

# **ELK-DESA<sup>®</sup>**

**ELK-DESA RESOURCES BERHAD**

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED  
RESULTS FOR THE PERIOD ENDED  
31 MARCH 2024**

**ELK-DESA RESOURCES BERHAD** (Company No: 198901002858 (180164-X))**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial period ended 31 March 2024

(The figures have not been audited.)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	46,634,773	40,295,065	167,776,182	155,242,052
Other income	636,864	335,000	2,010,969	1,848,172
Cost of inventories sold	(11,323,994)	(8,718,514)	(35,733,165)	(33,908,817)
Depreciation of PPE & right-of-use assets	(608,917)	(635,210)	(2,503,727)	(2,666,975)
Impairment allowance	(7,432,129)	(7,088,888)	(26,744,296)	(7,540,720)
Other expenses	(11,289,125)	(11,672,283)	(43,515,336)	(40,748,313)
Finance costs	(3,520,886)	(2,560,284)	(12,256,706)	(8,917,372)
Share of Results of Associates, Net of Tax	5,220	-	5,220	-
Profit before taxation	13,101,806	9,954,886	49,039,141	63,308,027
Taxation	(3,392,731)	(2,462,800)	(12,380,996)	(15,572,549)
Profit for the financial period	9,709,075	7,492,086	36,658,145	47,735,478
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	<u>9,709,075</u>	<u>7,492,086</u>	<u>36,658,145</u>	<u>47,735,478</u>
Earnings per ordinary share - basic (sen)	<u>2.13</u>	<u>1.65</u>	<u>8.06</u>	<u>10.50</u>
Earnings per ordinary share - diluted (sen)	<u>2.13</u>	<u>1.65</u>	<u>8.06</u>	<u>10.50</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 31 March 2024**

(The figures have not been audited.)

	<b>As at 31.03.2024 RM</b>	<b>As at 31.03.2023 RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33,325,532	33,200,590
Investment in associate	4,035,220	-
Hire purchase receivables	493,757,125	430,791,408
Right-of-use assets	4,379,086	4,776,574
Deferred tax assets	5,854,201	12,889,992
	541,351,164	481,658,564
<b>Current assets</b>		
Inventories	15,657,348	17,221,446
Other assets	2,489,347	700,877
Trade receivables	19,325,481	17,623,180
Hire purchase receivables	147,992,055	144,311,538
Financing receivables	55,744	-
Other receivables, deposits and prepayments	1,396,770	1,462,842
Current tax assets	817,598	402,140
Short term funds	63,984,908	11,251,658
Cash and bank balances	13,878,959	18,417,009
	265,598,210	211,390,690
Total assets	<u>806,949,374</u>	<u>693,049,254</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	351,493,098	351,493,098
Retained earnings	131,923,383	120,279,736
Total equity	483,416,481	471,772,834
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Block discounting payables - secured	194,958,860	127,228,240
Term loan - unsecured	-	2,298,000
Lease liabilities	3,742,358	4,153,095
	198,701,218	133,679,335
<b>Current liabilities</b>		
Trade payables	7,300,734	3,632,978
Other payables and accruals	9,540,316	7,852,595
Block discounting payables - secured	83,912,739	64,474,434
Term loan - unsecured	2,298,000	4,008,000
Revolving Credit - secured	20,000,000	-
Lease liabilities	1,054,600	935,904
Bank overdraft	-	999,968
Current tax liabilities	725,286	5,693,206
	124,831,675	87,597,085
Total liabilities	<u>323,532,893</u>	<u>221,276,420</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>806,949,374</u>	<u>693,049,254</u>
Net assets per share	1.06	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 31 March 2024**  
(The figures have not been audited.)

	<b>Number of Issued Shares Units</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 2022	297,619,913	344,898,934	97,199,748	5,430,218	447,528,900
Total comprehensive income	-	-	47,735,478	-	47,735,478
Issuance of shares upon conversion of ICULS	5,587,206	6,594,164	(1,156,870)	(5,430,218)	7,076
Second interim dividend for financial year ended 31 March 2022	-	-	(9,854,277)	-	(9,854,277)
Interim dividend for financial year ended 31 March 2023	-	-	(13,644,343)	-	(13,644,343)
Bonus Issue	151,601,337	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>454,808,456</b>	<b>351,493,098</b>	<b>120,279,736</b>	<b>-</b>	<b>471,772,834</b>
Balance as at 1 April 2023	454,808,456	351,493,098	120,279,736	-	471,772,834
Total comprehensive income	-	-	36,658,145	-	36,658,145
Second interim dividend for financial year ended 31 March 2023	-	-	(15,918,329)	-	(15,918,329)
Interim dividend for financial year ended 31 March 2024	-	-	(9,096,169)	-	(9,096,169)
<b>Balance as at 31 March 2024</b>	<b>454,808,456</b>	<b>351,493,098</b>	<b>131,923,383</b>	<b>-</b>	<b>483,416,481</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 2023)*

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

For the financial period ended 31 March 2024

(The figures have not been audited.)

	<b>12 months ended</b>	
	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	49,039,141	63,308,027
Adjustment for :		
Depreciation of property, plant and equipment	1,304,729	1,265,657
Depreciation of right-of-use assets	1,198,998	1,401,318
Gain on disposal of property, plant and equipment	(62,532)	(671)
Derecognition of right-of-use assets	-	(22,202)
Property, plant and equipment written off	-	5,487
Inventories written down	562,989	161,706
Impairment allowances made for the financial year:		
- hire-purchase receivables	29,787,008	8,045,634
- trade receivables	366,197	571,618
Interest expense	11,974,334	8,593,555
Interest on lease liabilities	282,372	323,817
Interest income	(421,067)	(421,222)
Income from short term funds	(462,520)	(57,841)
Unrealised loss/(gain) on foreign exchange	(33,855)	27,976
Share of (profit)/loss of associate	(5,220)	-
Operating profit before working capital changes	<u>93,530,574</u>	<u>83,202,859</u>
Changes in working capital:		
Inventories	1,001,109	(5,436,615)
Other assets	(1,788,470)	420
Hire purchase receivables	(96,433,242)	(115,097,795)
Financing receivables	(55,744)	-
Trade receivables	(2,034,643)	(1,764,496)
Other receivables, deposits and prepayments	66,072	758,234
Trade payables	3,667,756	15,627
Other payables and accruals	1,696,678	1,111,766
	<u>(93,880,484)</u>	<u>(120,412,859)</u>
Cash (used in)/generated from operations	<u>(349,910)</u>	<u>(37,210,000)</u>
Tax paid	(11,085,462)	(13,331,699)
Tax refunded	356,879	-
<b>Net cash (used in)/from operating activities</b>	<b><u>(11,078,493)</u></b>	<b><u>(50,541,699)</u></b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(1,518,375)	(23,289,812)
Purchase of unquoted shares	(4,030,000)	-
Withdrawals of deposits assigned in favour of the trustee	-	1,120,685
Proceeds from disposal of property, plant and equipment	151,236	672
Interest received	421,067	421,222
Income received from short term funds	462,520	57,841
<b>Net cash (used in)/from investing activities</b>	<b><u>(4,513,552)</u></b>	<b><u>(21,689,392)</u></b>

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

For the financial period ended 31 March 2024

(The figures have not been audited.)

	<b>12 months ended</b>	
	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>RM</b>	<b>RM</b>
<b><u>Cash flows from financing activities</u></b>		
Net repayment of term loans	(4,008,000)	(4,008,000)
Net drawdown/(repayment) of block discounting payables	87,616,881	85,375,704
Net drawdown/(repayment) of revolving credit	20,000,000	-
Interest paid	(12,431,247)	(9,116,496)
Repayment of lease liabilities	(1,375,923)	(1,568,149)
Dividend paid	(25,014,498)	(23,498,620)
<b>Net cash from/(used in) financing activities</b>	<b>64,787,213</b>	<b>47,184,439</b>
<b>Net (decrease)/increase in cash and cash equivalents during the financial period</b>	<b>49,195,168</b>	<b>(25,046,652)</b>
Cash and cash equivalents as at beginning of financial year	28,668,699	53,715,351
<b>Cash and cash equivalents as at end of financial period</b>	<b>77,863,867</b>	<b>28,668,699</b>
<b><u>Composition of cash and cash equivalents</u></b>		
Deposits, cash and bank balances	13,878,959	18,417,009
Bank overdraft	-	(999,968)
Short term fund	63,984,908	11,251,658
	<b>77,863,867</b>	<b>28,668,699</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 2023)

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2024

### 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 31 March 2024.

### A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 March 2024.

### 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 31 March 2024.

### 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.

On 18 December 2023, the Company had paid a single-tier interim dividend of 2.00 sen per share for the financial year ended 31 March 2024 amounting to RM9.10 million.

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2024

**A7 Segmental Reporting**

	<b>Hire Purchase Financing RM</b>	<b>Furniture RM</b>	<b>Consolidated RM</b>
<b><u>Quarter Ended 31 March 2024</u></b>			
Revenue (External)	30,073,331	16,561,442	46,634,773
Other income	597,007	39,857	636,864
Cost of inventories sold	-	(11,323,994)	(11,323,994)
Depreciation of PPE & right-of-use assets	(319,934)	(288,983)	(608,917)
Impairment allowance	(7,337,351)	(94,778)	(7,432,129)
Other expenses	(7,394,838)	(3,894,287)	(11,289,125)
Finance costs	(3,490,057)	(30,829)	(3,520,886)
Share of Results of Associates, Net of Tax	-	5,220	5,220
<b>Profit before tax</b>	<b>12,128,158</b>	<b>973,648</b>	<b>13,101,806</b>

**Quarter Ended 31 March 2023**

Revenue (External)	26,242,242	14,052,823	40,295,065
Other income	302,711	32,289	335,000
Cost of inventories sold	-	(8,718,514)	(8,718,514)
Depreciation of PPE & right-of-use assets	(366,100)	(269,110)	(635,210)
Impairment allowance	(6,791,001)	(297,887)	(7,088,888)
Other expenses	(8,461,487)	(3,210,796)	(11,672,283)
Finance costs	(2,509,034)	(51,250)	(2,560,284)
<b>Profit before tax</b>	<b>8,417,331</b>	<b>1,537,555</b>	<b>9,954,886</b>

	<b>Hire Purchase Financing RM</b>	<b>Furniture RM</b>	<b>Consolidated RM</b>
<b><u>12 months Ended 31 March 2024</u></b>			
Revenue (External)	113,227,038	54,549,144	167,776,182
Other income	1,855,953	155,016	2,010,969
Cost of inventories sold	-	(35,733,165)	(35,733,165)
Depreciation of PPE & right of use assets	(1,356,692)	(1,147,035)	(2,503,727)
Impairment allowance	(26,385,893)	(358,403)	(26,744,296)
Other expenses	(29,159,764)	(14,355,572)	(43,515,336)
Finance costs	(12,127,278)	(129,428)	(12,256,706)
Share of Results of Associates, Net of Tax	-	5,220	5,220
<b>Profit before tax</b>	<b>46,053,364</b>	<b>2,985,777</b>	<b>49,039,141</b>
Segment assets	738,466,255	68,483,119	806,949,374
Segment liabilities	317,963,680	5,569,213	323,532,893

**12 months Ended 31 March 2023**

Revenue (External)	100,758,282	54,483,770	155,242,052
Other income	1,588,951	259,221	1,848,172
Cost of inventories sold	-	(33,908,817)	(33,908,817)
Depreciation of PPE & right-of-use assets	(1,433,658)	(1,233,317)	(2,666,975)
Impairment allowance	(6,986,805)	(553,915)	(7,540,720)
Other expenses	(27,344,671)	(13,403,642)	(40,748,313)
Finance costs	(8,761,716)	(155,656)	(8,917,372)
<b>Profit before tax</b>	<b>57,820,383</b>	<b>5,487,644</b>	<b>63,308,027</b>
Segment assets	628,760,230	64,289,024	693,049,254
Segment liabilities	215,809,031	5,467,389	221,276,420



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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2024

**A8 Subsequent Events**

There was no material event subsequent to the current quarter.

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

Saved as disclosed below and Note A12, 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 March 2024 except as disclosed below:

During the financial year, Tat Lian Holding Sdn Bhd has become the Group's associate company.

Premier Auto Assets Berhad, a deemed indirect subsidiary of ELK-Desa Resources Berhad, was placed under Members' Voluntary Liquidation in March 2024.

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

There were no contingent liabilities and assets for the Group as at 31 March 2024.

**A11 Capital Commitments**

There were no material capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 March 2024.

**A12 Related Party Disclosures**

On 8 September 2023, ELK-Desa Furniture Sdn Bhd, a wholly owned subsidiary company of the Group has entered into a Share Sale Agreement ("SSA") with a related party, ELK Group Sdn Bhd for the acquisition of 3,100,000 ordinary shares representing 15.5% equity interest in Tat Lian Holding Sdn Bhd. Refer to Company's announcement for more details.

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2024

**B1 Review of Performance****YEAR TO DATE AND CURRENT QUARTER (FY2024-Q4 vs FY2023-Q4)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				12 months ended			
	31.03.2024	31.03.2023			31.03.2024	31.03.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	46,634,773	40,295,065	6,339,708	16%	167,776,182	155,242,052	12,534,130	8%
Profit before interest and tax	16,622,692	12,515,170	4,107,522	33%	61,295,847	72,225,399	(10,929,552)	-15%
Profit before taxation	13,101,806	9,954,886	3,146,920	32%	49,039,141	63,308,027	(14,268,886)	-23%

GROUP	As at		Variance	Variance
	31.03.2024	31.03.2023		
	RM	RM		
Hire Purchase Receivables	641,749,180	575,102,946	66,646,234	12%
Bank Borrowings	301,169,599	199,008,642	102,160,957	51%

The Group's revenue for the quarter increased by 16% to RM46.63 million due to higher contribution from both hire purchase and furniture segments. The Group's profit before tax for the quarter increased by 32% to RM13.10 million mainly due to higher contribution from hire purchase segment.

Hire purchase receivables as at 31 March 2024 stood at RM641.75 million, which is 12% 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 51% 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 0.62 times as compared to 0.42 times one year ago.

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				12 months ended			
	31.03.2024	31.03.2023			31.03.2024	31.03.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	30,073,331	26,242,242	3,831,089	15%	113,227,038	100,758,282	12,468,756	12%
Profit before interest and tax	15,618,215	10,926,365	4,691,850	43%	58,180,642	66,582,099	(8,401,457)	-13%
Profit before taxation	12,128,158	8,417,331	3,710,827	44%	46,053,364	57,820,383	(11,767,019)	-20%

Revenue increased by 15% to RM30.07 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 8% to RM7.34 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 1.09% to 1.11%. The higher impairment allowance and credit loss charge were mainly due to the higher losses incurred from sales of repossessed vehicles in this quarter.

Nonetheless, as a result of higher level of repossession activities during the quarter, net impaired loans ratio decreased from 0.58% as at 31 December 2023 to 0.56% as at 31 March 2024.

Other expenses decreased by 13% to RM7.39 million mainly due to lower operating and staff costs. Cost to income ratio stood at 28% during the quarter as compared to 37% in the previous corresponding quarter. Finance cost increased by 39% to RM3.49 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 increased by 44% to RM12.13 million mainly due to a larger hire purchase portfolio but offset by higher finance costs during the quarter.

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

Notes to the Interim Financial Statements  
for the fourth quarter ended 31 March 2024

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				12 months ended			
	31.03.2024	31.03.2023	RM	%	RM	RM	RM	%
Revenue	16,561,442	14,052,823	2,508,619	18%	54,549,144	54,483,770	65,374	0%
Profit before interest and tax	1,004,477	1,588,805	(584,328)	-37%	3,115,205	5,643,300	(2,528,095)	-45%
Profit before taxation	973,648	1,537,555	(563,907)	-37%	2,985,777	5,487,644	(2,501,867)	-46%

Revenue increased by 18% to RM16.56 million mainly due to higher furniture sales in this quarter as compared to the previous corresponding quarter. The gross profit margin decreased from 38% to 32% mainly due to higher imported good purchase cost as a result of weaker foreign exchange, write down of inventory cost and coupled with general margin squeeze resulting from stiffer competition.

Other expenses increased by 21% to RM3.89 million mainly due to higher selling, distribution and staff costs which was in line with the increase in furniture sales.

The segment recorded a lower profit before tax of RM0.97 million mainly due to lower gross profit margin for the quarter ended 31 March 2024.

**YEAR-TO-DATE (FY2024 YTD vs FY2023 YTD)**

The Group's revenue increased by 8% to RM167.78 million mainly due to higher contribution from hire purchase segment. However, the Group's profit before tax decreased by 23% to RM49.04 million mainly due to an absence of reversal of impairment allowances for the hire purchase segment in the first quarter of previous corresponding year.

**Hire Purchase Segment**

Revenue increased by 12% to RM113.23 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased to RM26.39 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 1.23% to 4.12%. The higher impairment allowance and credit loss charge were mainly due to the slower repayment from hirers and higher losses incurred from sales of repossessed vehicles in this financial year in contrast to the exceptionally good collections and positive recovery activities in the previous corresponding year.

As a result of higher level of repossession activities during the year, the net impaired loans ratio decreased from 1.92% as at 31 March 2023 to 0.56% as at 31 March 2024.

Other expenses increased by 7% to RM29.16 million mainly due to higher operating and staff costs which were in line with the larger hire purchase portfolio. Cost to income ratio stood at 30% in this financial year as compared to 31% in the previous corresponding year.

Finance cost increased by 38% to RM12.13 million mainly due to 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 for the twelve (12) months period decreased by 20% from RM57.82 million to RM46.05 million mainly due to higher impairment allowances.

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Notes to the Interim Financial Statements  
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**Furniture Segment**

Revenue increased marginally to RM54.55 million mainly due to higher furniture sales in this financial year as compared to the previous corresponding year. The gross profit margin decreased from 38% to 35% mainly due to higher imported good purchase cost as a result of weaker foreign exchange, write down of inventory cost and coupled with general margin squeeze resulting from stiffer competition.

Other expenses increased by 7% to RM14.36 million mainly due to higher selling, distribution and staff costs which was in line with the increase in furniture sales.

The segment recorded a lower profit before tax of RM2.99 million for the twelve (12) months period ended 31 March 2024 mainly due to decrease in gross profit margin from 38% to 35%.

**B2 Comparison of Results with Preceding Quarter**

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	31.03.2024	31.12.2023		
	RM	RM	RM	%
Revenue	46,634,773	42,766,170	3,868,603	9%
Profit before interest and tax	16,622,692	16,101,040	521,652	3%
Profit before taxation	13,101,806	13,000,289	101,517	1%
Hire purchase receivables	641,749,180	616,063,330	25,685,850	4%
Bank borrowings	301,169,599	264,092,299	37,077,300	14%

The Group's profit before tax for the current quarter of RM13.10 million was higher as compared to RM13.00 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 projected to grow between 4% and 5% in 2024, according to the Economic Monetary Review 2023 by Bank Negara Malaysia (“BNM”). This growth will be underpinned by continued expansion in domestic demand and improvement in external demand.

BNM also reported that inflation is expected to remain modest, broadly reflecting stable cost and demand conditions. Nevertheless, the central bank also cautioned that inflation may be impacted by changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

In FY2024, ELK-Desa had delivered a commendable performance, which was reflected in the second highest profit levels ever recorded in our history. This was primarily due to the expansion of our hire purchase receivables, which have surpassed pre-COVID levels to reach record highs. In FY2025, we expect to sustain this growth momentum further by expanding our hire purchase receivables moderately between the lower and mid teens in terms of percentage.

We have ended the financial year on a positive note with our gross impaired loans ratio of 1.9% and net impaired loans ratio of 0.6% as at 31 March 2024. This was mainly due to our ability to resume full scale recovery activities throughout FY2024. Prior to this, our recovery activities have been curtailed as a result of the pandemic. As we move further into FY2025, the Group will be focused on driving down impaired loans ratio even more by pro-actively engaging our customers and maintaining our pace in recovery efforts.

For our furniture segment, we will continue to grow our presence in Sabah and Sarawak. We plan to bolster our logistic arrangements in order to have a competitive edge over other wholesalers from Peninsular Malaysia. In an effort to become more competitive within the markets in Sabah and Sarawak, we aim to offer more in terms of diversity and range of products, while positioning ourselves as a trusted partner in delivering quality and value for money furniture products.

Moving forward, in view of the improving operating landscape and our drive to expand our hire purchase portfolio in a robust yet sustainable manner, we look forward to delivering an improved performance in FY2025.

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**B4 Profit Forecasts**

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

**B5 Taxation**

Tax charge for the quarter and financial period ended 31 March 2024 are set out below:

	<b>3 months ended</b>	<b>12 months ended</b>
	<b>31.03.2024</b>	<b>31.03.2024</b>
	<b>RM</b>	<b>RM</b>
(a) Income Tax	672,250	5,345,205
(b) Deferred Taxation	2,720,481	7,035,791
	<u>3,392,731</u>	<u>12,380,996</u>
Effective tax rate	26%	25%

The effective tax rate of the Group for the current quarter and financial year-to-date ended 31 March 2024 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 but Not Completed**

There were no corporate proposals announced that has not been completed 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.

<b>Borrowings</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>RM</b>	<b>RM</b>
Block Discounting Payables	83,912,739	64,474,434
(Fixed rate and secured)	194,958,860	127,228,240
	278,871,599	191,702,674
Term Loan	2,298,000	4,008,000
(Floating and unsecured)	-	2,298,000
	2,298,000	6,306,000
Bank overdraft (Floating and unsecured)	-	999,968
Revolving Credit (Floating and secured)	20,000,000	-
Total Borrowings	<u>301,169,599</u>	<u>199,008,642</u>
Gearing ratio (times)	0.62	0.42

**B8 Changes in Material Litigation**

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

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**B9 Dividend**

The Board of Directors has declared a second single tier interim dividend of 3.00 sen per share in respect of the current financial year ended 31 March 2024. The dividend will be paid on 20 June 2024 to the shareholders whose name appear in the record of depositors of the Company as at 7 June 2024.

In addition to the first interim single tier interim dividend of 2.00 sen per share which was paid on 18 December 2023, the total dividend for the financial year ended 31 March 2024 would be 5.00 sen per share (FY2023: 6.50 sen). This represents a dividend pay out ratio of approximately 62% of the net profit, which is higher than the dividend policy of 60% set by the Board.

With the declaration of the second interim dividend, the Board of Directors will not recommend any final dividend for the financial year ended 31 March 2024.

**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 31.03.2024	Quarter ended 31.03.2023	Year to date 31.03.2024	Year to date 31.03.2023
Profit after taxation (RM)	9,709,075	7,492,086	36,658,145	47,735,478
Weighted average number of ordinary shares	454,808,456	454,808,456	454,808,456	454,426,181
Basic earnings per ordinary share (sen)	2.13	1.65	8.06	10.50

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

	Quarter ended 31.03.2024	Quarter ended 31.03.2023	Year to date 31.03.2024	Year to date 31.03.2023
Profit after taxation (RM)	9,709,075	7,492,086	36,658,145	47,735,478
Interest expense on ICULS, net of tax (RM)	-	(110)	-	1,698
Adjusted profit after tax (RM)	9,709,075	7,491,976	36,658,145	47,737,176
Weighted average number of ordinary shares	454,808,456	454,808,456	454,808,456	454,426,181
Adjustment for potential dilutive shares (units)	-	-	-	382,275
Adjusted weighted average number of ordinary	454,808,456	454,808,456	454,808,456	454,808,456
Diluted earnings per ordinary share (sen)	2.13	1.65	8.06	10.50

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**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**

	<b>3 months ended 31.03.2024 RM</b>	<b>12 months ended 31.03.2024 RM</b>
Profit before taxation is arrived at after charging:		
Interest expense	3,453,560	11,974,334
Interest on lease liabilities	67,327	282,372
And crediting :		
Interest	225,155	883,587
Unrealised foreign exchange gain / (loss)	13,058	33,855
Realised foreign exchange gain / (loss)	(8,512)	(97,676)