

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD
ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
1. Revenue	76,896	77,855	224,753	218,495
2. Profit before tax	46,351	46,679	135,804	121,423
3. Profit for the financial period	34,700	34,756	101,632	90,572
4. Profit attributable to ordinary equity holders of the Parent	34,700	34,756	101,632	90,572
5. Basic earnings per ordinary share (sen)	9.50	9.72	27.97	25.52
6. Proposed/Declared dividend per share (sen)	-	-	7.00	6.00
		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)		2.30	2.15	
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
8. Gross interest income	116	57	211	690
9. Gross interest expense	66	75	203	219

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit income	68,998	71,626	204,267	203,235
Other revenue	7,898	6,229	20,486	15,260
Revenue	76,896	77,855	224,753	218,495
Other income	5,517	4,346	14,676	14,775
Profit expense applicable to revenue	(19,947)	(19,876)	(60,184)	(60,465)
Directors' remuneration and staff costs	(9,852)	(8,387)	(21,458)	(19,348)
Allowances for impairment loss on receivables, net	(1,863)	(2,076)	(5,685)	(14,945)
Depreciation of plant and equipment and right-of-use ("ROU") assets	(917)	(789)	(2,619)	(2,359)
Other expenses	(3,417)	(4,319)	(13,476)	(14,511)
Finance costs	(66)	(75)	(203)	(219)
Profit before tax	46,351	46,679	135,804	121,423
Income tax expense	(11,651)	(11,923)	(34,172)	(30,851)
Total comprehensive income for the financial period	34,700	34,756	101,632	90,572
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss:				
Foreign currency translations	-	(1)	1	(2)
Other comprehensive (loss)/income for the financial period, net of tax	-	(1)	1	(2)
Total comprehensive income for the financial period	34,700	34,755	101,633	90,570
Attributable to:				
Owners of the Parent	34,700	34,756	101,632	90,572
Earnings per ordinary share (sen):				
Basic	9.50	9.72	27.97	25.52
Diluted	9.45	9.72	27.87	25.52

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 2021 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 3rd Quarter Ended 31 December 2021**CONDENSED STATEMENT OF FINANCIAL POSITION**

	AS AT 31.12.2021 RM'000	AS AT 31.03.2021 RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	7,441	7,316
ROU assets	4,287	4,793
Goodwill on consolidation	47,333	47,333
Financing receivables	1,546,568	1,535,157
Deferred tax assets	39,615	43,181
Total Non-Current Assets	1,645,244	1,637,780
Current Assets		
Financing receivables	200,382	186,023
Trade receivables	53,278	54,207
Other receivables, deposits and prepaid expenses	13,902	14,795
Deposits with licensed financial institutions	700,192	570,983
Cash and bank balances	24,272	26,918
Total Current Assets	992,026	852,926
TOTAL ASSETS	2,637,270	2,490,706
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	200,644	188,026
Treasury shares	(25,911)	(25,911)
Reserves	665,835	611,916
Total Equity	840,568	774,031
Non-Current Liabilities		
Payables and accrued expenses	1,149	1,695
Hire-purchase payables	393	307
Financing liabilities	1,072,090	1,143,782
Lease liabilities	3,002	3,628
Deferred tax liabilities	1,321	1,221
Total Non-Current Liabilities	1,077,955	1,150,633
Current Liabilities		
Payables and accrued expenses	26,428	29,292
Hire-purchase payables	284	341
Financing liabilities	679,806	526,837
Lease liabilities	828	792
Tax liabilities	11,401	8,780
Total Current Liabilities	718,747	566,042
Total Liabilities	1,796,702	1,716,675
TOTAL EQUITY AND LIABILITIES	2,637,270	2,490,706
NET ASSETS PER SHARE (RM)	2.30	2.15

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 2021 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	Reserves			Total Reserves RM'000	Total RM'000
			Employees' Share Scheme ("ESS") RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000		
As at 1 April 2020	172,238	(25,911)	2,006	1	525,030	527,037	673,364
Total comprehensive (loss)/income	-	-	-	(2)	90,572	90,570	90,570
Transactions with owners							
Dividends	-	-	-	-	(42,785)	(42,785)	(42,785)
Share options granted under ESS	-	-	3,033	-	-	3,033	3,033
Issuance of shares pursuant to ESS exercised	10,239	-	(1,916)	-	1,916	-	10,239
Cancellation of share options	-	-	(90)	-	90	-	-
Total transactions with owners	10,239	-	1,027	-	(40,779)	(39,752)	(29,513)
As at 31 December 2020	182,477	(25,911)	3,033	(1)	574,823	577,855	734,421
As at 1 April 2021	188,026	(25,911)	2,136	(1)	609,781	611,916	774,031
Total comprehensive income	-	-	-	1	101,632	101,633	101,633
Transaction with owners							
Dividends	-	-	-	-	(51,069)	(51,069)	(51,069)
Share options granted under ESS	-	-	3,355	-	-	3,355	3,355
Issuance of shares pursuant to ESS exercised	12,618	-	(1,919)	-	1,919	-	12,618
Cancellation of share options	-	-	(7)	-	7	-	-
Total transaction with owners	12,618	-	1,429	-	(49,143)	(47,714)	(35,096)
As at 31 December 2021	200,644	(25,911)	3,565	-	662,270	665,835	840,568

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 2021 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 3rd Quarter Ended 31 December 2021**CONDENSED STATEMENT OF CASH FLOWS**

	CUMULATIVE QUARTER 31.12.2021 RM'000	CUMULATIVE QUARTER 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	135,804	121,423
Adjustments for:		
Allowances for impairment loss on receivables, net	5,685	14,945
Share options granted under ESS	3,355	3,033
Depreciation of plant and equipment and ROU assets	2,619	2,359
Finance costs	203	219
Plant and equipment written off	2	-
Profit and interest income from deposits with licensed financial institutions	(8,820)	(9,487)
Gain on disposal of plant and equipment	(176)	-
Lease payment incentive	-	(17)
Operating profit before working capital changes	<u>138,672</u>	<u>132,475</u>
(Increase)/Decrease in working capital:		
Financing receivables	(31,467)	(29,784)
Trade receivables	941	(50,116)
Other receivables, deposits and prepaid expenses	2,410	(25,558)
Increase in working capital:		
Payables and accrued expenses	6,882	6,102
Cash generated from operations	<u>117,438</u>	<u>33,119</u>
Taxes paid	(27,986)	(25,656)
Taxes refunded	224	-
Net cash generated from operating activities	<u>89,676</u>	<u>7,463</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit and interest income from deposits with licensed financial institutions received	8,820	9,487
Proceeds from disposal of plant and equipment	180	-
Additions to plant and equipment	(1,805)	(1,467)
Additions of ROU assets under hire-purchase	(407)	-
Net cash generated from investing activities	<u>6,788</u>	<u>8,020</u>

CONDENSED STATEMENT OF CASH FLOWS (CONT'D)

	CUMULATIVE QUARTER 31.12.2021 RM'000	CUMULATIVE QUARTER 31.12.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of revolving credits	489,000	495,000
Issuance of Sukuk Murabahah ("Sukuk")	100,000	220,000
Proceeds from issuance of shares	12,618	10,239
Drawdown of other financing liabilities	2,934	2,436
Proceeds from hire-purchase payables	320	-
Drawdown of term financing/loans	-	120,000
Repayment of revolving credits	(359,500)	(736,500)
Redemption of Sukuk	(95,000)	(55,000)
(Placements)/withdrawal of deposits, cash and bank balances, net:		
- assigned in favour of the trustees	(131,696)	(155,292)
- pledged to licensed financial institutions	10,482	15,158
Repayment of term financing/loans	(65,186)	(91,386)
Dividends paid	(51,069)	(42,785)
Repayments of:		
- other financing liabilities	(2,934)	(2,436)
- lease liabilities	(590)	(540)
- hire-purchase payables	(291)	(116)
Finance costs paid	(203)	(219)
Net cash used in financing activities	<u>(91,115)</u>	<u>(221,441)</u>
Net change in cash and cash equivalents	5,349	(205,958)
Cash and cash equivalents at beginning of financial period	30,222	212,667
Cash and cash equivalents at end of financial period	<u>35,571</u>	<u>6,709</u>

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

Deposits with licensed financial institutions	700,192	514,093
Cash and bank balances	<u>24,272</u>	<u>40,281</u>
	724,464	554,374
Less: Deposits, cash and bank balances		
- assigned in favour of the trustees	(669,567)	(509,467)
- pledged to licensed financial institutions	<u>(19,326)</u>	<u>(38,198)</u>
	<u>35,571</u>	<u>6,709</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 2021 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 3rd Quarter Ended 31 December 2021**

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 ("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 2021.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the annual audited financial statements for the financial year ended 31 March 2021, except for the following amendments to published standards which are effective for the financial period commencing 1 April 2021:

Amendments to MFRS 16	Interest Rate Benchmark Reform – Phase 2
	COVID-19 – Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments did not have any material effect to the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL AUDITED FINANCIAL

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



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

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

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Issuance	-	100,000
Redemption upon maturity	15,000	30,000

Out of the issuance of RM124.0 million Sukuk, RM24.0 million was subscribed internally by a subsidiary of the Company.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

7. DEBT AND EQUITY SECURITIES (CONT'D)

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

	CURRENT QUARTER RM'000	CUMULATIVE QUARTER RM'000
Redemption upon maturity	-	65,000

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

- (i) the Company granted 9,068,000 options to its eligible employees at an option price of RM3.00 in accordance with the By-Laws of the ESS; and
- (ii) the total number of issued shares of the Company was increased from 382,655,236 to 388,470,236 by way of the issuance of 5,815,000 new ordinary shares pursuant to options exercised under ESS.

As at 31 December 2021, the number of ordinary shares, net of treasury shares is 365,865,011.

[The remaining of this page is intentionally left blank]



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

8. DIVIDENDS

31.12.2021	31.12.2020
RM'000	RM'000

Recognised during the financial period:

- Second interim dividend for 2020: 6.00 sen per ordinary share, paid on 27 July 2020 to shareholders whose names appeared in the record of depositors on 16 July 2020	-	21,335
- First interim dividend for 2021: 6.00 sen per ordinary share, paid on 7 December 2020 to shareholders whose names appeared in the record of depositors on 25 November 2020	-	21,450
- Second interim dividend for 2021: 7.00 sen per ordinary share, paid on 29 July 2021 to shareholders whose names appeared in the record of depositors on 16 July 2021	25,489	-
- First interim dividend for 2022: 7.00 sen per ordinary share, paid on 6 December 2021 to shareholders whose names appeared in the record of depositors on 24 November 2021	25,580	-
	<u>51,069</u>	<u>42,785</u>

On 17 January 2022, the Company completed the distribution of treasury shares held by the Company ("Treasury Shares") on the basis of 1 Treasury Share for every 20 ordinary shares ("Shares") as further disclosed in Note 18.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

9. SEGMENT INFORMATION

Segmental reporting is not presented as the Group is primarily engaged in the provision of general consumer financing.

10. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER 31.12.2021 RM'000	CUMULATIVE QUARTER 31.12.2021 RM'000
Allowances for impairment loss on receivables, net	1,863	5,685
Income from deposits with licensed financial institutions:		
- profit income	(2,986)	(8,609)
- interest income	(116)	(211)
	(3,102)	(8,820)
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.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

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 except as disclosed in Note 18(b).

12. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) RCE Credit Pte. Ltd., a dormant direct subsidiary of the Company has been struck off and de-registered from the Register of Companies pursuant to Section 344A, Chapter 50 of the Singapore Companies Act on 8 April 2021; and
- (b) Strategi Interaksi Sdn. Bhd., a dormant direct subsidiary company of the Company has been struck off and de-registered from the Companies Commission of Malaysia pursuant to Section 551(1) of the Companies Act 2016 on 21 July 2021.

The above have no material financial effects to the Group.

[The remaining of this page is intentionally left blank]



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

13. REVIEW OF PERFORMANCE

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.12.2021	31.12.2020	Variance		31.12.2021	31.12.2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	76,896	77,855	(959)	(1.2)	224,753	218,495	6,258	2.9
Profit before tax	46,351	46,679	(328)	(0.7)	135,804	121,423	14,381	11.8
Profit for the financial period	34,700	34,756	(56)	(0.2)	101,632	90,572	11,060	12.2
Profit attributable to ordinary equity holders of the Parent	34,700	34,756	(56)	(0.2)	101,632	90,572	11,060	12.2

The Group recorded revenue and pre-tax profit of RM76.9 million and RM46.4 million for the current quarter as compared to corresponding quarter of RM77.9 million and RM46.7 million respectively. The Group steadily maintained its revenue and pre-tax profit for the current quarter mainly due to the gradual upliftment of restrictions in economic sectors subsequent to the Full Movement Control Order on 1 June 2021.

Arising thereof, the Group registered a post-tax profit of RM34.7 million in the current quarter.

For the 9 months period ended 31 December 2021, the Group registered a higher revenue of RM224.8 million primarily contributed by higher fee and profit income.

Meanwhile, the Group recorded a higher pre-tax profit of RM135.8 million in the current financial period from RM121.4 million in the corresponding financial period, representing a double digit growth of 11.8%. This was mainly led by higher fee income and lower allowances for impairment loss on receivables.

Accordingly, the Group's post-tax profit grew from RM90.6 million in the corresponding financial period to RM101.6 million in the current financial period.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

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

	INDIVIDUAL QUARTER			%
	31.12.2021	30.09.2021	Variance	
	RM'000	RM'000	RM'000	
Revenue	76,896	69,822	7,074	10.1
Profit before tax	46,351	42,203	4,148	9.8
Profit for the financial period	34,700	31,545	3,155	10.0
Profit attributable to ordinary equity holders of the Parent	34,700	31,545	3,155	10.0

The Group recorded a higher revenue of RM76.9 million as compared to RM69.8 million in the preceding quarter. This was mainly due to higher early settlement income arising from increased refinancing activities and fee income upon gradual upliftment of restrictions in economic sectors.

The above gave rise to a higher pre-tax profit of RM46.4 million in the current quarter as compared to the preceding quarter.

All-in-all, the Group posted an increased post-tax profit of RM34.7 million as compared to RM31.5 million in the preceding quarter.

15. CURRENT YEAR PROSPECTS

The Group continues to exercise prudence in its management of credit risk as we reach the end of second year of the pandemic. The swift response to the unpredictable market conditions via continuous sales campaigns has enabled us to weather the challenges faced these past financial years.

Barring any unforeseen circumstances, the Group expects its digital transformation to leverage its branding presence while maintaining momentum leading to a profitable financial year ending 31 March 2022.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

16. PROFIT FORECAST

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

17. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER 31.12.2021 RM'000	CUMULATIVE QUARTER 31.12.2021 RM'000
Income tax payable:		
Current period	11,439	31,143
Over provision in prior years	(637)	(637)
	<u>10,802</u>	<u>30,506</u>
Deferred tax:		
Current period	651	3,468
Under provision in prior years	198	198
	<u>849</u>	<u>3,666</u>
	<u>11,651</u>	<u>34,172</u>

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 PROPOSALS

(a) On 30 June 2021, the Company joined a consortium led by Paramount Corporation Berhad which has submitted an application to Bank Negara Malaysia for a digital banking license pursuant to the Licensing Framework for Digital Banks And Application Procedures For New Licences under Financial Services Act 2013.

The Company will enter into a definitive agreement that sets out the obligations of the consortium partners in due course.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

**Interim Financial Report
for 3rd Quarter Ended 31 December 2021**

NOTES TO THE INTERIM FINANCIAL REPORT

18. STATUS OF CORPORATE PROPOSALS (CONT'D)

- (b) On 9 November 2021, AmInvestment Bank Berhad has on behalf of the Board announced that the Company undertook the following:
- (i) a distribution of up to 18,778,370 Treasury Shares on the basis of 1 Treasury Share for every 20 Shares held on 5 January 2022 ("Entitlement Date"); and
 - (ii) proposed bonus issue of up to 360,251,432 new shares ("Bonus Shares") on the basis of 19 Bonus Shares for every 21 Shares held on the Entitlement Date ("Bonus Issue").

The Bonus Issue was approved by the shareholders at the Extraordinary General Meeting held on 22 December 2021.

The above were implemented concurrently with a single Entitlement Date, whereby the Treasury Shares were distributed to shareholders whose names appeared in the Record of Depositors of the Company on the Entitlement Date ("Entitled Shareholders") before the Bonus Issue. Hence, the entitlement to the Bonus Issue was based on the increased number of Shares held by Entitled Shareholders after the distribution of Treasury Shares.

On 17 January 2022, the Company announced the completion of the distribution of 18,291,722 Treasury Shares and listing of and quotation for 351,470,069 Bonus Shares on the Main Market of Bursa.

Other than the above, there were no other corporate proposals announced but not completed as at the date of this report.

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021**NOTES TO THE INTERIM FINANCIAL REPORT****19. FINANCING RECEIVABLES**

	← As at 31.12.2021 →		
	← Receivables →		
	Financing RM'000	Loans RM'000	Total RM'000
At amortised cost, gross	1,837,907	24,225	1,862,132
Less: Allowances for impairment	(109,588)	(5,594)	(115,182)
	1,728,319	18,631	1,746,950
Amount receivable within one year	(193,131)	(7,251)	(200,382)
Non-current portion	1,535,188	11,380	1,546,568

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

Movement in allowances for impairment:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Balance as at 1 April 2021	46,402	4,030	73,703	124,135
Changes in the ECL:				
- Transfer to Stage 1	322	(766)	(3,981)	(4,425)
- Transfer to Stage 2	(222)	1,355	(1,646)	(513)
- Transfer to Stage 3	(802)	(849)	24,640	22,989
Net adjustment of allowances for impairment	(702)	(260)	19,013	18,051
New financial assets originated or purchased	6,442	-	-	6,442
Financial assets derecognised	(1,701)	(101)	(3,121)	(4,923)
Changes in risk parameters	(9,025)	(782)	(4,066)	(13,873)
Written off	-	-	(14,650)	(14,650)
Balance as at 31 December 2021	41,416	2,887	70,879	115,182

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021**NOTES TO THE INTERIM FINANCIAL REPORT****19. FINANCING RECEIVABLES (CONT'D)**

The Group applied the latest economic scenarios to reflect an unbiased probability-weighted range of possible future outcome and factor in forecasted Real Gross Domestic Product, a forward looking element used for the expected credit loss ("ECL") calculation. Accordingly, the ECL during the financial period has been adjusted to reflect the impact of latest economic conditions.

20. GROUP FINANCING LIABILITIES AND DEBT SECURITIES

Total financing liabilities and debt securities (all denominated in Ringgit Malaysia) of the Group are as follow:

	← As at 31.12.2021 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
Shariah			
- Sukuk	240,401	964,243	1,204,644
- Term financing	55,704	98,916	154,620
- Revolving credits	114,099	-	114,099
	410,204	1,063,159	1,473,363
Unsecured:			
Shariah			
- Revolving credits	35,026	-	35,026
	445,230	1,063,159	1,508,389
Secured:			
Conventional			
- Revolving credits	228,623	-	228,623
- Term loans	5,953	8,931	14,884
	234,576	8,931	243,507
	679,806	1,072,090	1,751,896

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021**NOTES TO THE INTERIM FINANCIAL REPORT****20. GROUP FINANCING LIABILITIES AND DEBT SECURITIES (CONT'D)**

	← As at 31.12.2020 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
Shariah			
- Sukuk	151,598	1,083,653	1,235,251
- Term financing	73,018	153,877	226,895
- Revolving credits	34,813	-	34,813
	259,429	1,237,530	1,496,959
Conventional			
- Revolving credits	142,171	-	142,171
- Term loans	18,509	14,877	33,386
	160,680	14,877	175,557
Unsecured:			
Conventional			
- Revolving credits	4,514	-	4,514
	424,623	1,252,407	1,677,030
	424,623	1,252,407	1,677,030

As at 31 December 2021, the Group's weighted average profit rate by categories of financing liabilities ranges from 3.1% to 5.1% (31.12.2020: 3.0% to 5.4%) per annum.

The Group financing liabilities consist of:

	31.12.2021 RM'000	31.12.2020 RM'000
Fixed rate	1,204,644	1,235,251
Floating rate	547,252	441,779
	1,751,896	1,677,030
	1,751,896	1,677,030

The Group's financing liabilities rose from RM1.68 billion a year ago to RM1.75 billion, representing an increase of RM74.9 million. This was mainly due to RM105.5 million net drawdown of other financing liabilities and issuance of Sukuk amounting to RM100.0 million, offset with RM135.0 million redemptions of Sukuk upon maturity.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

21. CAPITAL COMMITMENTS

	31.12.2021
	RM'000
Capital expenditure approved and contracted for	<u>1,315</u>

22. CHANGES IN CONTINGENT LIABILITIES AND ASSETS

As at 31 December 2021, there was no letter of credit, therefore representing a decrease of RM0.6 million as compared to 31 March 2021.

23. DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

- (a) There were no derivatives as at 31 December 2021.
- (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.



RCE Capital Berhad

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021

NOTES TO THE INTERIM FINANCIAL REPORT

25. EARNINGS PER SHARE ("EPS")

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
(a) Basic EPS:					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	34,700	34,756	101,632	90,572
Weighted average number of ordinary shares in issue	(unit'000)	365,298	357,415	363,375	354,841
Basic EPS	(sen)	<u>9.50</u>	<u>9.72</u>	<u>27.97</u>	<u>25.52</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.

[The remaining of this page is intentionally left blank]

**RCE Capital Berhad**

Registration No: 195301000151 (2444-M)

Incorporated in Malaysia

Interim Financial Report
for 3rd Quarter Ended 31 December 2021**NOTES TO THE INTERIM FINANCIAL REPORT****25. EPS (CONT'D)**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
(b) Diluted EPS:					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	34,700	34,756	101,632	90,572
Weighted average number of ordinary shares in issue	(unit'000)	365,298	357,415	363,375	354,841
Effects of dilution of ESS	(unit'000)	1,717	274	1,338	92
Adjusted weighted average number of ordinary shares in issue	(unit'000)	367,015	357,689	364,713	354,933
Diluted EPS	(sen)	9.45	9.72	27.87	25.52

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 3rd Quarter Ended 31 December 2021

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:

	31.12.2021	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Financing receivables	<u>1,746,950</u>	<u>1,770,219</u>
Financial liabilities		
Financing liabilities - Sukuk	<u>1,204,644</u>	<u>1,260,414</u>

BY ORDER OF THE BOARD
JOHNSON YAP CHOON SENG
Company Secretary
24 February 2022