

RP Chemicals (Malaysia) Sdn. Bhd.
Financial Statements
For the year ended 31st December, 2022

Notes to the financial statements for the financial year ended 31 December 2022

23. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder value.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital based on Return on Average Capital Employed ("ROACE"), which is earnings before interest and income tax ("EBIT") as a percentage of the average capital employed for the year. Capital employed is represented as total assets less current liabilities.

	Note	2022 RM'000	2021 RM'000
Profit net of tax		8,866	9,766
Add: Interest	6	1,177	912
Income tax expense	8	2,987	3,466
EBIT		<u>13,030</u>	<u>14,144</u>
Capital employed - opening		540,141	535,591
Capital employed - closing		<u>555,764</u>	<u>540,141</u>
Capital employed - average		<u>547,953</u>	<u>537,866</u>
ROACE		<u>2%</u>	<u>3%</u>

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

24. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 6 April 2023.