



**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD  
ENDED 30 SEPTEMBER 2014**

|   | <b>INDIVIDUAL QUARTER</b> |   | <b>CUMULATIVE QUARTER</b>                         |                   |
|---|---------------------------|---|---|-------------------|
|   | <b>30.09.2014</b>         | <b>30.09.2013</b>                           | <b>30.09.2014</b>                                 | <b>30.09.2013</b> |
|   | <b>RM'000</b>             | <b>RM'000</b>                               | <b>RM'000</b>                                     | <b>RM'000</b>     |
| 1. Revenue  | <b>32,351</b>             | 32,260                                      | <b>62,762</b>                                     | 70,634            |
| 2. Profit/(Loss) before tax   | <b>7,494</b>              | 13,891                                      | <b>16,170</b>                                     | (20,826)          |
| 3. Profit/(Loss) for the financial period   | <b>5,645</b>              | 10,402                                      | <b>12,521</b>                                     | (17,379)          |
| 4. Profit/(Loss) attributable to ordinary equity holders of the Company             | <b>5,645</b>              | 10,402                                      | <b>12,521</b>                                     | (17,379)          |
| 5. Basic earnings/(loss) per ordinary share (sen)                                   | 0.50                      | 0.89  | <b>1.10</b>                                       | (1.48)            |
| 6. Proposed/Declared dividend per share (sen)                                       | -                         | -   | -   | -                 |
|   |                           | <b>AS AT END OF<br/>CURRENT<br/>QUARTER</b> | <b>AS AT PRECEDING<br/>FINANCIAL<br/>YEAR END</b> |                   |
| 7. Net assets per share attributable to ordinary equity holders of the Company (RM) |                           | 0.55  |   | 0.55              |
|   | <b>INDIVIDUAL QUARTER</b> |   | <b>CUMULATIVE QUARTER</b>                         |                   |
|   | <b>30.09.2014</b>         | <b>30.09.2013</b>                           | <b>30.09.2014</b>                                 | <b>30.09.2013</b> |
|   | <b>RM'000</b>             | <b>RM'000</b>                               | <b>RM'000</b>                                     | <b>RM'000</b>     |
| 8. Gross interest income  | <b>850</b>                | 2,484                                       | <b>2,643</b>                                      | 5,393             |
| 9. Gross interest expense   | <b>7</b>                  | 9   | <b>14</b>   | 20                |



**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

|   | INDIVIDUAL QUARTER |            | CUMULATIVE QUARTER |            |
|---|--------------------|------------|--------------------|------------|
|   | 30.09.2014         | 30.09.2013 | 30.09.2014         | 30.09.2013 |
|   | RM'000             | RM'000     | RM'000             | RM'000     |
| Revenue   | 32,351             | 32,260     | 62,762             | 70,634     |
| Other income  | 2,576              | 4,179      | 6,346              | 8,672      |
| Interest expense applicable to revenue                                | (6,969)            | (11,413)   | (15,157)           | (21,510)   |
| Staff costs and directors' remuneration                               | (4,928)            | (4,007)    | (9,020)            | (8,092)    |
| Depreciation of plant and equipment<br>and investment properties      | (623)              | (449)      | (1,315)            | (927)      |
| Other expenses  | (14,906)           | (6,670)    | (27,432)           | (69,583)   |
| Finance costs   | (7)                | (9)        | (14)               | (20)       |
| <b>Profit/(Loss) before tax</b>                                       | <b>7,494</b>       | 13,891     | <b>16,170</b>      | (20,826)   |
| Taxation  | (1,849)            | (3,489)    | (3,649)            | 3,447      |
| <b>Total comprehensive income/(loss)<br/>for the financial period</b> | <b>5,645</b>       | 10,402     | <b>12,521</b>      | (17,379)   |
| <b>Attributable to:</b>   |                    |            |                    |            |
| Owners of the Company   | <b>5,645</b>       | 10,402     | <b>12,521</b>      | (17,379)   |
| <b>Earnings/(Loss) per ordinary share:</b>                            |                    |            |                    |            |
| Basic (sen)   | <b>0.50</b>        | 0.89       | <b>1.10</b>        | (1.48)     |
| Diluted (sen)   | <b>0.35</b>        | 0.63       | <b>0.78</b>        | (1.48)     |

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 2014 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED STATEMENT OF FINANCIAL POSITION**

|  | AS AT<br>30.09.2014<br>RM'000 | AS AT<br>31.03.2014<br>RM'000 |
|--|-------------------------------|-------------------------------|
| <b>ASSETS</b>  |                               |                               |
| <b>Non-Current Assets</b>  |                               |                               |
| Plant and equipment  | 10,983                        | 10,516                        |
| Investment properties  | 2,513                         | 2,543                         |
| Goodwill on consolidation  | 28,677                        | 28,677                        |
| Loans and receivables  | 844,821                       | 786,156                       |
| Trade receivables  | 773                           | 1,565                         |
| Deferred tax assets  | 18,521                        | 21,898                        |
| Total Non-Current Assets   | 906,288                       | 851,355                       |
| <b>Current Assets</b>  |                               |                               |
| Loans and receivables  | 154,760                       | 138,830                       |
| Trade receivables  | 25,316                        | 19,576                        |
| Other receivables, deposits and prepaid expenses                   | 25,788                        | 16,355                        |
| Deposits with licensed financial institutions                      | 83,188                        | 288,310                       |
| Cash and bank balances   | 2,261                         | 2,771                         |
| Total Current Assets   | 291,313                       | 465,842                       |
| <b>TOTAL ASSETS</b>  | <b>1,197,601</b>              | <b>1,317,197</b>              |
| <b>EQUITY AND LIABILITIES</b>                                      |                               |                               |
| <b>Equity attributable to owners of the Company</b>                |                               |                               |
| Share capital  |                               |                               |
| - Ordinary shares  | 117,359                       | 117,359                       |
| - Redeemable convertible non-cumulative preference shares ("RCPS") | 46,944                        | 46,944                        |
| Treasury shares  | (11,640)                      | (4,580)                       |
| Reserves   | 521,832                       | 525,527                       |
| <b>Total Equity</b>  | <b>674,495</b>                | <b>685,250</b>                |
| <b>Non-Current Liabilities</b>                                     |                               |                               |
| Hire-purchase payables   | 291                           | 404                           |
| Borrowings   | 278,903                       | 360,627                       |
| Deferred tax liabilities   | 8,420                         | 30,577                        |
| Total Non-Current Liabilities                                      | 287,614                       | 391,608                       |
| <b>Current Liabilities</b>   |                               |                               |
| Payables and accrued expenses                                      | 20,667                        | 14,065                        |
| Hire-purchase payables   | 231                           | 233                           |
| Borrowings   | 190,366                       | 221,707                       |
| Tax liabilities  | 24,228                        | 4,334                         |
| Total Current Liabilities  | 235,492                       | 240,339                       |
| <b>Total Liabilities</b>   | <b>523,106</b>                | <b>631,947</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                | <b>1,197,601</b>              | <b>1,317,197</b>              |
| <b>NET ASSETS PER SHARE (RM)</b>                                   | <b>0.55</b>                   | <b>0.55</b>                   |

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 2014 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED STATEMENT OF CHANGES IN EQUITY**

|   | Share Capital             |                | Total Share Capital<br>RM'000 | Treasury Shares<br>RM'000 | Reserves                |                         |                             | Total Reserves<br>RM'000 | Total<br>RM'000 |
|---|---------------------------|----------------|-------------------------------|---------------------------|-------------------------|-------------------------|-----------------------------|--------------------------|-----------------|
|   | Ordinary Shares<br>RM'000 | RCPS<br>RM'000 |                               |                           | Share Premium<br>RM'000 | Share Options<br>RM'000 | Retained Earnings<br>RM'000 |                          |                 |
| <b>As at 1 April 2013</b>   | 117,359                   | 46,944         | 164,303                       | (2)                       | 149,570                 | 5,221                   | 385,160                     | 539,951                  | 704,252         |
| <b>Total comprehensive loss</b>                                     | -                         | -              | -                             | -                         | -                       | -                       | (17,379)                    | (17,379)                 | (17,379)        |
| <b>Transactions with owners</b>                                     |                           |                |                               |                           |                         |                         |                             |                          |                 |
| Dividends   | -                         | -              | -                             | -                         | -                       | -                       | (17,548)                    | (17,548)                 | (17,548)        |
| Cancellation of share options                                       | -                         | -              | -                             | -                         | -                       | (120)                   | 120                         | -                        | -               |
| Share repurchased   | -                         | -              | -                             | (1,088)                   | -                       | -                       | -                           | -                        | (1,088)         |
| Total transactions with owners                                      | -                         | -              | -                             | (1,088)                   | -                       | (120)                   | (17,428)                    | (17,548)                 | (18,636)        |
| <b>As at 30 September 2013</b>                                      | 117,359                   | 46,944         | 164,303                       | (1,090)                   | 149,570                 | 5,101                   | 350,353                     | 505,024                  | 668,237         |
| <b>As at 1 April 2014</b>   | 117,359                   | 46,944         | 164,303                       | (4,580)                   | 149,570                 | 4,784                   | 371,173                     | 525,527                  | 685,250         |
| <b>Total comprehensive income</b>                                   | -                         | -              | -                             | -                         | -                       | -                       | 12,521                      | 12,521                   | 12,521          |
| <b>Transactions with owners</b>                                     |                           |                |                               |                           |                         |                         |                             |                          |                 |
| Dividends   | -                         | -              | -                             | -                         | -                       | -                       | (17,055)                    | (17,055)                 | (17,055)        |
| Share options granted under Employees' Share Option Scheme ("ESOS") | -                         | -              | -                             | -                         | -                       | 839                     | -                           | 839                      | 839             |
| Cancellation of share options                                       | -                         | -              | -                             | -                         | -                       | (106)                   | 106                         | -                        | -               |
| Share repurchased   | -                         | -              | -                             | (7,060)                   | -                       | -                       | -                           | -                        | (7,060)         |
| Total transactions with owners                                      | -                         | -              | -                             | (7,060)                   | -                       | 733                     | (16,949)                    | (16,216)                 | (23,276)        |
| <b>As at 30 September 2014</b>                                      | 117,359                   | 46,944         | 164,303                       | (11,640)                  | 149,570                 | 5,517                   | 366,745                     | 521,832                  | 674,495         |

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 2014 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED STATEMENT OF CASH FLOWS**

|  | CUMULATIVE<br>QUARTER<br>30.09.2014<br>RM'000 | CUMULATIVE<br>QUARTER<br>30.09.2013<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |   |   |
| Profit/(Loss) before tax   | 16,170  | (20,826)                                      |
| Adjustments for:   |   |   |
| Allowance for impairment loss on receivables, net                    | 13,812  | 64,554  |
| Loss on early redemption of Asset-Backed Securities<br>("ABS")       | 7,285   | -   |
| Depreciation of plant and equipment<br>and investment properties     | 1,315   | 927   |
| Share options granted under ESOS                                     | 839   | -   |
| Amortisation of discount on Fixed Rate Medium Term<br>Notes ("MTNs") | 254   | 338   |
| Finance costs  | 14  | 20  |
| Plant and equipment written off                                      | 3   | -   |
| Interest income  | (2,643)                                       | (5,393)                                       |
| Gain on disposal of plant and equipment                              | (4)   | (32)  |
| Operating profit before working capital changes                      | <u>37,045</u>                                 | <u>39,588</u>                                 |
| (Increase)/Decrease in working capital:                              |   |   |
| Loans and receivables  | (87,746)                                      | (11,832)                                      |
| Trade receivables  | (5,609)                                       | (2,009)                                       |
| Other receivables, deposits and prepaid expenses                     | (6,206)                                       | (2,364)                                       |
| Increase in working capital:   |   |   |
| Payables and accrued expenses  | 4,040   | 139   |
| Cash (used in)/generated from operations                             | <u>(58,476)</u>                               | <u>23,522</u>                                 |
| Taxes paid   | (5,763)                                       | (12,428)                                      |
| Taxes refunded   | -   | 1   |
| Net cash (used in)/generated from operating activities               | <u>(64,239)</u>                               | <u>11,095</u>                                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |   |   |
| Interest income  | 2,643   | 5,393   |
| Proceeds from disposal of plant and equipment                        | 4   | 67  |
| Additions to plant and equipment                                     | (1,755)                                       | (819)   |
| Net cash generated from investing activities                         | <u>892</u>                                    | <u>4,641</u>                                  |



**CONDENSED STATEMENT OF CASH FLOWS (CONT'D)**

|  | CUMULATIVE<br>QUARTER<br>30.09.2014<br>RM'000 | CUMULATIVE<br>QUARTER<br>30.09.2013<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |   |   |
| Withdrawal of deposits and cash and bank balances, net:    |   |   |
| - assigned in favour of the trustees                       | 219,848                                       | 3,665   |
| - pledged to licensed financial institutions               | 1,353   | 9,396   |
| Drawdown of revolving credits                              | 107,292                                       | 64,700  |
| Drawdown of term loan                                      | 25,619  | -   |
| Drawdown of other borrowings                               | 18,663  | 24,674  |
| Redemption of ABS  | (142,285)                                     | (30,000)                                      |
| Repayment of revolving credits                             | (90,647)                                      | (105,280)                                     |
| Dividends paid   | (17,055)                                      | -   |
| Repayment of other borrowings                              | (15,646)                                      | (24,662)                                      |
| Redemption of MTNs   | (15,000)                                      | (5,000)                                       |
| Share repurchased  | (7,060)                                       | (1,088)                                       |
| Repayment of term loans                                    | (6,037)                                       | (66,402)                                      |
| Repayment of hire-purchase payables                        | (115)   | (174)   |
| Finance costs paid   | (14)  | (20)  |
| Net cash generated from/(used in) financing activities     | <u>78,916</u>                                 | <u>(130,191)</u>                              |
| Net change in cash and cash equivalents                    | 15,569  | (114,455)                                     |
| Cash and cash equivalents at beginning of financial period | 17,749  | 124,773                                       |
| Cash and cash equivalents at end of financial period       | <u>33,318</u>                                 | <u>10,318</u>                                 |

**CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL PERIOD COMPRISE THE FOLLOWING:**

|   |                |                |
|---|----------------|----------------|
| Deposits with licensed financial institutions | 83,188         | 286,570        |
| Cash and bank balances                        | <u>2,261</u>   | <u>5,216</u>   |
|   | 85,449         | 291,786        |
| Less: Deposits and cash and bank balances     |                |                |
| - assigned in favour of the trustees          | (44,412)       | (271,963)      |
| - pledged to licensed financial institutions  | <u>(7,719)</u> | <u>(9,505)</u> |
|   | <u>33,318</u>  | <u>10,318</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 2014 and the accompanying explanatory notes attached to the interim financial report.



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## NOTES TO THE INTERIM FINANCIAL REPORT

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### 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 ("BMSB"). The interim financial report also complies with IAS 34 (Interim Financial Reporting) issued by the International Accounting Standards Board ("IASB"). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2014.

### 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 2014, except for the adoption of the following amendments to published standards, standards and interpretation to existing standards which are effective for the financial period commencing 1 April 2014:

Amendments to:

|          |   |   |
|----------|---|---|
| MFRS 10  | : | Consolidated Financial Statements - Investment Entities   |
| MFRS 12  | : | Disclosure of Interests in Other Entities - Investment Entities   |
| MFRS 127 | : | Separate Financial Statements (2011) - Investment Entities  |
| MFRS 132 | : | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities                       |
| MFRS 136 | : | Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets                                    |
| MFRS 139 | : | Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting |

IC interpretation 21 : Levies

The adoption of the above does not give rise to any material financial effects to the Group.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**3 AUDITORS' REPORT ON PRECEDING ANNUAL AUDITED FINANCIAL STATEMENTS**

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.

**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) Redemption of the ABS by Tresor Assets Berhad, a subsidiary of the Company, as follows:

|                                 | <b>CURRENT<br/>QUARTER<br/>RM'000</b> | <b>CUMULATIVE<br/>QUARTER<br/>RM'000</b> |
|---------------------------------|---------------------------------------|--|
| Early redemption of ABS         | 75,000                                | 105,000                                  |
| Redemption of ABS upon maturity | 20,000                                | 30,000                                   |



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**7 DEBT AND EQUITY SECURITIES (CONT'D)**

- (b) Redemption of the MTNs by RCE Advance Sdn Bhd, a subsidiary of the Company, as follows:

|                                  | <b>CURRENT<br/>QUARTER<br/>RM'000</b> | <b>CUMULATIVE<br/>QUARTER<br/>RM'000</b> |
|----------------------------------|---------------------------------------|--|
| Redemption of MTNs upon maturity | <u>5,000</u>                          | <u>15,000</u>                            |

- (c) During the financial period, the Company repurchased 21,944,500 of its issued ordinary shares of RM0.10 each from the open market. The total consideration paid (including transaction costs) of RM7,059,744 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 at a later date. None of the treasury shares repurchased have been sold or cancelled during the financial period.

- (d) Employees' Share Option Scheme ("ESOS")

During the financial period, the Company granted 18,639,000 options to its eligible employees of the Group under ESOS at a subscription price of RM0.32 per share in accordance to the Bylaws of the ESOS. Each option entitles the option holder to subscribe for 1.5 new ordinary shares of the Company.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**8 DIVIDENDS**

**30.09.2014    30.09.2013**  
**RM'000       RM'000**

**Recognised during the financial period:**

- Final dividend for 2013:

15.0% (1.50 sen) under single-tier system on 1,169,859,595 ordinary shares, paid on 9 October 2013 to shareholders whose names appear in the record of depositors on 27 September 2013

-                    17,548

- Final dividend for 2014:

15.0% (1.50 sen) under single-tier system on 1,137,025,595 ordinary shares, paid on 1 October 2014 to shareholders whose names appear in the record of depositors on 18 September 2014

17,055                    -  

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17,055                    17,548

No ordinary share dividend has been recommended by the directors or paid for the financial period ended 30 September 2014.

On 7 November 2014, the Board of Directors approved the payment of preference share dividend of 20% (2 sen) on 469,436,998 redeemable convertible non-cumulative preference shares ("RCPS") payable on 4 December 2014 to its RCPS holders whose names appear in the record of depositors on 27 November 2014.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**9 SEGMENT INFORMATION**

Segmental revenue and results for the financial period were as follows:

|  | Loan<br>Financing<br>RM'000 | Investment<br>Holding &<br>Mgmt<br>Services<br>RM'000 | Factoring,<br>Confirming<br>& Industrial<br>Hire<br>Purchase<br>RM'000 | Group<br>RM'000 |
|--|-----------------------------|---|--|-----------------|
| <b>Segment Revenue</b>                         |                             |   |  |                 |
| Total revenue                                  | 60,195                      | 70,255  | 1,886  | 132,336         |
| Inter-segment revenue                          | -                           | (69,574)  | -  | (69,574)        |
| External revenue                               | 60,195                      | 681   | 1,886  | 62,762          |
| <b>Segment Results</b>                         |                             |   |  |                 |
| Segment results                                | 19,383                      | (2,090)   | (1,109)  | 16,184          |
| Finance costs                                  | (12)                        | -   | (2)  | (14)            |
| Profit/(Loss) before tax                       | 19,371                      | (2,090)   | (1,111)  | 16,170          |
| Taxation                                       | (3,216)                     | (506)   | 73   | (3,649)         |
| Profit/(Loss) for the financial<br>period      | 16,155                      | (2,596)   | (1,038)  | 12,521          |
| Interest income<br>including investment income | 62,822                      | 119   | 1,176  | 64,117          |
| Interest expense<br>applicable to revenue      | (14,744)                    | (144)   | (269)  | (15,157)        |



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**10 PROFIT/(LOSS) BEFORE TAX**

|  | <b>INDIVIDUAL<br/>QUARTER<br/>30.09.2014<br/>RM'000</b> | <b>CUMULATIVE<br/>QUARTER<br/>30.09.2014<br/>RM'000</b> |
|--|---|---|
| Interest income including investment income          | 32,501  | 64,117  |
| Allowance for impairment loss on<br>receivables, net | 7,850   | 13,812  |
| Amortisation of discount on MTNs                     | 126   | 254   |
| Gain on foreign exchange, net:                       |   |   |
| - Realised   | 2   | 5   |
| - Unrealised   | -   | -   |

There were no exceptional items, inventories written down and written off, allowance for impairment loss on investment properties and gain or loss on disposal of quoted or unquoted investments or properties 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.



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## NOTES TO THE INTERIM FINANCIAL REPORT

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### 12 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period.

### 13 REVIEW OF PERFORMANCE

The Group registered slightly higher revenue of RM32.4 million for the current quarter ended 30 September 2014 as compared to RM32.3 million in the corresponding quarter.

During the quarter under review, a RM4.7 million loss was incurred on early redemption of ABS bonds that will lead to savings of future coupon payments, coupled with a lower investment interest income by RM1.7 million. This gives rise to a lower pre-tax-profit of RM7.5 million as compared to the corresponding quarter of RM13.9 million.

Notwithstanding the above, for the six months financial period ended 30 September 2014, the Group registered a pre-tax profit of RM16.2 million as compared to a pre-tax loss of RM20.8 million in the corresponding period. This is mainly attributed to lower operating expenses, primarily lower loan impairment by RM50.7 million as a result of close monitoring of our loans portfolio offset with higher loss on early redemption of ABS bonds by RM7.3 million.

Accordingly, the Group recorded a post-tax profit of RM12.5 million as compared to a loss of RM17.4 million in the corresponding period.

The performance of the respective operating business segments for the for the six months financial period ended 30 September 2014 as compared to the corresponding period is as follows:

#### Loan financing segment

Pre-tax profit for the segment was RM19.4 million as opposed to a pre-tax loss of RM19.4 million in the corresponding period. This was mainly attributable to lower loan impairment by RM51.0 million offset by RM7.2 million lower interest income and RM7.3 million loss incurred on early redemption of ABS bonds.



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## NOTES TO THE INTERIM FINANCIAL REPORT

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### 13 REVIEW OF PERFORMANCE (CONT'D)

#### Investment holding and management services segment

Pre-tax loss for this segment increased from RM1.5 million to RM2.1 million mainly due to higher operating expenses by RM0.6 million.

#### Factoring, confirming and industrial hire purchase segment

This segment recorded a pre-tax loss of RM1.1 million as compared to a pre-tax profit of RM0.09 million in the corresponding period. This was mainly due to lower revenue by RM0.6 million and higher operating expenses by RM0.6 million primarily arising from higher loan impairment and staff costs.

### 14 MATERIAL CHANGE IN RESULTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

The Group recorded a pre-tax profit of RM7.5 million for the second quarter ended 30 September 2014 as compared to the preceding quarter of RM8.7 million. This was mainly due to higher loss on early redemption of ABS bonds by RM2.1 million offset with lower interest expenses applicable to revenue by RM1.2 million.

### 15 CURRENT YEAR PROSPECTS

The Group expects loans growth for its personal financing segment to moderate as it continues to adhere to the guidelines and prudential standards governing the industry.

Notwithstanding that, the Group will continue to be vigilant in monitoring its receivables as well as refining its credit criteria to ensure a higher quality loan portfolio is built.

For the factoring, confirming and industrial hire-purchase segment, the Group remains conservative on its performance, anticipating a slower business loan growth attributed by higher repayments arising from the recent hike in interest rate.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**15 CURRENT YEAR PROSPECTS (CONT'D)**

Barring any unforeseen circumstances, the Group remains positive on the financial performance for the remaining quarters of the financial year ending 31 March 2015.

**16 PROFIT FORECAST**

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

**17 TAXATION**

|                    | <b>INDIVIDUAL<br/>QUARTER<br/>30.09.2014<br/>RM'000</b> | <b>CUMULATIVE<br/>QUARTER<br/>30.09.2014<br/>RM'000</b> |
|--------------------|---|---|
| Taxation:          |   |   |
| Current period     | (15,833)  | (22,429)  |
| Deferred taxation: |   |   |
| Current period     | 13,984  | 18,780  |
|                    | <u>(1,849)</u>  | <u>(3,649)</u>  |

The effective tax rate of the Group in the current quarter and financial period is lower than the statutory tax rate as a result of utilisation of tax losses.

**18 STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the date of this report.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**19 GROUP BORROWINGS AND DEBT SECURITIES**

Total borrowings and debt securities (all denominated in Ringgit Malaysia) of the Group as at 30 September 2014 are as follows:

|                                | <b>Short<br/>Term<br/>RM'000</b> | <b>Long<br/>Term<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--------------------------------|----------------------------------|---------------------------------|-------------------------|
| <b>At amortised cost</b>       |                                  |                                 |                         |
| Secured:                       |                                  |                                 |                         |
| - Term loans                   | 14,485                           | 219,457                         | 233,942                 |
| - Revolving credits            | 124,051                          | -                               | 124,051                 |
| - Fixed rate medium term notes | 31,588                           | 59,446                          | 91,034                  |
| - Bank overdrafts              | 5,215                            | -                               | 5,215                   |
|                                | <u>175,339</u>                   | <u>278,903</u>                  | <u>454,242</u>          |
| Unsecured:                     |                                  |                                 |                         |
| - Bankers' acceptances         | 12,065                           | -                               | 12,065                  |
| - Revolving credits            | 2,855                            | -                               | 2,855                   |
| - Trust receipts               | 107                              | -                               | 107                     |
|                                | <u>15,027</u>                    | <u>-</u>                        | <u>15,027</u>           |
|                                | <u>190,366</u>                   | <u>278,903</u>                  | <u>469,269</u>          |



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**20 CAPITAL COMMITMENTS**

**30.09.2014**  
**RM'000**

Capital expenditure in respect of plant  
and equipment not provided for:

Approved and contracted for

1,870

Other than as disclosed in this report, there were no other material capital commitments as at the date of this report.

**21 CHANGES IN CONTINGENT LIABILITIES AND ASSETS**

There were no contingent liabilities and assets since the last financial year ended 31 March 2014.

**22 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

(a) There were no derivatives as at 30 September 2014.

(b) There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

**23 CHANGES IN MATERIAL LITIGATION**

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



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**24 EARNINGS/(LOSS) PER SHARE ("EPS/(LPS)")**

|  |            | INDIVIDUAL<br>QUARTER |             | CUMULATIVE<br>QUARTER |               |
|--|------------|-----------------------|-------------|-----------------------|---------------|
|  |            | 30.09.2014            | 30.09.2013  | 30.09.2014            | 30.09.2013    |
| <b>(a) Basic EPS/(LPS):</b>  |            |                       |             |                       |               |
| Profit/(Loss) for the<br>period attributable to<br>owners of the Company | (RM'000)   | 5,645                 | 10,402      | 12,521                | (17,379)      |
| Weighted average<br>number of ordinary<br>shares in issue                | (unit'000) | 1,136,879             | 1,171,517   | 1,140,947             | 1,172,529     |
| Basic EPS/(LPS)  | (sen)      | <u>0.50</u>           | <u>0.89</u> | <u>1.10</u>           | <u>(1.48)</u> |

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

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



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**24 EPS/(LPS) (CONT'D)**

|  |            | INDIVIDUAL<br>QUARTER |            | CUMULATIVE<br>QUARTER |            |
|--|------------|-----------------------|------------|-----------------------|------------|
|  |            | 30.09.2014            | 30.09.2013 | 30.09.2014            | 30.09.2013 |
| <b>(b) Diluted EPS/(LPS):</b>  |            |                       |            |                       |            |
| Profit/(Loss) for the<br>period attributable to<br>ordinary equity holders<br>of the Company | (RM'000)   | 5,645                 | 10,402     | 12,521                | (17,379)   |
| Weighted average<br>number of ordinary<br>shares in issue                                    | (unit'000) | 1,136,879             | 1,171,517  | 1,140,947             | 1,172,529  |
| Effects of dilution of:  |            |                       |            |                       |            |
| RCPS   | (unit'000) | 469,437               | 469,437    | 469,437               | -          |
| ESOS   | (unit'000) | 686                   | -          | 345                   | -          |
| Adjusted weighted average<br>number of ordinary shares<br>in issue                           | (unit'000) | 1,607,002             | 1,640,954  | 1,610,729             | 1,172,529  |
| Diluted EPS/(LPS)  | (sen)      | 0.35                  | 0.63       | 0.78                  | (1.48)     |

Diluted EPS/(LPS) for the current quarter and financial period are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares adjusted for dilutive effects of RCPS and ESOS.

The incremental shares from assumed conversions of the RCPS are not included in the calculation of diluted EPS for the six months ended 30 September 2013 as they are anti-dilutive.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**24 EPS/(LPS) (CONT'D)**

**(b) Diluted EPS/(LPS) (Cont'd):**

The ESOS options are anti-dilutive for the corresponding quarter and financial period ended 30 September 2013 as the options exercise price exceeds the average market price of the Company ordinary shares during the period. Accordingly, the options are assumed not to be exercised in the calculation of diluted EPS/(LPS).

**25 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:

|                              | <b>30.09.2014</b>                     |                              |
|------------------------------|---------------------------------------|------------------------------|
|                              | <b>Carrying<br/>amount<br/>RM'000</b> | <b>Fair value<br/>RM'000</b> |
| <b>Financial assets</b>      |                                       |                              |
| Loans and receivables        | <u>999,581</u>                        | <u>1,056,868</u>             |
| <b>Financial liabilities</b> |                                       |                              |
| Borrowings                   |                                       |                              |
| - MTNs                       | <u>91,034</u>                         | <u>94,570</u>                |



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**26 DISCLOSURE OF REALISED AND UNREALISED PROFITS**

The breakdown of the retained earnings of the Group as at 30 September 2014 pursuant to BMSB's directive dated 20 December 2010, is as follows:

|                                       | <b>INDIVIDUAL QUARTER</b> |                   |
|---------------------------------------|---------------------------|-------------------|
|                                       | <b>30.09.2014</b>         | <b>31.03.2014</b> |
|                                       | <b>RM'000</b>             | <b>RM'000</b>     |
| Total retained earnings of the Group: |                           |                   |
| - Realised                            | 356,644                   | 379,852           |
| - Unrealised                          | 10,101                    | (8,679)           |
|                                       | <u>366,745</u>            | <u>371,173</u>    |

**27 DISCLOSURE PURSUANT TO MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE")**

As announced on 2 October 2012, the Securities Commission Malaysia has, vide its letter dated 1 October 2012, approved the exemption for Cempaka Empayar Sdn Bhd ("Cempaka") and persons acting in concert with Cempaka ("PACs") from the obligation to undertake a take-over offer for all the remaining shares and convertible securities in the Company not already owned by them under Paragraph 16.1(c) of Practice Note 9 of the Code ("Exemption").




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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**27 DISCLOSURE PURSUANT TO MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE") (CONT'D)**

The following are the relevant disclosures made in compliance with Paragraph 16.13(b) of Practice Note 9 of the Code:

- (i) The validity period for the Exemption is from 1 October 2012 up to 27 November 2019;
- (ii) The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in the Company held by Cempaka and PACs as at 30 September 2014 are as follows:

|               | Number of<br>Ordinary<br>Shares<br>(Direct) % <sup>(1)</sup> |              | Number of<br>RCPS<br>(Direct) % <sup>(2)</sup> |              | Number of<br>ESOS<br>Options % <sup>(3)</sup> |              | Number of<br>ESOS<br>Option<br>Shares % <sup>(4)</sup> |              |
|---------------|--|--------------|--|--------------|---|--------------|--|--------------|
| Cempaka       | 509,140,753  | 44.85        | 451,024,881                                    | 96.08        | -   | -            | -  | -            |
| Ancorp Group  |  |              |  |              |   |              |  |              |
| Berhad        | -  | -            | -  | -            | -   | -            | -  | -            |
| Clear Goal    |  |              |  |              |   |              |  |              |
| Sdn Bhd       | -  | -            | -  | -            | -   | -            | -  | -            |
| Tan Sri Azman |  |              |  |              |   |              |  |              |
| Hashim        | -  | -            | -  | -            | 2,000,000                                     | 6.41         | 3,000,000  | 6.41         |
| Soo Kim Wai   | -  | -            | -  | -            | 1,500,000                                     | 4.81         | 2,250,000  | 4.81         |
| Shalina       |  |              |  |              |   |              |  |              |
| Azman         | -  | -            | -  | -            | 1,200,000                                     | 3.85         | 1,800,000  | 3.85         |
| Shahman       |  |              |  |              |   |              |  |              |
| Azman         | -  | -            | -  | -            | 900,000                                       | 2.88         | 1,350,000  | 2.88         |
| <b>Total</b>  | <b>509,140,753</b>   | <b>44.85</b> | <b>451,024,881</b>                             | <b>96.08</b> | <b>5,600,000</b>                              | <b>17.95</b> | <b>8,400,000</b>                                       | <b>17.95</b> |

Notes:

- (1) Based on the issued and paid-up share capital of the Company of 1,135,246,095 ordinary shares (excluding a total of 38,346,400 treasury shares) as at 30 September 2014.
- (2) Based on the total of 469,436,998 RCPS outstanding as at 30 September 2014.
- (3) Based on the total of 31,190,300 ESOS options outstanding as at 30 September 2014.
- (4) Based on 1.5 times subscription rights per ESOS option, resulting in a total of 46,785,450 ESOS option shares as at 30 September 2014.



**RCE Capital Berhad (Company No. 2444-M)**  
**Incorporated in Malaysia**

**Interim Financial Report**  
**for 2<sup>nd</sup> Quarter Ended 30 September 2014**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**27 DISCLOSURE PURSUANT TO MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE") (CONT'D)**

- (iii) The maximum potential voting shares of Cempaka and PACs in the Company, if only Cempaka and PACs (but not other holders) exercise the conversion of RCPS or options in full is 968,565,634 Ordinary shares representing 60.74% of the resulting enlarged issued and paid-up share capital of the Company;
- (iv) Cempaka and PACs shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion of RCPS or subscription rights or options of the Company (excluding issuance of new shares following the exercise of the conversion or subscription rights or options, or where all shareholders of the Company are entitled to new shares, rights, conversion or subscription rights or options on a pro-rata basis) throughout the validity period of the Exemption; and
- (v) A mandatory offer obligation by Cempaka and PACs to acquire all the remaining shares and convertible securities in the Company not already owned by them will not arise following the full conversion of RCPS and the exercise of existing ESOS options by Cempaka and PACs as the Exemption has been granted.

**BY ORDER OF THE BOARD**  
**JOHNSON YAP CHOON SENG**  
**Company Secretary**  
**19 November 2014**