

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2019**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD
ENDED 30 SEPTEMBER 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
1. Revenue	70,176	64,964	137,114	128,199
2. Profit before tax	36,795	31,256	70,080	62,366
3. Profit for the financial period	27,158	23,452	51,277	46,651
4. Profit attributable to ordinary equity holders of the Parent	27,158	23,452	51,277	46,651
5. Basic earnings per ordinary share (sen)	7.82	6.90	14.86	13.71
6. Proposed/Declared dividend per share (sen)	5.00	4.00	5.00	4.00
		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the Parent (RM)		1.80		1.71
		INDIVIDUAL QUARTER	CUMULATIVE QUARTER	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
8. Gross interest income	3,004	2,043	5,811	3,785
9. Gross interest expense	12	15	25	29

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2019**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Interest income	63,152	57,586	124,719	114,025
Other revenue	7,024	7,378	12,395	14,174
Revenue	70,176	64,964	137,114	128,199
Other income	5,178	3,876	10,014	7,525
Interest expense applicable to revenue	(20,238)	(19,391)	(40,591)	(37,917)
Directors' remuneration and staff costs	(5,609)	(5,799)	(13,138)	(10,844)
Allowances for impairment loss on receivables, net	(5,662)	(7,361)	(10,177)	(13,662)
Depreciation of plant and equipment and right-of-use ("ROU") asset	(439)	(745)	(855)	(1,478)
Other expenses	(6,599)	(4,273)	(12,262)	(9,428)
Finance costs	(12)	(15)	(25)	(29)
Profit before tax	36,795	31,256	70,080	62,366
Taxation	(9,637)	(7,804)	(18,803)	(15,715)
Total comprehensive income for the financial period	27,158	23,452	51,277	46,651
Other comprehensive income that may be reclassified subsequently to profit or loss:				
Foreign currency translations	3	-	(1)	-
Other comprehensive income for the financial period, net of tax	3	-	(1)	-
Total comprehensive income for the financial period	27,161	23,452	51,276	46,651
Attributable to:				
Owners of the Parent	27,158	23,452	51,277	46,651
Earnings per ordinary share (sen):				
Basic	7.82	6.90	14.86	13.71
Diluted	7.79	6.86	14.79	13.68

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial report.

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2019**CONDENSED STATEMENT OF FINANCIAL POSITION**

	AS AT 30.09.2019 RM'000	AS AT 31.03.2019 RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	4,351	4,543
ROU asset	67	-
Goodwill on consolidation	47,333	47,333
Loans and receivables	1,485,467	1,447,009
Deferred tax assets	41,426	41,977
Total Non-Current Assets	1,578,644	1,540,862
Current Assets		
Loans and receivables	160,778	151,698
Trade receivables	3,349	3,669
Other receivables, deposits and prepaid expenses	38,599	37,536
Deposits with licensed financial institutions	289,235	275,808
Cash and bank balances	72,483	216,570
Total Current Assets	564,444	685,281
TOTAL ASSETS	2,143,088	2,226,143
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	166,425	154,454
Treasury shares	(22,169)	(19,945)
Reserves	485,169	449,007
Total Equity	629,425	583,516
Non-Current Liabilities		
Payables	780	718
Hire-purchase payables	535	714
Borrowings	1,066,521	1,029,203
Deferred tax liabilities	257	164
Lease liability	54	-
Total Non-Current Liabilities	1,068,147	1,030,799
Current Liabilities		
Payables and accrued expenses	23,439	26,257
Hire-purchase payables	367	372
Lease liability	14	-
Borrowings	411,776	575,657
Tax liabilities	9,920	9,542
Total Current Liabilities	445,516	611,828
Total Liabilities	1,513,663	1,642,627
TOTAL EQUITY AND LIABILITIES	2,143,088	2,226,143
NET ASSETS PER SHARE (RM)	1.80	1.71

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Reserves Employees' Share Scheme RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total Reserves RM'000	Total RM'000
As at 1 April 2018	44,676	(13,353)	72,592	30,903	3,476	-	380,979	487,950	519,273
Effects of adopting MFRS 9	-	-	-	-	-	-	(6,146)	(6,146)	(6,146)
Restated as at 1 April 2018	44,676	(13,353)	72,592	30,903	3,476	-	374,833	481,804	513,127
Total comprehensive income	-	-	-	-	-	-	46,651	46,651	46,651
Transactions with owners									
Dividends	-	-	-	-	-	-	(13,659)	(13,659)	(13,659)
Share options granted under Employees' Share Scheme ("ESS")	-	-	-	-	2,470	-	-	2,470	2,470
Issuance of shares pursuant to ESS exercised	3,591	-	-	-	(826)	-	826	-	3,591
Cancellation of share options	-	-	-	-	(228)	-	228	-	-
Shares repurchased	-	(4,243)	-	-	-	-	-	-	(4,243)
Total transactions with owners	3,591	(4,243)	-	-	1,416	-	(12,605)	(11,189)	(11,841)
As at 30 September 2018	48,267	(17,596)	72,592	30,903	4,892	-	408,879	517,266	547,937
As at 1 April 2019	154,454	(19,945)	-	-	4,060	1	444,946	449,007	583,516
Total comprehensive income	-	-	-	-	-	(1)	51,277	51,276	51,276
Transaction with owners									
Dividends	-	-	-	-	-	-	(17,440)	(17,440)	(17,440)
Share options granted under ESS	-	-	-	-	2,326	-	-	2,326	2,326
Issuance of shares pursuant to ESS exercised	11,971	-	-	-	(2,645)	-	2,645	-	11,971
Cancellation of share options	-	-	-	-	(617)	-	617	-	-
Shares repurchased	-	(2,224)	-	-	-	-	-	-	(2,224)
Total transaction with owners	11,971	(2,224)	-	-	(936)	-	(14,178)	(15,114)	(5,367)
As at 30 September 2019	166,425	(22,169)	-	-	3,124	-	482,045	485,169	629,425

The Condensed 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 2019 and the accompanying explanatory notes attached to the interim financial report.

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2019**CONDENSED STATEMENT OF CASH FLOWS**

	CUMULATIVE QUARTER 30.09.2019 RM'000	CUMULATIVE QUARTER 30.09.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	70,080	62,366
Adjustments for:		
Allowances for impairment loss on receivables, net	10,177	13,662
Share options granted	2,326	2,470
Depreciation of plant and equipment and ROU asset	855	1,478
Finance costs	25	29
Interest income from deposits with licensed financial institutions	(5,811)	(3,785)
Net gain on disposal of plant and equipment	(1)	-
Operating profit before working capital changes	<u>77,651</u>	<u>76,220</u>
(Increase)/Decrease in working capital:		
Loans and receivables	(57,756)	(66,264)
Trade receivables	361	781
Other receivables, deposits and prepaid expenses	(302)	(569)
Decrease in working capital:		
Payables and accrued expenses	(2,611)	(1,994)
Cash generated from operations	<u>17,343</u>	<u>8,174</u>
Taxes paid	(17,967)	(12,514)
Taxes refunded	91	35
Net cash used in operating activities	<u>(533)</u>	<u>(4,305)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income from deposits with licensed financial institutions	5,811	3,785
Net proceeds from disposal of plant and equipment	1	-
Additions to plant and equipment	(747)	(173)
Net cash generated from investing activities	<u>5,065</u>	<u>3,612</u>

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2019**CONDENSED STATEMENT OF CASH FLOWS (CONT'D)**

	CUMULATIVE QUARTER 30.09.2019 RM'000	CUMULATIVE QUARTER 30.09.2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of revolving credits	416,000	199,600
Issuance of Sukuk Murabahah ("Sukuk")	100,000	-
Drawdown of term loans	30,000	120,000
Proceeds from issuance of shares	11,971	3,591
Drawdown of other borrowings	-	1,148
Repayment of revolving credits	(497,000)	(175,600)
Redemption of Sukuk	(100,000)	-
Repayment of term loans	(76,283)	(48,184)
Placements of deposits, cash and bank balances, net:		
- assigned in favour of the trustees	(2,313)	(65,421)
- pledged to licensed financial institutions	(1,597)	(6,992)
Dividends paid	(17,440)	-
Shares repurchased	(2,224)	(4,243)
Repayment of other borrowings	-	(1,148)
Repayment of hire-purchase payables	(184)	(169)
Finance costs paid	(25)	(29)
Repayment of lease liability	(7)	-
Net cash (used in)/generated from financing activities	<u>(139,102)</u>	<u>22,553</u>
Net change in cash and cash equivalents	(134,570)	21,860
Cash and cash equivalents at beginning of financial period	159,751	14,204
Cash and cash equivalents at end of financial period	<u>25,181</u>	<u>36,064</u>
CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:		
Deposits with licensed financial institutions	289,235	250,512
Cash and bank balances	72,483	40,977
	<u>361,718</u>	<u>291,489</u>
Less: Deposits, cash and bank balances		
- assigned in favour of the trustees	(286,863)	(209,813)
- pledged to licensed financial institutions	(49,674)	(45,612)
	<u>25,181</u>	<u>36,064</u>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial report.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It also complies with IAS 34 (Interim Financial Reporting) issued by the International Accounting Standards Board and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019.

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2019, except for the adoption of the following standards, amendments to published standards and interpretation to existing standards which are effective for the financial period commencing 1 April 2019:

MFRS 16	Leases
IC interpretation 23	Uncertainty over Income Tax Treatments

Amendments to:

MFRS 9	Financial Instruments - Prepayments Features with Negative Compensation
--------	---

Amendments to MFRSs classified as "Annual Improvements to MFRSs 2015 - 2017 Cycle"



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The adoption of the above standards, amendments and interpretation does not give rise to any material financial effects to the Group other than as disclosed below:

(a) MFRS 16, Leases (“MFRS 16”)

MFRS 16 replaces MFRS 117, Leases and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The ROU assets are initially measured at cost and subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The ROU assets are recognised at an amount equal to the lease liabilities at the date of initial application for leases previously recognised as an operating lease.

ROU assets are depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116, Property, Plant and Equipment whereas lease liabilities are accreted to reflect interest expense on a straight-line basis over the lease term and are reduced to reflect lease payments made.

The Group applied MFRS 16 using modified retrospective approach and measured the ROU assets equals to the lease liabilities as at 1 April 2019 with no restatement of comparatives as permitted by MFRS 16.

NOTES TO THE INTERIM FINANCIAL REPORT**2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) MFRS 16 (Cont'd)**

The following table summarises the financial effects arising from adoption of MFRS 16:

	As at 1 April 2019 RM'000	Recognition under MFRS 16 RM'000	Restated as at 1 April 2019 RM'000
The Group:			
Statement of financial position			
Current Assets			
ROU asset	-	75	75
Non-Current Liabilities			
Lease liability	-	(61)	(61)
Current Liabilities			
Lease liability	-	(14)	(14)

3 AUDITORS' REPORT ON PRECEDING ANNUAL AUDITED FINANCIAL

The auditors' report on the preceding annual audited financial statements was not subject to any qualification.

4 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not significantly affected by any seasonal or cyclical factors.

NOTES TO THE INTERIM FINANCIAL REPORT

5 UNUSUAL ITEMS

There were no unusual items for the current quarter and financial period.

6 CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect for the current quarter and financial period.

7 DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities for the financial period except for the following:

- (a) Issuance of Sukuk by Zamarad Assets Berhad, an indirect and not a legal subsidiary of the Company, as follows:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Issuance of Sukuk	100,000	100,000

Out of the issuance of RM108.0 million Sukuk, RM8.0 million was subscribed internally by a subsidiary of the Company.

- (b) Redemption of Sukuk by Al Dzahab Assets Berhad, an indirect and not a legal subsidiary of the Company, as follows:

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Redemption of Sukuk upon maturity	50,000	100,000



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

7 DEBT AND EQUITY SECURITIES (CONT'D)

(c) ESS and issuance of shares pursuant to ESS exercised:

- (i) the Company granted 8,947,000 options to its eligible employees of the Group at an option price of RM1.45 per share in accordance with the Bylaws of the ESS; and
- (ii) the total number of issued shares of the Company was increased from 360,555,536 to 368,854,536 by way of the issuance of 8,299,000 new ordinary shares pursuant to share options exercised.

(d) Treasury shares

During the financial period ended 30 September 2019, the Company repurchased 1,360,000 of its issued ordinary shares from the open market. The total consideration paid, including transaction costs, of RM2,224,401 was financed by internally generated funds and the shares repurchased were held as treasury shares. The Company has the right to cancel, resell and/or distribute the treasury shares as dividends and/or transfer the treasury shares for the purpose of an ESS or as purchase consideration at a later date.

None of the treasury shares repurchased have been sold, cancelled or transferred during the financial period.

As at 30 September 2019, the number of ordinary shares in issue after deducting the treasury shares is 348,847,311 shares.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

8 DIVIDENDS

30.09.2019	30.09.2018
RM'000	RM'000

Recognised during the financial period:

- Final dividend for 2018:

4.00 sen per ordinary share under single-tier system, paid on 4 October 2018 to shareholders whose names appeared in the record of depositors on 18 September 2018

-	13,659
---	--------

- Final dividend for 2019:

5.00 sen per ordinary share under single-tier system, paid on 11 September 2019 to shareholders whose names appeared in the record of depositors on 30 August 2019

17,440	-
<u>17,440</u>	<u>13,659</u>

On 11 November 2019, an interim single-tier dividend of 5.00 sen per ordinary share, estimated at RM17,442,366 in respect of the financial year ending 31 March 2020 was approved by the directors, payable on 5 December 2019 to shareholders whose names appeared in the record of depositors on 26 November 2019.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

9 SEGMENT INFORMATION

In the previous financial period, the Group had two reportable operating segments. These were organised into business segment based on their services as follow:

(i) Consumer financing

This segment is engaged in the provision of general consumer loan financing.

(ii) Investment holding, management services and others ("IHMSO")

This segment is engaged in investment activities, provision of management services and factoring and confirming.

In the current quarter under review, IHMSO is not disclosed as a reportable segment as it no longer meets the reporting threshold under MFRS 8, Operating Segments. Accordingly, segment information is not presented as the Group is primarily engaged in the provision of general consumer loan financing.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

10 PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the profit before tax:

	INDIVIDUAL QUARTER 30.09.2019 RM'000	CUMULATIVE QUARTER 30.09.2019 RM'000
Allowances for impairment loss on receivables, net	5,662	10,177
Interest income including interest income from deposits with licensed financial institutions	(66,156)	(130,530)
Gain on foreign exchange, net:		
- Realised	(1)	(2)
- Unrealised	-	-

There were no exceptional items, amortisation, inventories written down and written off, allowance for impairment loss on investment properties, gain or loss on disposal of quoted or unquoted investments or properties and gain or loss on derivatives for the current quarter and financial period.

11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

As at the date of this announcement, there were no material events subsequent to the end of the interim period that affect the results of the Group.

12 CHANGES IN THE COMPOSITION OF THE GROUP

On 26 June 2019, the Company announced that RCE Advance Sdn Bhd, a dormant indirect subsidiary of the Company has been dissolved. The dissolution has no material financial effect to the Group.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

13 REVIEW OF PERFORMANCE

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	30.09.2019	30.09.2018	Variance		30.09.2019	30.09.2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	70,176	64,964	5,212	8.0	137,114	128,199	8,915	7.0
Profit before tax	36,795	31,256	5,539	17.7	70,080	62,366	7,714	12.4
Profit for the financial period	27,158	23,452	3,706	15.8	51,277	46,651	4,626	9.9
Profit attributable to ordinary equity holders of the Parent	27,158	23,452	3,706	15.8	51,277	46,651	4,626	9.9

The Group registered a higher revenue of RM70.2 million in the current quarter as compared to RM65.0 million in the corresponding quarter, mainly due to higher interest income backed by RM1.78 billion quality loan base and early settlement income arising from increased refinancing activities by customers.

The Group also recorded a higher pre-tax profit of RM36.8 million in the current quarter, representing a 17.7% or RM5.5 million rise in its pre-tax profit. This was primarily contributed by higher interest and early settlement income as well as lower allowances for impairment loss on receivables, partially offset by higher expenses in relation to securing of financing arrangement.

Correspondingly, this translated into 15.8% growth in the Group's post-tax profit, from RM23.5 million in the corresponding quarter to RM27.2 million in the current quarter.

Arising from the above, for the 6 months ended 30 September 2019, the Group posted a higher revenue of RM137.1 million, an increase of 7.0% in comparison to RM128.2 million in the corresponding period.

Meanwhile, the Group continued to achieve a strong increase of 12.4% in its pre-tax profit, up from RM62.4 million to RM70.1 million in the current financial period, a testament of the Group's on-going efforts in expanding loan base, as well as maintaining its operational costs.

Accordingly, the Group registered a higher post-tax profit of RM51.3 million for the financial period 30 September 2019, representing an increase of 9.9% as compared to RM46.7 million in the corresponding period.

NOTES TO THE INTERIM FINANCIAL REPORT**14 MATERIAL CHANGE IN RESULTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

	INDIVIDUAL QUARTER			%
	30.09.2019	30.06.2019	Variance	
	RM'000	RM'000	RM'000	
Revenue	70,176	66,938	3,238	4.8
Profit before tax	36,795	33,285	3,510	10.5
Profit for the financial period	27,158	24,119	3,039	12.6
Profit attributable to ordinary equity holders of the Parent	27,158	24,119	3,039	12.6

The Group's revenue rose from RM66.9 million in the preceding quarter to RM70.2 million in the current quarter, primarily led by higher fee income arising from the increase in financing disbursements boosted by sales campaigns as well as higher interest income backed by the expanded loan base of RM1.78 billion.

The above gave rise to a double-digit growth of 10.5% in the Group's pre-tax profit of RM33.3 million in the preceding quarter to RM36.8 million in the current quarter.

Arising thereof, the Group registered a higher post-tax profit of RM27.2 million in the current quarter as compared to RM24.1 million in the preceding quarter.

15 CURRENT YEAR PROSPECTS

We remain guided by current regulatory and market requirements in conducting our business. In addition, marketing initiatives and support are continuously being implemented together with our business partners to build customers' loyalty and elevate business by focusing on better customer experience and dissemination of appropriate information via authorised digital channels.

For financial year ending 31 March 2020, the Group is expected to be profitable while we maintain our vigilance in the competitive consumer financing industry.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

16 PROFIT FORECAST

There were no profit forecast prepared or profit guarantee made by the Group.

17 TAXATION

	INDIVIDUAL QUARTER 30.09.2019 RM'000	CUMULATIVE QUARTER 30.09.2019 RM'000
Taxation:		
Current period	9,938	18,080
Under provision in prior years	78	78
	<hr/>	<hr/>
	10,016	18,158
	<hr/>	<hr/>
Deferred taxation:		
Current period	(379)	645
	<hr/>	<hr/>
	9,637	18,803
	<hr/>	<hr/>

The effective tax rate of the Group in the current quarter and financial period is higher than the statutory tax rate due to non-deductibility of certain expenses for taxation purposes.

18 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced or pending completion as at the date of this report.

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019****NOTES TO THE INTERIM FINANCIAL REPORT****19 LOANS AND RECEIVABLES**

	30.09.2019
	RM'000
Loans and receivables, gross	1,778,780
Less: Allowance for impairment	(132,535)
Loans and receivables, net	<u>1,646,245</u>
Amount receivable within one year	(160,778)
Non-current portion	<u><u>1,485,467</u></u>

During the financial period, there was no transaction with related parties in relation to the Group's loans and receivables.

Movement in allowance for impairment:

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2019	48,273	6,364	75,753	130,390
Changes in the ECL:				
- Transfer to Stage 1	337	(982)	(1,978)	(2,623)
- Transfer to Stage 2	(283)	1,650	(1,740)	(373)
- Transfer to Stage 3	(618)	(820)	19,277	17,839
Net adjustment of allowance for impairment	(564)	(152)	15,559	14,843
New financial assets originated or purchased	4,115	-	-	4,115
Financial assets derecognised	(668)	(84)	(1,653)	(2,405)
Changes in risk parameters	(3,104)	(677)	(2,554)	(6,335)
Written off	-	-	(8,073)	(8,073)
Balance as at 30 September 2019	<u><u>48,052</u></u>	<u><u>5,451</u></u>	<u><u>79,032</u></u>	<u><u>132,535</u></u>



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

20 GROUP BORROWINGS AND DEBT SECURITIES

Total borrowings and debt securities (all denominated in Ringgit Malaysia) of the Group are as follows:

	← As at 30.09.2019 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
- Sukuk	113,713	892,480	1,006,193
- Term loans	99,449	174,041	273,490
- Revolving credits	198,614	-	198,614
	<u>411,776</u>	<u>1,066,521</u>	<u>1,478,297</u>

	← As at 30.09.2018 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
- Sukuk	102,892	665,173	768,065
- Term loans	115,902	259,222	375,124
- Revolving credits	253,239	-	253,239
	<u>472,033</u>	<u>924,395</u>	<u>1,396,428</u>



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

20 GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

The weighted average interest rate of the Group borrowing categories as at 30 September 2019 ranges from 4.6% to 5.9% (30.09.2018: 5.2% to 6.3%) per annum.

The Group borrowings consist of:

	30.09.2019	30.09.2018
	RM'000	RM'000
Fixed rate	1,006,193	787,477
Floating rate	472,104	608,951
	<u>1,478,297</u>	<u>1,396,428</u>

As at 30 September 2019, the Group borrowings stood at RM1.48 billion, an increase of RM81.9 million as compared to a year ago. The increase was mainly due to inclusion of the first and second tranches of Sukuk issued via the Group's RM2.0 billion Sukuk Murabahah Asset-Backed Securitisation Programme ("Sukuk Programme") amounting to RM240.0 million and RM100.0 million respectively, offset with RM156.2 million net repayments in borrowings and RM100.0 million redemptions of Sukuk from the Group's RM900.0 million Sukuk Programme upon maturity.

21 CAPITAL COMMITMENTS

	30.09.2019
	RM'000
Capital expenditure approved and contracted for	<u>829</u>

22 CHANGES IN CONTINGENT LIABILITIES AND ASSETS

As at 30 September 2019, there was no letter of credit, representing a decrease of RM0.6 million as compared to 31 March 2019.

Other than disclosed above, there were no other changes in contingent liabilities or assets since the last financial year ended 31 March 2019.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

23 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

- (a) There were no derivatives as at 30 September 2019.
- (b) There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

24 CHANGES IN MATERIAL LITIGATION

There were no pending material litigation for the Group as at the date of this report.

25 EARNINGS PER SHARE ("EPS")

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
(a) Basic EPS:					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	27,158	23,452	51,277	46,651
Weighted average number of ordinary shares in issue	(unit'000)	347,270	340,009	345,129	340,229
Basic EPS	(sen)	<u>7.82</u>	<u>6.90</u>	<u>14.86</u>	<u>13.71</u>

Basic EPS for the current quarter and financial period are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

The computation of the weighted average number of ordinary shares in issue is net of treasury shares.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 2nd Quarter Ended 30 September 2019

NOTES TO THE INTERIM FINANCIAL REPORT

25 EPS (CONT'D)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
(b) Diluted EPS:					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	27,158	23,452	51,277	46,651
Weighted average number of ordinary shares in issue	(unit'000)	347,270	340,009	345,129	340,229
Effects of dilution of ESS	(unit'000)	1,377	2,017	1,541	837
Adjusted weighted average number of ordinary shares in issue	(unit'000)	348,647	342,026	346,670	341,066
Diluted EPS	(sen)	7.79	6.86	14.79	13.68

Diluted EPS are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares adjusted for dilutive effects of ESS.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 2nd Quarter Ended 30 September 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of financial assets and liabilities of the Group for the financial period approximate their fair values except for the following:

	30.09.2019	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Loans and receivables	<u>1,646,245</u>	<u>1,668,866</u>
Financial liabilities		
Borrowings - Sukuk	<u>1,006,193</u>	<u>1,072,210</u>

**BY ORDER OF THE BOARD
JOHNSON YAP CHOON SENG
Company Secretary
11 November 2019**