrease in revenue, the gross profit margin increased from 36% to 37% mainly due to significant lower freight charges.

Other expenses increased by 5% to RM3.67 million mainly due to higher staff costs.

The segment recorded a lower profit before tax of RM0.97 million mainly due to lower sales for the quarter ended 30 June 2023.

B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	30.06.2023	31.03.2023		
	RM	RM	RM	%
Revenue	39,175,876	40,295,065	(1,119,189)	-3%
Profit before interest and tax	13,702,518	12,515,170	1,187,348	9%
Profit before taxation	11,110,058	9,954,886	1,155,172	12%
Hire purchase receivables	574,469,696	575,102,946	(633,250)	0%
Bank borrowings	240,258,326	199,008,642	41,249,684	21%

The Group's profit before tax for the current quarter of RM11.11 million was higher as compared to RM9.95 million of the immediate preceding quarter mainly due to a higher profit contribution from hire purchase segment in the current quarter.

B3 Prospects and Outlook

The Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment, according to Bank Negara Malaysia's ("BNM") fourth quarter report of 2022. The BNM indicated that domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. Nevertheless, economic uncertainties remain as a result of weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts and worsening supply chain disruptions.

In Malaysia, headline inflation continued to moderate, but core inflation has persisted above historical averages. As such, in spite of the resilient domestic economy and better job security, Malaysian consumers, especially in the M40 and B40 segments, are experiencing higher cost of living and tighter disposable incomes. This may impact their propensity to purchase 'big ticket' items such as a used car and furniture or affect their ability to repay loans.

For the Hire Purchase segment, ELK-Desa is confident that demand for used car financing will continue to out-strip supply, more so within the niche and underserved used car financing market that it operates in. In the current financial year FY2024, the Group is not expecting a similar sharp expansion in view of the macroeconomic uncertainties within its operating landscape. In addition to inflationary pressures, the used car financing industry may also require process changes to adapt to the new regulatory oversight by the Consumer Credit Oversight Board, which is expected to come into effect in 2024.

In FY2024, ELK-Desa will remain focused on reducing its impaired loans ratio, which remained relatively high due to the operational disruptions caused by the Movement Control Order as well as our adherence to the COVID-19 Act that had limited our credit recovery efforts.

For the Furniture segment, ELK-Desa will stay on track with its strategic direction to grow organically, focusing on the domestic wholesale market to distribute its furniture products to more than 800 furniture retailers throughout Malaysia, especially in Sabah and Sarawak. The Group will continue to source for quality and affordable furniture in order to address the potentially tighter disposable incomes faced by consumers.

The remarkable performance in FY2023 was due to the high levels of reversal of impairment allowances in the first half of FY2023. These exceptional reversals are not expected to continue into FY2024 and as such, the Group does not expect its performance to exceed FY2023. Nevertheless, the Board of Directors remains committed towards achieving sustainable growth in FY2024.

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 2023 are set out below:

	3 months ended 30.06.2023 RM
(a) Income Tax	309,550
(b) Deferred Taxation	2,299,687
	<u>2,609,237</u>

The effective tax rate of the Group for the current quarter ended 30 June 2023 is approximate to the statutory income tax rate.

B6 Status of Corporate Proposals Announced

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

B7 Group Borrowings & Debt Securities

The Group did not have any borrowings or debt securities that were denominated in foreign currency.

Borrowings		As at 30.06.2023 RM	As at 30.06.2022 RM
Block Discounting Payables	- within 1 year	72,443,890	50,542,186
(Fixed rate and secured)	- later than 1 year	162,202,077	91,493,814
		234,645,967	142,036,000
Term Loan	- within 1 year	4,008,000	4,008,000
(Floating and unsecured)	- later than 1 year	1,296,000	5,304,000
		5,304,000	9,312,000
Bank overdraft (Floating and unsecured)		308,359	-
Total Borrowings		<u>240,258,326</u>	<u>151,348,000</u>

B8 Changes in Material Litigation

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

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2023

B9 Dividend

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

B10 Earnings Per Share

Basic earnings per share was calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue during the financial period.

	Quarter ended 30.06.2023	Quarter ended 30.06.2022	Year to date 30.06.2023	Year to date 30.06.2022
Profit after taxation (RM)	8,500,821	17,593,539	8,500,821	17,593,539
Weighted average number of ordinary shares	454,808,456	453,275,156	454,808,456	453,275,156
Basic earnings per ordinary share (sen)	1.87	3.88	1.87	3.88

Comparative figures for the weighted average number of ordinary shares used in the calculation of basic earnings per share have been restated to reflect the increase number of shares arising from the bonus issue in the preceding financial year ended 31 March 2023. Prior to the restatement, the basic earnings per ordinary share for the financial quarter and financial year ended 30 June 2022 were 5.83 sen respectively.

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 30.06.2023	Quarter ended 30.06.2022	Year to date 30.06.2023	Year to date 30.06.2022
Profit after taxation (RM)	8,500,821	17,593,539	8,500,821	17,593,539
Interest expense on ICULS, net of tax (RM)	-	1,375	-	1,375
Adjusted profit after tax (RM)	8,500,821	17,594,914	8,500,821	17,594,914
Weighted average number of ordinary shares (units)	454,808,456	453,275,156	454,808,456	453,275,156
Adjustment for potential dilutive shares (units)	-	1,533,300	-	1,533,300
Adjusted weighted average number of ordinary shares (units)	454,808,456	454,808,456	454,808,456	454,808,456
Diluted earnings per ordinary share (sen)	1.87	3.87	1.87	3.87

Comparative figures for the weighted average number of ordinary shares used in the calculation of diluted earnings per share have been restated to reflect the increase number of shares arising from the bonus issue in the preceding financial year ended 31 March 2023. Prior to the restatement, the diluted earnings per ordinary share for financial quarter and financial year ended 30 June 2022 were 5.80 sen respectively.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the first quarter ended 30 June 2023

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2023 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 30.06.2023 RM
Profit before taxation is arrived at after charging:	
Interest expense	2,523,159
Interest on lease liabilities	69,301
And crediting :	
Interest	170,360
Unrealised foreign exchange gain / (loss)	67,372
Realised foreign exchange gain / (loss)	(37,953)