



**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD
ENDED 31 DECEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
1. Revenue	66,976	63,997	195,175	182,664
2. Profit before tax	35,475	29,987	97,841	87,300
3. Profit for the financial period	25,155	22,916	71,806	65,659
4. Profit attributable to ordinary equity holders of the Parent	25,155	22,916	71,806	65,659
5. Basic earnings per ordinary share (sen)	7.37	6.71	21.08	19.30
6. Proposed/Declared dividend per share (sen)	-	-	4.00	3.00
		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the Parent (RM)		1.64		1.52
		INDIVIDUAL QUARTER	CUMULATIVE QUARTER	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
8. Gross interest income	2,232	1,175	6,017	3,650
9. Gross interest expense	14	13	43	39



CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue	66,976	63,997	195,175	182,664
Other income	4,102	1,668	11,627	8,675
Interest expense applicable to revenue	(20,033)	(17,150)	(57,950)	(51,417)
Staff costs and directors' remuneration	(5,545)	(4,966)	(16,389)	(16,530)
Depreciation of plant and equipment	(678)	(857)	(2,156)	(2,930)
Other expenses	(9,333)	(12,692)	(32,423)	(33,123)
Finance costs	(14)	(13)	(43)	(39)
Profit before tax	35,475	29,987	97,841	87,300
Taxation	(10,320)	(7,071)	(26,035)	(21,641)
Total comprehensive income for the financial period	25,155	22,916	71,806	65,659
Attributable to:				
Owners of the Parent	25,155	22,916	71,806	65,659
Earnings per ordinary share (sen):				
Basic	7.37	6.71	21.08	19.30
Diluted	7.35	6.70	21.03	19.24

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 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT 31.12.2018 RM'000	AS AT 31.03.2018 RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	4,465	6,212
Goodwill on consolidation	47,333	47,333
Loans and receivables	1,442,710	1,384,993
Deferred tax assets	42,752	39,482
Total Non-Current Assets	1,537,260	1,478,020
Current Assets		
Loans and receivables	149,219	139,714
Trade receivables	3,995	3,795
Other receivables, deposits and prepaid expenses	41,720	40,045
Deposits with licensed financial institutions	260,773	169,581
Cash and bank balances	34,518	27,635
Total Current Assets	490,225	380,770
TOTAL ASSETS	2,027,485	1,858,790
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	49,505	44,676
Treasury shares	(18,456)	(13,353)
Reserves	528,774	487,950
Total Equity	559,823	519,273
Non-Current Liabilities		
Payables	107	-
Hire-purchase payables	809	959
Borrowings	880,780	981,608
Deferred tax liabilities	239	325
Total Non-Current Liabilities	881,935	982,892
Current Liabilities		
Payables and accrued expenses	28,002	33,019
Hire-purchase payables	368	329
Borrowings	546,429	316,882
Tax liabilities	10,928	6,395
Total Current Liabilities	585,727	356,625
Total Liabilities	1,467,662	1,339,517
TOTAL EQUITY AND LIABILITIES	2,027,485	1,858,790
NET ASSETS PER SHARE (RM)	1.64	1.52

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 2018 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			Retained Earnings RM'000	Total Reserves RM'000	Total RM'000
			Share Premium RM'000	Capital Redemption Reserve RM'000	Employees' Share Scheme RM'000			
As at 1 April 2017	38,064	(13,353)	72,592	30,903	2,127	311,028	416,650	441,361
Total comprehensive income	-	-	-	-	-	65,659	65,659	65,659
Transactions with owners								
Dividends	-	-	-	-	-	(20,488)	(20,488)	(20,488)
Share options granted under Employees' Share Scheme ("ESS")	-	-	-	-	3,107	-	3,107	3,107
Issuance of shares pursuant to ESS exercised	6,085	-	-	-	(1,548)	1,548	-	6,085
Cancellation of share options	-	-	-	-	(20)	20	-	-
Total transactions with owners	6,085	-	-	-	1,539	(18,920)	(17,381)	(11,296)
As at 31 December 2017	44,149	(13,353)	72,592	30,903	3,666	357,767	464,928	495,724
As at 1 April 2018	44,676	(13,353)	72,592	30,903	3,476	380,979	487,950	519,273
Effects of adopting MFRS 9	-	-	-	-	-	(6,146)	(6,146)	(6,146)
Restated as at 1 April 2018	44,676	(13,353)	72,592	30,903	3,476	374,833	481,804	513,127
Total comprehensive income	-	-	-	-	-	71,806	71,806	71,806
Transaction with owners								
Dividends	-	-	-	-	-	(27,306)	(27,306)	(27,306)
Share options granted under ESS	-	-	-	-	2,470	-	2,470	2,470
Issuance of shares pursuant to ESS exercised	4,829	-	-	-	(1,094)	1,094	-	4,829
Cancellation of share options	-	-	-	-	(258)	258	-	-
Shares repurchased	-	(5,103)	-	-	-	-	-	(5,103)
Total transaction with owners	4,829	(5,103)	-	-	1,118	(25,954)	(24,836)	(25,110)
As at 31 December 2018	49,505	(18,456)	72,592	30,903	4,594	420,685	528,774	559,823

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 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER 31.12.2018 RM'000	CUMULATIVE QUARTER 31.12.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	97,841	87,300
Adjustments for:		
Allowance for impairment loss on receivables, net	17,539	21,906
Share options granted	2,470	3,107
Depreciation of plant and equipment	2,156	2,930
Finance costs	43	39
Plant and equipment written off	-	22
Interest income from deposits with licensed financial institutions	(6,017)	(3,650)
Net gain on disposal of plant and equipment	(92)	(141)
Operating profit before working capital changes	113,940	111,513
Increase in working capital:		
Loans and receivables	(92,971)	(108,001)
Trade receivables	(77)	(224)
Other receivables, deposits and prepaid expenses	(1,618)	(3,034)
Increase/(Decrease) in working capital:		
Payables and accrued expenses	3,789	(612)
Cash generated from/(used in) operations	23,063	(358)
Taxes paid	(22,885)	(22,550)
Taxes refunded	35	334
Net cash generated from/(used in) operating activities	213	(22,574)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income from deposits with licensed financial institutions	6,017	3,650
Net proceeds from disposal of plant and equipment	92	168
Additions to plant and equipment	(640)	(4,048)
Net cash generated from/(used in) investing activities	5,469	(230)

CONDENSED STATEMENT OF CASH FLOWS (CONT'D)

	CUMULATIVE QUARTER 31.12.2018 RM'000	CUMULATIVE QUARTER 31.12.2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of revolving credits	286,800	432,300
Drawdown of term loans	120,000	-
Proceeds from issuance of shares	4,829	6,085
Drawdown of other borrowings	2,870	2,037
Issuance of Sukuk Murabahah ("Sukuk")	-	160,000
Repayment of revolving credits	(205,800)	(400,800)
(Placements)/Withdrawal of deposits, cash and bank balances, net:		
- assigned in favour of the trustees	(106,299)	(77,867)
- pledged to licensed financial institutions	960	8,577
Repayment of term loans	(81,310)	(171,171)
Dividends paid	(27,306)	(10,228)
Shares repurchased	(5,103)	-
Repayment of other borrowings	(2,286)	(2,100)
Repayment of hire-purchase payables	(258)	(267)
Finance costs paid	(43)	(39)
Net cash used in financing activities	<u>(12,946)</u>	<u>(53,473)</u>
Net change in cash and cash equivalents	(7,264)	(76,277)
Cash and cash equivalents at beginning of financial period	14,204	85,834
Cash and cash equivalents at end of financial period	<u>6,940</u>	<u>9,557</u>

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

Deposits with licensed financial institutions	260,773	141,437
Cash and bank balances	34,518	10,875
	<u>295,291</u>	<u>152,312</u>
Less: Deposits, cash and bank balances		
- assigned in favour of the trustees	(250,691)	(122,729)
- pledged to licensed financial institutions	(37,660)	(20,026)
	<u>6,940</u>	<u>9,557</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 2018 and the accompanying explanatory notes attached to the interim financial report.



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. The interim financial report also complies with IAS 34 (Interim Financial Reporting) issued by the International Accounting Standards Board. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2018.

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 2018, 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 2018:

MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers

Amendments to:

MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment
 Transactions

Clarifications to:

MFRS 15 Revenue from Contracts with Customers

NOTES TO THE INTERIM FINANCIAL REPORT

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(a) MFRS 9, Financial Instruments (“MFRS 9”)

MFRS 9 replaces MFRS 139 and introduces new requirements for classification and measurement of financial instruments, impairment and disclosure requirements. Retrospective application is required, but restatement of comparative information is not compulsory.

(i) Classification and measurement of financial instruments:

MFRS 9 requires financial assets to be classified into three measurement categories: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instruments.

For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is to be recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The application of the classification and measurement requirements is not expected to have any impact on the financial instruments, other than reclassification of certain financial assets of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) MFRS 9 (Cont'd)****(ii) Impairment:**

For loans and receivables, MFRS 9 requirements are based on changes in the expected credit loss (“ECL”) at each reporting date to reflect the changes in credit risk since initial recognition as opposed to an incurred credit loss model under MFRS 139. Accordingly, the ECL allowances which is more forward looking under MFRS 9 is expected to be higher and more volatile than MFRS 139.

For trade receivables, the Group applies the simplified approach under MFRS 9 which requires expected lifetime losses to be recognised from initial recognition.

Upon initial adoption of MFRS 9 on 1 April 2018, an adjustment of RM6.1 million was made to the opening retained earnings of the Group, thereby decreasing the equity and net assets of the Group.

The Group applies a three-stage approach to measure ECL on financial assets measured at amortised cost. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1: 12-months ECL - not credit impaired

For financial assets where there have not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

NOTES TO THE INTERIM FINANCIAL REPORT

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) MFRS 9 (Cont'd)

(ii) Impairment (Cont'd):

- Stage 2: Lifetime ECL - not credit impaired

For financial assets where there have been a significant increase in credit risk since initial recognition but that are not credit impaired and not originated credit-impaired financial assets, a lifetime ECL is recognised.

- Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired but not originated credit-impaired financial assets, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

(iii) Disclosure:

MFRS 9 requires more extensive disclosures and therefore will change the nature and extent of the financial instruments' disclosures of the Group.



NOTES TO THE INTERIM FINANCIAL REPORT

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) MFRS 9 (Cont'd)

As at 1 April 2018, there were no changes to the classification and measurement of financial assets and liabilities except for the following:

Financial assets	Original measurement category under MFRS 139	New measurement category under MFRS 9
Loans and receivables	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost

The following table summarises the financial effects as at 1 April 2018:

	As at 1 April 2018 RM'000	Effects of MFRS 9 adoption Reclassification and remeasurement		Restated as at 1 April 2018 RM'000
		RM'000	Impairment RM'000	
Effects on:				
Loans and receivables	1,524,707	-	(8,019)	1,516,688
Trade receivables	3,795	-	(68)	3,727
Deferred tax assets	39,482	-	1,941	41,423
Effects on:				
Retained earnings	380,979	-	(6,146)	374,833



NOTES TO THE INTERIM FINANCIAL REPORT

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.

NOTES TO THE INTERIM FINANCIAL REPORT

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) ESS and issuance of shares pursuant to ESS exercised
 - (i) the Company granted 8,516,000 options to its eligible employees of the Group at an option price of RM1.37 per share in accordance with the Bylaws of the ESS; and
 - (ii) the total number of issued shares of the Company was increased from 355,994,636 to 359,487,036 by way of the issuance of 3,492,400 new ordinary shares pursuant to share options exercised.
- (b) Treasury shares

During the financial period ended 31 December 2018, the Company repurchased 3,731,800 of its issued ordinary shares from the open market. The total consideration paid of RM5,103,486 (including transaction costs) was financed by internally generated funds and the shares repurchased were held as treasury shares. The Company has the right to cancel, resell and/or distribute the treasury shares as dividends and/or transfer the treasury shares for the purpose of an ESS or as purchase consideration at a later date.

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

As at 31 December 2018, the number of ordinary shares in issue after new ordinary shares issued and deducting the treasury shares is 341,782,511 shares.



NOTES TO THE INTERIM FINANCIAL REPORT

8 DIVIDENDS

	31.12.2018	31.12.2017
	RM'000	RM'000
Recognised during the financial period:		
- Final dividend for 2017: 3.00 sen per ordinary share under single-tier system, paid on 20 September 2017 to shareholders whose names appeared in the record of depositors on 7 September 2017	-	10,228
- Interim dividend for 2018: 3.00 sen per ordinary share under single-tier system, paid on 30 January 2018 to shareholders whose names appeared in the record of depositors on 17 January 2018	-	10,260
- 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	-
	<u>27,306</u>	<u>20,488</u>



NOTES TO THE INTERIM FINANCIAL REPORT

9 SEGMENT INFORMATION

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

	Consumer Financing RM'000	Investment Holding, Management Services & Others RM'000	Group RM'000
Segment Revenue			
Total revenue	194,693	802	195,495
Inter-segment revenue	-	(320)	(320)
External revenue	194,693	482	195,175
Segment Results			
Segment results	98,912	(1,028)	97,884
Finance costs	(43)	-	(43)
Profit/(loss) before tax	98,869	(1,028)	97,841
Taxation	(25,563)	(472)	(26,035)
Profit/(loss) for the financial period	73,306	(1,500)	71,806
Interest income including interest income from deposits with licensed financial institutions	179,673	405	180,078
Interest expense applicable to revenue	57,945	5	57,950
Segment assets	2,027,626	(141)	2,027,485
Segment liabilities	1,466,225	1,437	1,467,662



NOTES TO THE INTERIM FINANCIAL REPORT

10 PROFIT BEFORE TAX

	INDIVIDUAL QUARTER 31.12.2018 RM'000	CUMULATIVE QUARTER 31.12.2018 RM'000
Interest income including interest income from deposits with licensed financial institutions	62,268	180,078
Allowance for impairment loss on receivables, net	3,877	17,539
Gain on foreign exchange, net:		
- Realised	2	3
- Unrealised	-	-

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

11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

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

12 CHANGES IN THE COMPOSITION OF THE GROUP

On 19 December 2018, the Company announced the incorporation of a wholly-owned subsidiary, RCE Credit Pte. Ltd., a company incorporated in Singapore with an issued and paid-up share capital of SGD1.00 comprising one (1) ordinary share. The intended principal activity of RCE Credit Pte. Ltd is investment holding.

The incorporation has no material financial effect to the Group.



NOTES TO THE INTERIM FINANCIAL REPORT

13 REVIEW OF PERFORMANCE

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.12.2018	31.12.2017	Variance		31.12.2018	31.12.2017	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	66,976	63,997	2,979	4.7	195,175	182,664	12,511	6.8
Profit before tax	35,475	29,987	5,488	18.3	97,841	87,300	10,541	12.1
Profit for the financial period	25,155	22,916	2,239	9.8	71,806	65,659	6,147	9.4
Profit attributable to ordinary equity holders of the Parent	25,155	22,916	2,239	9.8	71,806	65,659	6,147	9.4

For the third quarter ended 31 December 2018, the Group posted a higher revenue of RM67.0 million as compared to RM64.0 million in the corresponding quarter. This was mainly contributed by higher interest income backed by expanded loan base and steady growth of quality loans portfolio from its consumer financing segment.

Pre-tax profit of the Group was RM35.5 million, representing RM5.5 million or 18.3% higher than the corresponding quarter. This was contributed by lower allowance for impairment loss on receivables.

Following the above, the Group's post-tax profit improved from RM22.9 million in the corresponding quarter to RM25.2 million in current quarter.

For the nine months ended 31 December 2018, the Group continued to record a higher pre-tax profit of RM97.8 million as compared to RM87.3 million in the corresponding period. The increase was primarily due to higher net interest income of RM9.2 million.

Accordingly, the Group also registered higher post-tax profit of RM71.8 million as compared to RM65.7 million in the corresponding period.



NOTES TO THE INTERIM FINANCIAL REPORT

13 REVIEW OF PERFORMANCE (CONT'D)

The performance of the respective operating business segments for the financial period ended 31 December 2018 as compared to corresponding period was as follows:

Consumer financing segment

Pre-tax profit for this segment was RM98.9 million, representing an increase of 14.3% as compared to RM86.5 million in the corresponding period. This was mainly contributed by RM9.4 million higher net interest income, supported by the quality loan base amounting to RM1.7 billion.

Investment holding, management services and others segment

This segment recorded a pre-tax loss of RM1.0 million in the current financial period as compared to a pre-tax profit of RM0.8 in the corresponding period, which took into account of a RM1.4 million net write back of allowance for impairment loss on receivables in relation to a factoring business.



NOTES TO THE INTERIM FINANCIAL REPORT

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

	INDIVIDUAL QUARTER			%
	31.12.2018	30.09.2018	Variance	
	RM'000	RM'000	RM'000	
Revenue	66,976	64,964	2,012	3.1
Profit before tax	35,475	31,256	4,219	13.5
Profit for the financial period	25,155	23,452	1,703	7.3
Profit attributable to ordinary equity holders of the Parent	25,155	23,452	1,703	7.3

The Group recorded a higher revenue of RM67.0 million in the current quarter as compared to RM65.0 million in the preceding quarter, primarily contributed by higher net interest income from its consumer financing segment, supported by a steady growth of its quality loan portfolio as at 31 December 2018 of RM1.7 billion.

Meanwhile, the Group continue to record double-digit growth of 13.5% in its pre-tax profit from RM31.3 million in the preceding quarter to RM35.5 million in the current quarter. This was mainly due to lower impairment loss by RM3.5 million and higher net interest income by RM1.8 million, offset with higher operating expenses.

15 CURRENT YEAR PROSPECTS

As a Group, we advocate responsible lending practices as we deliver quality financial services, complemented by our fast processing turnaround time. Our risk-based pricing and robust credit scoring model continue to fortify efforts in managing profitability and portfolio health, echoing our stance on safeguarding loans portfolio quality.

We continue to improve the operational efficiency through the application of innovative technologies and practices, keeping us abreast and relevant in an evolving business landscape.

As we continue to meet our customers' expectations in a challenging market environment, the Group is on track to end the financial year ending 31 March 2019 with another profitable year.



NOTES TO THE INTERIM FINANCIAL REPORT

16 PROFIT FORECAST

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

17 TAXATION

	INDIVIDUAL QUARTER 31.12.2018 RM'000	CUMULATIVE QUARTER 31.12.2018 RM'000
Taxation:		
Current period	9,364	26,295
Under provision in prior year	1,155	1,155
	<hr/> 10,519	<hr/> 27,450
Deferred taxation:		
Current period	(205)	(1,421)
Under provision in prior year	6	6
	<hr/> (199)	<hr/> (1,415)
	<hr/> 10,320	<hr/> 26,035

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

18 STATUS OF CORPORATE PROPOSAL

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



NOTES TO THE INTERIM FINANCIAL REPORT

19 LOANS AND RECEIVABLES

	31.12.2018
	RM'000
Loans and receivables, gross	1,720,341
Less: Allowance for impairment	(128,412)
Loans and receivables, net	<u>1,591,929</u>
Amount receivable within one year	(149,219)
Non-current portion	<u><u>1,442,710</u></u>

The profile of loans and receivables of the Group is as follows:

	31.12.2018
	RM'000
Performing	1,338,206
1 to 150 days past due but performing	310,949
Non-performing	71,186
	<u><u>1,720,341</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT

19 LOANS AND RECEIVABLES (CONT'D)*Loans and receivables that are performing*

Loans and receivables that are performing are neither past due nor impaired, are newly disbursed and/or having months-in-arrear less than a month.

None of these have been renegotiated during the financial period.

Loans and receivables that are past due but performing

All loans and receivables that are past due but performing are loans that are under the salary deduction scheme and subject to administrative/technical delay due to logistic considerations.

Loans and receivables that are non-performing

The Group's loans and receivables that are non-performing are as follows:

	31.12.2018
	RM'000
Loans and receivables, non-performing	71,186
Less: Allowance for impairment	(71,186)
	<u><u>-</u></u>

There are no loans and receivables arising from transaction with related parties during the financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

19 LOANS AND RECEIVABLES (CONT'D)

Movement in allowance for impairment:

	Stage 1	Stage 2	Stage 3	Collective	Individual	Total
	RM'000	RM'000	RM'000	assessment	assessment	RM'000
				RM'000	RM'000	
Balance as at 1 April 2018	-	-	-	52,003	66,679	118,682
Restated for adoption of MFRS 9	46,904	5,099	66,679	(52,003)	(66,679)	-
Effects of adopting MFRS 9	4,022	3,997	-	-	-	8,019
Restated as at 1 April 2018	50,926	9,096	66,679	-	-	126,701
Changes in the ECL:						
- Transfer to stage 1	910	(2,710)	(5,431)	-	-	(7,231)
- Transfer to stage 2	(609)	3,692	(3,837)	-	-	(754)
- Transfer to stage 3	(1,180)	(1,927)	34,079	-	-	30,972
Net adjustment of allowance for impairment	(879)	(945)	24,811	-	-	22,987
New financial assets originated or purchased	5,500	-	-	-	-	5,500
Financial assets derecognised	(491)	(72)	(1,055)	-	-	(1,618)
Changes in risk parameters	(4,057)	(1,852)	(3,230)	-	-	(9,139)
Written off	-	-	(16,019)	-	-	(16,019)
Balance as at 31 December 2018	50,999	6,227	71,186	-	-	128,412



NOTES TO THE INTERIM FINANCIAL REPORT

20 GROUP BORROWINGS AND DEBT SECURITIES

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

	← As at 31.12.2018 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
- Sukuk	110,256	665,461	775,717
- Term loans	125,372	215,319	340,691
- Revolving credits	310,218	-	310,218
	<u>545,846</u>	<u>880,780</u>	<u>1,426,626</u>
Unsecured:			
- Bankers' acceptances	583	-	583
	<u>546,429</u>	<u>880,780</u>	<u>1,427,209</u>
	← As at 31.12.2017 →		
	Short Term RM'000	Long Term RM'000	Total RM'000
At amortised cost			
Secured:			
- Sukuk	6,671	585,599	592,270
- Term loans	178,631	164,191	342,822
- Revolving credits	303,260	-	303,260
	<u>488,562</u>	<u>749,790</u>	<u>1,238,352</u>
Unsecured:			
- Bankers' acceptances	548	-	548
	<u>489,110</u>	<u>749,790</u>	<u>1,238,900</u>



NOTES TO THE INTERIM FINANCIAL REPORT

20 GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

The weighted average interest rate of the Group borrowing categories as at 31 December 2018 ranges from 5.2% to 6.3% (31.12.2017: 4.9% to 6.0%) per annum.

The Group borrowings consist of:

	31.12.2018	31.12.2017
	RM'000	RM'000
Fixed rate	794,611	740,269
Floating rate	632,598	498,631
	<u>1,427,209</u>	<u>1,238,900</u>

As at 31 December 2018, the Group borrowings stood at RM1.4 billion, an increased of RM188.3 million as compared to RM1.2 billion a year ago. This mainly comprised of additional one tranche of Sukuk issued amounting to RM180.0 million. Accordingly, the entire five Sukuk issuances amounting to RM770.0 million, represented 54.0% of its total facilities drawn as at 31 December 2018.

The proceeds from the Sukuk issuances were previously utilised for working capital purposes and repayment of short term borrowings.



NOTES TO THE INTERIM FINANCIAL REPORT

21 CAPITAL COMMITMENTS

31.12.2018
RM'000

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

Approved and contracted for

4,840

22 CHANGES IN CONTINGENT LIABILITIES AND ASSETS

There were no changes in contingent liabilities and assets since the last financial year ended 31 March 2018.

23 DERIVATIVES AND FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

(a) There were no derivatives as at 31 December 2018.

(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.



NOTES TO THE INTERIM FINANCIAL REPORT

25 EARNINGS PER SHARE ("EPS")

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
(a) Basic EPS:					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	25,155	22,916	71,806	65,659
Weighted average number of ordinary shares in issue	(unit'000)	341,348	341,510	340,603	340,289
Basic EPS	(sen)	<u>7.37</u>	<u>6.71</u>	<u>21.08</u>	<u>19.30</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.



NOTES TO THE INTERIM FINANCIAL REPORT

25 EPS (CONT'D)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
(b) Diluted EPS:					
Profit for the period attributable to ordinary equity holders of the Parent	(RM'000)	25,155	22,916	71,806	65,659
Weighted average number of ordinary shares in issue	(unit'000)	341,348	341,510	340,603	340,289
Effects of dilution of ESS	(unit'000)	1,029	745	900	1,019
Adjusted weighted average number of ordinary shares in issue	(unit'000)	342,377	342,255	341,503	341,308
Diluted EPS	(sen)	7.35	6.70	21.03	19.24

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 (Company No. 2444-M)
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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:

	31.12.2018	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Loans and receivables	<u>1,591,929</u>	<u>1,616,459</u>
Financial liabilities		
Borrowings - Sukuk	<u>775,717</u>	<u>816,662</u>

BY ORDER OF THE BOARD
JOHNSON YAP CHOON SENG
Company Secretary
26 February 2019