

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report  
for 4<sup>th</sup> Quarter Ended 31 March 2020**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD  
ENDED 31 MARCH 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
1. Revenue	<b>72,993</b>	67,395	<b>282,609</b>	262,570
2. Profit before tax	<b>37,845</b>	33,248	<b>148,900</b>	131,089
3. Profit for the financial period	<b>28,324</b>	23,727	<b>110,581</b>	95,533
4. Profit attributable to ordinary equity holders of the Parent	<b>28,324</b>	23,727	<b>110,581</b>	95,533
5. Basic earnings per ordinary share (sen)	<b>8.08</b>	6.94	<b>31.83</b>	28.02
6. Proposed/Declared dividend per share (sen)	<b>6.00</b>	5.00	<b>11.00</b>	9.00
		<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>
7. Net assets per share attributable to ordinary equity holders of the Parent (RM)		<b>1.92</b>		1.71
		<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>
	<b>31.03.2020</b>	31.03.2019	<b>31.03.2020</b>	31.03.2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
8. Gross interest/profit income	<b>3,313</b>	1,967	<b>12,026</b>	7,984
9. Gross interest expense	<b>84</b>	13	<b>133</b>	56

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for 4<sup>th</sup> Quarter Ended 31 March 2020**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Interest/profit income	<b>66,816</b>	60,205	<b>256,782</b>	234,266
Other revenue	<b>6,177</b>	7,190	<b>25,827</b>	28,304
Revenue	<b>72,993</b>	67,395	<b>282,609</b>	262,570
Other income	<b>5,235</b>	3,866	<b>20,402</b>	15,493
Interest/profit expense applicable to revenue	<b>(20,793)</b>	(20,069)	<b>(81,704)</b>	(78,019)
Directors' remuneration and staff costs	<b>(5,645)</b>	(4,989)	<b>(24,174)</b>	(21,378)
Allowances for impairment loss on receivables, net	<b>(8,215)</b>	(6,186)	<b>(23,090)</b>	(23,725)
Depreciation of plant and equipment and right-of-use ("ROU") assets	<b>(745)</b>	(474)	<b>(2,123)</b>	(2,630)
Other expenses	<b>(4,901)</b>	(6,282)	<b>(22,887)</b>	(21,166)
Finance costs	<b>(84)</b>	(13)	<b>(133)</b>	(56)
<b>Profit before tax</b>	<b>37,845</b>	33,248	<b>148,900</b>	131,089
Income tax expense	<b>(9,521)</b>	(9,521)	<b>(38,319)</b>	(35,556)
<b>Total comprehensive income for the financial period</b>	<b>28,324</b>	23,727	<b>110,581</b>	95,533
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translations	<b>2</b>	1	-	1
Other comprehensive income for the financial period, net of tax	<b>2</b>	1	-	1
<b>Total comprehensive income for the financial period</b>	<b>28,326</b>	23,728	<b>110,581</b>	95,534
<b>Attributable to:</b>				
Owners of the Parent	<b>28,324</b>	23,727	<b>110,581</b>	95,533
<b>Earnings per ordinary share (sen):</b>				
Basic	<b>8.08</b>	6.94	<b>31.83</b>	28.02
Diluted	<b>8.05</b>	6.91	<b>31.71</b>	27.95

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.

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for 4<sup>th</sup> Quarter Ended 31 March 2020**CONDENSED STATEMENT OF FINANCIAL POSITION**

	AS AT 31.03.2020 RM'000	AS AT 31.03.2019 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Plant and equipment	7,299	4,543
ROU assets	5,827	-
Goodwill on consolidation	47,333	47,333
Loans and receivables/financing	1,520,055	1,447,009
Deferred tax assets	45,400	41,977
<b>Total Non-Current Assets</b>	<b>1,625,914</b>	<b>1,540,862</b>
<b>Current Assets</b>		
Loans and receivables/financing	169,860	151,698
Trade receivables	3,011	3,669
Other receivables, deposits and prepaid expenses	12,049	37,536
Deposits with licensed financial institutions	360,739	275,808
Cash and bank balances	259,459	216,570
<b>Total Current Assets</b>	<b>805,118</b>	<b>685,281</b>
<b>TOTAL ASSETS</b>	<b>2,431,032</b>	<b>2,226,143</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	172,238	154,454
Treasury shares	(25,911)	(19,945)
Reserves	527,037	449,007
<b>Total Equity</b>	<b>673,364</b>	<b>583,516</b>
<b>Non-Current Liabilities</b>		
Payables	780	718
Hire-purchase payables	366	714
Borrowings	1,082,931	1,029,203
Lease liabilities	4,416	-
Deferred tax liabilities	1,476	164
<b>Total Non-Current Liabilities</b>	<b>1,089,969</b>	<b>1,030,799</b>
<b>Current Liabilities</b>		
Payables and accrued expenses	30,204	26,257
Hire-purchase payables	348	372
Borrowings	631,467	575,657
Lease liabilities	749	-
Tax liabilities	4,931	9,542
<b>Total Current Liabilities</b>	<b>667,699</b>	<b>611,828</b>
<b>Total Liabilities</b>	<b>1,757,668</b>	<b>1,642,627</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,431,032</b>	<b>2,226,143</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>1.92</b>	<b>1.71</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 2019 and the accompanying explanatory notes attached to the interim financial report.


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**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
<b>As at 1 April 2018</b>	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)
<b>Restated as at 1 April 2018</b>	44,676	(13,353)	72,592	30,903	3,476	-	374,833	481,804	513,127
<b>Total comprehensive income</b>	-	-	-	-	-	1	95,533	95,534	95,534
<b>Transactions with owners</b>									
Dividends	-	-	-	-	-	-	(27,306)	(27,306)	(27,306)
Share options granted under Employees' Share Scheme ("ESS")	-	-	-	-	2,470	-	-	2,470	2,470
Issuance of shares pursuant to ESS exercised	6,283	-	-	-	(1,421)	-	1,421	-	6,283
Cancellation of share options	-	-	-	-	(465)	-	465	-	-
Shares repurchased	-	(6,592)	-	-	-	-	-	-	(6,592)
Total transactions with owners	6,283	(6,592)	-	-	584	-	(25,420)	(24,836)	(25,145)
Transfer arising from "no par value" regime	103,495	-	(72,592)	(30,903)	-	-	-	(103,495)	-
<b>As at 31 March 2019</b>	154,454	(19,945)	-	-	4,060	1	444,946	449,007	583,516
<b>As at 1 April 2019</b>	154,454	(19,945)	-	-	4,060	1	444,946	449,007	583,516
<b>Total comprehensive income</b>	-	-	-	-	-	-	110,581	110,581	110,581
<b>Transaction with owners</b>									
Dividends	-	-	-	-	-	-	(34,877)	(34,877)	(34,877)
Share options granted under ESS	-	-	-	-	2,326	-	-	2,326	2,326
Issuance of shares pursuant to ESS exercised	17,784	-	-	-	(3,747)	-	3,747	-	17,784
Cancellation of share options	-	-	-	-	(633)	-	633	-	-
Shares repurchased	-	(5,966)	-	-	-	-	-	-	(5,966)
Total transaction with owners	17,784	(5,966)	-	-	(2,054)	-	(30,497)	(32,551)	(20,733)
<b>As at 31 March 2020</b>	172,238	(25,911)	-	-	2,006	1	525,030	527,037	673,364

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.

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for 4<sup>th</sup> Quarter Ended 31 March 2020****CONDENSED STATEMENT OF CASH FLOWS**

	<b>CUMULATIVE QUARTER 31.03.2020 RM'000</b>	<b>CUMULATIVE QUARTER 31.03.2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>148,900</b>	131,089
Adjustments for:		
Allowances for impairment loss on receivables, net	<b>23,090</b>	23,725
Share options granted under ESS	<b>2,326</b>	2,470
Depreciation of plant and equipment and ROU assets	<b>2,123</b>	2,630
Finance costs	<b>133</b>	56
Plant and equipment written off	<b>51</b>	-
Interest/profit income from deposits with licensed financial institutions	<b>(12,026)</b>	(7,984)
Net gain on disposal of plant and equipment	<b>-</b>	(92)
Operating profit before working capital changes	<b>164,597</b>	151,894
(Increase)/Decrease in working capital:		
Loans and receivables/financing	<b>(114,336)</b>	(105,968)
Trade receivables	<b>696</b>	282
Other receivables, deposits and prepaid expenses	<b>25,102</b>	(3,995)
Increase/(Decrease) in working capital:		
Payables and accrued expenses	<b>5,321</b>	(3,546)
Cash generated from operations	<b>81,380</b>	38,667
Taxes paid	<b>(45,181)</b>	(33,160)
Taxes refunded	<b>1,829</b>	3,045
Net cash generated from operating activities	<b>38,028</b>	8,552
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest/profit income from deposits with licensed financial institutions received	<b>12,026</b>	7,984
Net proceeds from disposal of plant and equipment	<b>-</b>	92
Additions to plant and equipment	<b>(3,468)</b>	(626)
Net cash generated from investing activities	<b>8,558</b>	7,450

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	CUMULATIVE QUARTER 31.03.2020 RM'000	CUMULATIVE QUARTER 31.03.2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of revolving credits	853,000	380,800
Issuance of Sukuk Murabahah ("Sukuk")	220,000	240,000
Drawdown of term loans/financing	40,000	120,000
Proceeds from issuance of shares	17,784	6,283
Drawdown of other borrowings	2,990	3,450
Repayment of revolving credits	(710,000)	(328,800)
Redemption of Sukuk	(170,000)	-
Repayment of term loans/financing	(127,981)	(104,820)
Placements of deposits, cash and bank balances, net:		
- assigned in favour of the trustees	(69,625)	(140,158)
- pledged to licensed financial institutions	(5,279)	(9,457)
Dividends paid	(34,877)	(27,306)
Shares repurchased	(5,966)	(6,592)
Repayment of other borrowings	(2,990)	(3,450)
Repayment of hire-purchase payables	(372)	(349)
Repayment of lease liabilities	(221)	-
Finance costs paid	(133)	(56)
Net cash generated from financing activities	<u>6,330</u>	<u>129,545</u>
Net change in cash and cash equivalents	52,916	145,547
Cash and cash equivalents at beginning of financial year	159,751	14,204
Cash and cash equivalents at end of financial year	<u>212,667</u>	<u>159,751</u>
<b>CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL YEAR COMPRISE THE FOLLOWING:</b>		
Deposits with licensed financial institutions	360,739	275,808
Cash and bank balances	<u>259,459</u>	<u>216,570</u>
	620,198	492,378
Less: Deposits, cash and bank balances		
- assigned in favour of the trustees	(354,175)	(284,550)
- pledged to licensed financial institutions	(53,356)	(48,077)
	<u>212,667</u>	<u>159,751</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.



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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 ("Bursa"). 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
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Amendments to MFRSs classified as "Annual Improvements to MFRSs 2015 - 2017 Cycle"



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## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **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 the requirements of 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.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the Group.

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
<b>The Group:</b>			
<b>Statement of financial position</b>			
<b>Non-Current Assets</b>			
Plant and equipment	4,543	(1,136)	3,407
ROU assets	-	1,211	1,211
<b>Non-Current Liabilities</b>			
Lease liability	-	(61)	(61)
<b>Current Liabilities</b>			
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.



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### NOTES TO THE INTERIM FINANCIAL REPORT

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#### 5 UNUSUAL ITEMS

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

#### 6 CHANGES IN ESTIMATES

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

#### 7 DEBT AND EQUITY SECURITIES

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

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

	<b>CURRENT QUARTER RM'000</b>	<b>CUMULATIVE QUARTER RM'000</b>
Issuance of Sukuk	-	220,000
Redemption of Sukuk upon maturity	35,000	35,000

Out of the issuance of RM236.0 million Sukuk, RM16.0 million was subscribed internally by a subsidiary of the Company.

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

	<b>CURRENT QUARTER RM'000</b>	<b>CUMULATIVE QUARTER RM'000</b>
Redemption of Sukuk upon maturity	35,000	135,000



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### **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 372,938,136 by way of the issuance of 12,382,600 new ordinary shares pursuant to share options exercised.

(d) Treasury shares

During the financial year ended 31 March 2020, the Company repurchased 3,958,000 of its issued ordinary shares from the open market. The total consideration paid, including transaction costs, of RM5,965,980 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 year.

As at 31 March 2020, the number of ordinary shares in issue after deducting the treasury shares is 350,332,911 shares.



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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 8 DIVIDENDS

	31.03.2020 RM'000	31.03.2019 RM'000
<b>Recognised during the financial year:</b>		
- 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
- Interim dividend for 2019:		
4.00 sen per ordinary share under single-tier system, paid on 13 December 2018 to shareholders whose names appeared in the record of depositors on 29 November 2018	-	13,647
- 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	-
- Interim dividend for 2020:		
5.00 sen per ordinary share under single-tier system, paid on 5 December 2019 to shareholders whose names appeared in the record of depositors on 26 November 2019	17,437	-
	<u>34,877</u>	<u>27,306</u>

The Board of Directors ("Board") has declared a second interim single-tier dividend of 6.00 sen per ordinary share, estimated at RM21,019,975 in respect of financial year ended 31 March 2020, to be paid on 27 July 2020. The entitlement date for the dividend payment is 16 July 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- shares transferred into the depositor's securities account before 4.30 pm on 16 July 2020 in respect of ordinary transfers; and
- shares bought from Bursa on a cum entitlement basis.



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## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **8 DIVIDENDS (CONT'D)**

This second interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2021.

Total dividend declared in respect of the financial year ended 31 March 2020 is 11.00 sen, equating to 34.8% of dividend payout ratio. This is within the dividend guidance of between 20.0% to 40.0% of the Group's post-tax profit for the financial year.

The Board does not recommend any final dividend for the financial year ended 31 March 2020.

### **9 SEGMENT INFORMATION**

In the previous financial year, 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 financing.



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## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **10 PROFIT BEFORE TAX**

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

	<b>INDIVIDUAL QUARTER 31.03.2020 RM'000</b>	<b>CUMULATIVE QUARTER 31.03.2020 RM'000</b>
Allowances for impairment loss on receivables, net	8,215	23,090
Interest/profit income including interest/profit income from deposits with licensed financial institutions	(70,129)	(268,808)
Loss/(Gain) on foreign exchange, net:		
- Realised	-	(3)
- Unrealised	2	5

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 year.



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### **11 MATERIAL EVENTS DURING THE INTERIM PERIOD**

On 11 March 2020, the World Health Organisation declared COVID-19 outbreak as a pandemic as it continued to spread across the globe. On the home front, the Malaysian government on 18 March 2020 implemented a Movement Control Order (“MCO”) to restrict human movements and closed all non-essential business offices in a move to curb the spread of COVID-19. The MCO was subsequently relaxed to allow certain businesses to recommence.

The Group’s financial performance for current financial year was not significantly affected, other than those disclosed elsewhere in the report as the effects of COVID-19 were only felt towards the end of March 2020.

In response to this, appropriate measures covering credit, operational and liquidity risks were taken and closely monitored to safe guard the financial position, performance and cash flows of the Group.

### **12 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.

### **13 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.



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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 14 REVIEW OF PERFORMANCE

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.03.2020	31.03.2019	Variance		31.03.2020	31.03.2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	72,993	67,395	5,598	8.3	282,609	262,570	20,039	7.6
Profit before tax	37,845	33,248	4,597	13.8	148,900	131,089	17,811	13.6
Profit for the financial period	28,324	23,727	4,597	19.4	110,581	95,533	15,048	15.8
Profit attributable to ordinary equity holders of the Parent	28,324	23,727	4,597	19.4	110,581	95,533	15,048	15.8

The Group generated revenue of RM73.0 million, an increase of RM5.6 million or 8.3% as compared to RM67.4 million in the corresponding quarter. The increase was primarily due to higher interest/profit from its enlarged financing base of RM1.82 billion and early settlement income.

Meanwhile, higher allowances for impairment loss on receivables were recognised due to contraction of forecasted Real Gross Domestic Product (“RGDP”), a forward looking variable used for the expected credit loss (“ECL”) calculation. The downward revision in RGDP was a result of expected decline in the Malaysian economic growth arising from the unfavourable impact of COVID-19.

As the effects of COVID-19 was only felt towards the end of March 2020, the Group still managed to register a higher pre-tax profit of RM37.8 million in the current quarter from RM33.2 million in the corresponding quarter supported by its underlying strong revenue growth.

Correspondingly, a higher post-tax profit of RM28.3 million was registered as compared to RM23.7 million in the corresponding quarter.

For the financial year ended 31 March 2020, the Group continued to report a higher pre-tax profit of RM148.9 million, representing a growth of 13.6% as compared to RM131.1 million a year ago. The double-digit growth is largely supported by higher net interest/profit income, partially offset with lower fee income arising from the sale of competitive products and campaigns to boost disbursements.

Following the above, the Group recorded a commendable growth of 15.8% in its post-tax profit to RM110.6 million in the current financial year from RM95.5 million a year ago.



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## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **15 MATERIAL CHANGE IN RESULTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

	<b>INDIVIDUAL QUARTER</b>			
	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	72,993	72,502	491	0.7
Profit before tax	37,845	40,975	(3,130)	(7.6)
Profit for the financial period	28,324	30,980	(2,656)	(8.6)
Profit attributable to ordinary equity holders of the Parent	28,324	30,980	(2,656)	(8.6)

The Group registered a lower pre-tax profit of RM37.8 million in the current quarter as compared to RM41.0 million in the preceding quarter. This was mainly due to additional allowances for impairment loss on receivables reported in the current quarter arising from contraction of forecasted RGDP, a forward looking variable used for ECL calculation.

Accordingly, the Group's post-tax profit decreased by RM2.7 million to RM28.3 million as compared to RM31.0 million in the preceding quarter.

### **16 CURRENT YEAR PROSPECTS**

The Group is cognisant of the economic downturn and market uncertainty arising from COVID-19 pandemic. Hence, more sales campaigns will be launched to targeted customers in order to sustain business growth without compromising portfolio quality.

Notwithstanding the above, the Group will closely monitor the impact on its business operations, cash flows and financial results. As such, we maintain a cautious outlook and expect to remain profitable for next financial year.



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#### 17 PROFIT FORECAST

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

#### 18 INCOME TAX EXPENSE

	<b>INDIVIDUAL QUARTER 31.03.2020 RM'000</b>	<b>CUMULATIVE QUARTER 31.03.2020 RM'000</b>
Income tax payable:		
Current period	10,768	39,192
Under provision in prior years	-	1,238
	10,768	40,430
Deferred tax:		
Current period	(1,247)	(387)
Over provision in prior years	-	(1,724)
	(1,247)	(2,111)
	9,521	38,319

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

#### 19 STATUS OF CORPORATE PROPOSAL

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

**NOTES TO THE INTERIM FINANCIAL REPORT****20 LOANS AND RECEIVABLES/FINANCING**

	← As at 31.03.2020 →		
	← Receivables →		
	Loans	Financing	Total
	RM'000	RM'000	RM'000
At amortised cost, gross	823,299	996,828	1,820,127
Less: Allowance for impairment	(71,334)	(58,878)	(130,212)
	751,965	937,950	1,689,915
Amount receivable within one year	(77,270)	(92,590)	(169,860)
Non-current portion	674,695	845,360	1,520,055

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

Movement in allowances 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	585	(1,604)	(4,361)	(5,380)
- Transfer to Stage 2	(537)	3,015	(3,060)	(582)
- Transfer to Stage 3	(1,176)	(1,494)	37,839	35,169
Net adjustment of allowances for impairment	(1,128)	(83)	30,418	29,207
New financial assets originated or purchased	8,676	-	-	8,676
Financial assets derecognised	(1,616)	(188)	(2,866)	(4,670)
Changes in risk parameters	(4,659)	(696)	(4,730)	(10,085)
Written off	-	-	(23,306)	(23,306)
Balance as at 31 March 2020	49,546	5,397	75,269	130,212

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Forward looking adjustment incorporated into ECL:

The Group has applied the latest economic scenarios to reflect an unbiased probability-weighted range of possible future outcome and contraction of forecasted RGDP, a forward looking variable used for the ECL calculation. Accordingly, the ECL as at the end of the financial year has been adjusted to reflect the unfavourable impact arising from COVID-19.

**21 GROUP BORROWINGS AND DEBT SECURITIES**

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

	← As at 31.03.2020 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
<b>At amortised cost</b>			
Secured:			
Conventional			
- Revolving credits	203,748	-	203,748
- Term loans	56,028	19,340	75,368
	259,776	19,340	279,116
Shariah			
- Sukuk	101,386	957,705	1,059,091
- Revolving credits	219,454	-	219,454
- Term financing	50,851	105,886	156,737
	371,691	1,063,591	1,435,282
	631,467	1,082,931	1,714,398

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	← As at 31.03.2019 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
<b>At amortised cost</b>			
Secured:			
Conventional			
- Revolving credits	208,267	-	208,267
- Term loans	50,196	49,832	100,028
	258,463	49,832	308,295
Shariah			
- Sukuk	172,751	832,471	1,005,222
- Term financing	73,036	146,900	219,936
- Revolving credits	71,407	-	71,407
	317,194	979,371	1,296,565
	575,657	1,029,203	1,604,860

The weighted average interest rate of the Group borrowing categories as at 31 March 2020 ranges from 4.2% to 5.7% (31.03.2019: 5.1% to 6.3%) per annum.

The Group borrowings consist of:

	31.03.2020 RM'000	31.03.2019 RM'000
Fixed rate	1,059,091	1,023,578
Floating rate	655,307	581,282
	1,714,398	1,604,860

Group's borrowings increased by RM109.5 million, from RM1.60 billion a year ago to RM1.71 billion. The increase was primarily due to net drawdown in other borrowings and issuance of Sukuk by RM55.7 million and RM50.0 million respectively to fund the higher financing base of RM1.82 billion as at 31 March 2020.



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## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **22 CAPITAL COMMITMENTS**

**31.03.2020  
RM'000**

Capital expenditure approved and contracted for

718

### **23 CHANGES IN CONTINGENT LIABILITIES AND ASSETS**

As at 31 March 2020, contingent liabilities stood at RM1.8 million mainly due to the increase in letter of credit by RM1.2 million.

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

### **24 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

(a) There were no derivatives as at 31 March 2020.

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

### **25 CHANGES IN MATERIAL LITIGATION**

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



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**26 EARNINGS PER SHARE ("EPS")**

		<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>(a) Basic EPS:</b>					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	28,324	23,727	110,581	95,533
Weighted average number of ordinary shares in issue	(unit'000)	350,679	341,756	347,461	340,888
Basic EPS	(sen)	<u>8.08</u>	<u>6.94</u>	<u>31.83</u>	<u>28.02</u>

Basic EPS for the current quarter and financial year 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.

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		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>(b) Diluted EPS:</b>					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	28,324	23,727	110,581	95,533
Weighted average number of ordinary shares in issue	(unit'000)	350,679	341,756	347,461	340,888
Effects of dilution of ESS	(unit'000)	1,157	1,532	1,279	957
Adjusted weighted average number of ordinary shares in issue	(unit'000)	351,836	343,288	348,740	341,845
Diluted EPS	(sen)	8.05	6.91	31.71	27.95

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.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**27 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

	<b>31.03.2020</b>	
	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
<b>Financial assets</b>		
Loans and receivables/financing	<u>1,689,915</u>	<u>1,715,180</u>
<b>Financial liabilities</b>		
Borrowings - Sukuk	<u>1,059,091</u>	<u>1,123,856</u>

**BY ORDER OF THE BOARD**  
**JOHNSON YAP CHOON SENG**  
Company Secretary  
16 June 2020