RCE

RCE CAPITAL BERHAD

(2444-M)

ANNUAL REPORT 2018

member of

AMCORP

2018 at a Glance

Revenue
RM245.9 **million**

2017: RM223.3 million

Profit Before Tax
RM117.4 **million**

2017: RM101.5 million

Net Profit
RM88.7 **million**

2017: RM78.9 million

Total Assets
RM1,858.8 **million**

2017: RM1,702.1 million

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The softcopy version of RCE Capital Berhad Annual Report 2018 is available from our website. Go to www.rce.com.my or scan the QR code with smartphone.

SCAN HERE

Corporate **Information**

BOARD OF DIRECTORS

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

DATUK MOHAMED AZMI BIN MAHMOOD
Independent Director

TAN BUN POO
Independent Director

MAHADZIR BIN AZIZAN
Independent Director

SOO KIM WAI
Non-Independent Non-Executive Director

SHALINA AZMAN
Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Loh Kam Chuin

COMPANY SECRETARIES

Johnson Yap Choon Seng
(MIA 20766)

Seow Fei San
(MAICSA 7009732)

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia
Tel : +603-7803 1126 / 7806 2116
Fax : +603-7806 1387 / 7806 1261

BUSINESS ADDRESS

20th Floor
Menara AmMetLife
1 Jalan Lumut
50400 Kuala Lumpur, Malaysia
Tel : +603-4047 0988
Fax : +603-4042 8877
Website : www.rce.com.my

AUDITORS

Deloitte PLT
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia
Tel : +603-7610 8888
Fax : +603-7726 8986

SHARE REGISTRAR

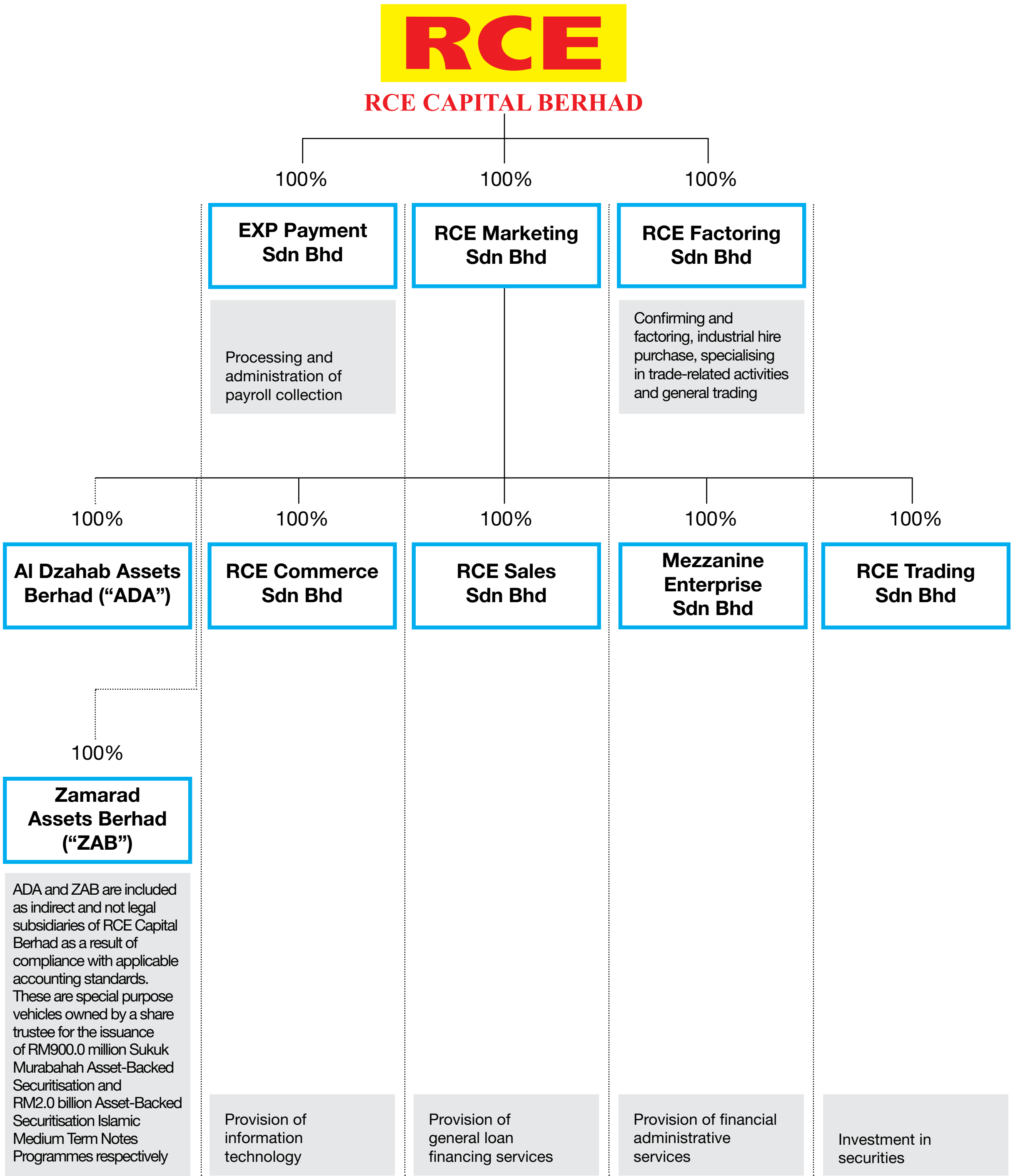
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : +603-2783 9299
Fax : +603-2783 9222

Customer Service Centre:
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

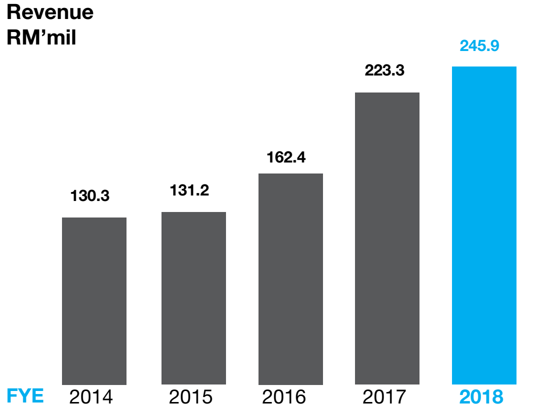
Corporate Structure

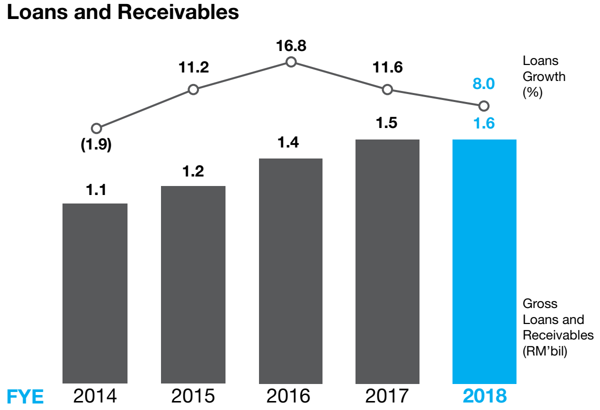


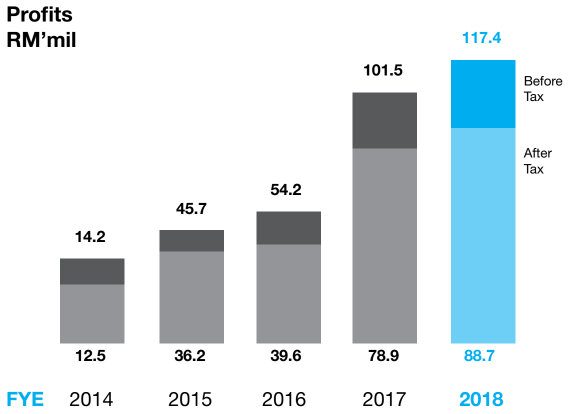
Group Financial **Highlights**

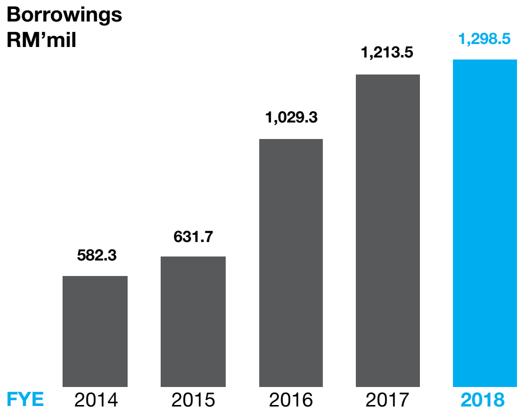
Financial Years Ended 31 March		2014	2015	2016	2017	2018
Profitability						
Revenue	(RM'000)	130,261	131,186	162,386	223,331	**245,906**
Profit before tax and allowances for impairment loss on receivables	(RM'000)	78,249	69,666	85,053	128,622	**146,968**
Profit before tax	(RM'000)	14,225	45,729	54,183	101,490	**117,373**
Net profit attributable to owners of the Company	(RM'000)	12,513	36,205	39,571	78,949	**88,681**
Key Consolidated Statements of Financial Position Data						
Total assets	(RM'000)	1,317,197	1,234,943	1,550,592	1,702,109	**1,858,790**
Loans and receivables, net	(RM'000)	924,986	1,069,917	1,260,442	1,411,561	**1,524,707**
Borrowings (net of deposits, cash and bank balances)	(RM'000)	291,253	580,107	861,733	1,054,230	**1,101,274**
Share capital:						
Ordinary shares	(RM'000)	117,359	133,400	136,381	38,064	**44,676**
Redeemable convertible non-cumulative preference shares	(RM'000)	46,944	-	-	-	**-**
Total equity	(RM'000)	685,250	566,214	456,537	441,361	**519,273**
Net assets ("NA") attributable to ordinary shareholders	(RM'000)	638,306	566,214	456,537	441,361	**519,273**
Key Financial Indicators						
NA per share attributable to ordinary shareholders	(sen)	55.16	44.25	35.13	131.07	**151.82**
Return on average equity	(%)	1.80	5.79	7.74	17.59	**18.46**
Earnings per share:						
Basic	(sen)	0.27	2.27	3.08	23.92	**26.03**
Diluted	(sen)	0.27	2.27	3.08	23.82	**25.98**
Gearing ratio	(times)	0.43	1.02	1.89	2.39	**2.12**
Net dividend per share	(sen)	1.50	1.50	14.00	3.00	**7.00**
Return on average total assets	(%)	0.91	2.84	2.84	4.85	**4.98**
Number of ordinary shares as at financial year end	(unit)	1,173,592	1,334,001	1,363,810	350,713	**355,995**
Share price as at financial year end	(sen)	28.00	31.50	28.50	178.00	**123.00**

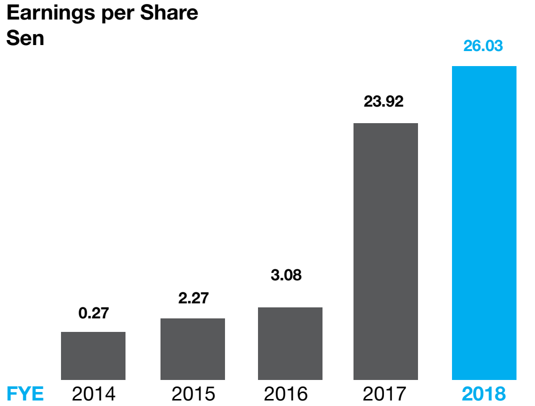
Group Financial **Highlights**

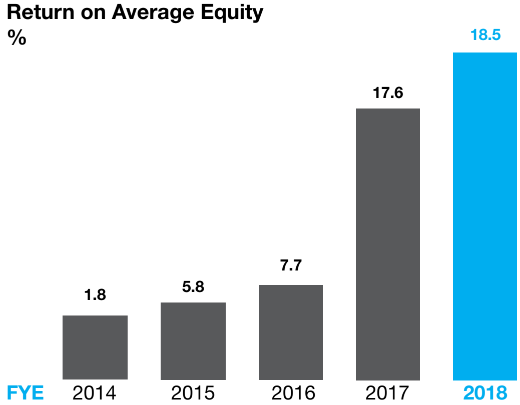












Profile of **Directors**

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

Encik Shahman Azman, a Malaysian, male, aged 43, was appointed to the Board on 2 June 2008 and was later redesignated to Non-Independent Non-Executive Chairman on 1 April 2015.

After graduating from Chapman University, U.S.A. with a Bachelor of Communications, Encik Shahman joined Amcorp Group Berhad ("Amcorp") in 1996. He was subsequently promoted to General Manager spearheading the Corporate Planning and Strategy portfolio. In 2001, he joined MCM Technologies Berhad, a former subsidiary of Amcorp, as General Manager of Corporate Planning and Strategy. His last held position in MCM Technologies Berhad was Chief Investment Officer.

Encik Shahman later joined the Company as Director of Corporate Affairs on 1 April 2004 and was promoted to Director of Strategic Business Unit on 1 January 2006.

Encik Shahman is also a Director of Amcorp and Deputy Group Chief Executive Officer of Amcorp Properties Berhad.

DATUK MOHAMED AZMI BIN MAHMOOD
Independent Director

Datuk Mohamed Azmi bin Mahmood, a Malaysian, male, aged 64, was appointed to the Board on 15 March 2017.

He is a Registered Financial Planner from the Malaysian Financial Planning Council and a Fellow Chartered Banker from the Asian Institute of Chartered Bankers.

Datuk Azmi has 36 years of experience in the banking industry. He joined Arab-Malaysian Finance Berhad ("AMFB") in 1981 as an accountant. In 1989, he was seconded by Bank Negara Malaysia to First Malaysia Finance Berhad as the Chief Executive Officer in a rescue scheme for the finance company. In January 1991, he re-joined AMFB and was promoted to Managing Director on 1 August 1994, a position he held until 14 June 2002 to assume the office of Managing Director, Retail Banking in AmBank (M) Berhad. Datuk Azmi was the Deputy Group Chief Executive Officer of AMMB Holdings Berhad from April 2012 to January 2017.

Profile of **Directors**

TAN BUN POO
Independent Director

Mr. Tan Bun Poo, a Malaysian, male, aged 68, was appointed to the Board on 1 June 2013.

He graduated with a Bachelor of Commerce from University of Newcastle, Australia in 1973 and obtained his Chartered Accountancy from Institute of Chartered Accountants, Australia in 1976. He is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Taxation and a Fellow of the Institute of Chartered Accountants in Australia.

Mr. Tan, currently a practising accountant, was a retired Senior Partner with Deloitte. He has more than 40 years of experience in the audits of both private and public companies in varied industries including banking, insurance and other financial services. He was also involved in leading assignments related to outsourced internal audits and risk management services, initial public offerings, corporate restructuring, mergers and acquisitions, and other corporate exercises.

Mr. Tan is a board member of the Auditing & Assurance Standards Board, MIA. He was a council member of MICPA and served as a member in its Accounting & Auditing Technical Committee, Financial Statements Review Committee and Investigation Committee.

Mr. Tan also sits on the Board of Amcorp Properties Berhad, UEM Edgenta Berhad, QL Resources Berhad, AmMetLife Takaful Berhad and AmInvestment Bank Berhad.

MAHADZIR BIN AZIZAN
Independent Director

Encik Mahadzir bin Azizan, a Malaysian, male, aged 69, was appointed to the Board on 31 October 2014.

He is a Barrister-at-Law from the Honourable Society of Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978.

Encik Mahadzir has more than 25 years of experience in corporate legal matters and has held key positions both in private and public sector. After graduation, he joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel and subsequently ventured into the private sector and served Malaysian International Shipping Corporation (MISC) and Island & Peninsular Berhad, the property arm of Permodalan Nasional Berhad (PNB) for 24 years. Whilst in the private sector, he also served as Ahli Majlis MARA, director of Amanah Raya Berhad and Tabung Haji group of companies as well as various other directorships in government-linked companies.

He also sits on the Board of ECM Libra Financial Group Berhad, Libra Invest Berhad, Syarikat Takaful Malaysia Keluarga Berhad (formerly known as Syarikat Takaful Malaysia Berhad), Syarikat Takaful Malaysia Am Berhad and AmanahRaya-Kenedix REIT Manager Sdn Bhd (formerly known as AmanahRaya-REIT Managers Sdn Bhd), the Manager of AmanahRaya Real Estate Investment Trust.

Profile of **Directors**

SOO KIM WAI
Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, male, aged 57, was appointed to the Board on 11 August 1997.

Mr. Soo is a Member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is also a Fellow of the Certified Practising Accountant, Australia, and the Association of Chartered Certified Accountants, United Kingdom.

Mr. Soo is currently the Group Managing Director of Amcorp Group Berhad ("Amcorp"). He joined Amcorp in 1989 as Senior Manager, Finance and has since held various positions. He was appointed as a Director of Amcorp on 13 March 1996. Before joining Amcorp, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1989.

Apart from Amcorp, his directorships in other public companies include Amcorp Properties Berhad and AMMB Holdings Berhad. He also serves as Chairman of AmREIT Managers Sdn Bhd (formerly known as Am ARA REIT Managers Sdn Bhd), the Manager of AmFirst Real Estate Investment Trust and sits on the Board of British Malaysian Chamber of Commerce.

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, female, aged 51, was appointed to the Board on 6 January 2000.

She holds a Bachelor of Science in Business Administration majoring in Finance and Economics from Chapman University in California and in 1993, she obtained her Masters in Business Administration from University of Hull in United Kingdom.

Puan Shalina's involvement with the Company dates back to 1990 where she first gained invaluable experience in the media industry as a Business Development Officer. Prior to re-joining the Company, she was with Amcorp Group Berhad ("Amcorp") from 1995 to 1999 as Senior Manager, Corporate Planning. She was subsequently appointed as the Managing Director of the Company on 1 September 2000. On 31 July 2002, Puan Shalina resigned as the Managing Director of the Company to re-join Amcorp and on 1 August 2002, she was appointed as the Deputy Managing Director of Amcorp.

Apart from Amcorp, Puan Shalina is also the Chairman of Amcorp Properties Berhad.

Profile of
Chief Executive Officer

LOH KAM CHUIN
Chief Executive Officer

Mr. Loh Kam Chuin, a Malaysian, male, aged 51, was appointed Chief Executive Officer ("CEO") on 1 March 2010.

Mr. Loh holds a Bachelor of Business-Banking and Finance from the University of South Australia. Upon graduation in 1989, he joined Southern Bank Berhad in the Personal Banking Division. In 1995, he joined Fulcrum Capital Sdn Bhd ("FCSB"), a wholly-owned subsidiary of Amcorp Group Berhad, as Manager and was promoted to Senior Manager and later Associate Director of FCSB prior to joining RCE Group. In 2001, he was appointed Director of RCE Marketing Sdn Bhd, a wholly-owned subsidiary of the Company and has since 2006, held the post of Executive Director, Corporate Affairs prior to his current appointment.

He does not hold any directorship in public companies and listed issuers.

In December 2017, the business weekly Focus Malaysia named Mr. Loh the best CEO in the banking and finance sector based on the highest compounded annual growth rate in net profit achieved by the Company over the last three years.

DETAILS OF MEMBERSHIPS IN BOARD COMMITTEES

	COMMITTEES OF THE BOARD			
	Audit Committee	Nomination & Remuneration Committee	Employees' Share Scheme Committee	Sustainability Management Committee#
Shahman Azman			**Chairman**	**Chairman**
Datuk Mohamed Azmi bin Mahmood*	Member	**Chairman**		
Tan Bun Poo	**Chairman**			
Mahadzir bin Azizan	Member	Member		
Soo Kim Wai	Member		Member	
Shalina Azman		Member	Member	Member
Loh Kam Chuin *(Chief Executive Officer)*			Member	Member

Notes:

* *Appointed as member of Audit Committee and re-designated as Chairman of Nomination & Remuneration Committee on 7 May 2018.*
\# *Established on 8 February 2018.*

Puan Shalina Azman and Encik Shahman Azman are siblings and children of Tan Sri Azman Hashim, a major shareholder of the Company. Save as disclosed herein, none of the Directors and the Chief Executive Officer have any family relationship with any Directors and/or major shareholders of the Company.

None of the Directors and the Chief Executive Officer have any conflict of interest with the Company.

None of the Directors and the Chief Executive Officer have been convicted for offences within the past 5 years, other than traffic offences, if any.

None of the Directors and the Chief Executive Officer have any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year.

Profile of **Key Senior Management**

JOHNSON YAP CHOON SENG
Group Chief Financial Officer and Company Secretary

Mr. Johnson Yap Choon Seng, a Malaysian, male, aged 48, was appointed the Group Chief Financial Officer on 21 February 2003. He has been Company Secretary of the Company since February 2005.

He is a Fellow of the Association of Certified Chartered Accountants (ACCA) and a member of the Malaysian Institute of Accountants. He obtained his Executive Masters in Business Administration from the National University of Singapore.

He has over 27 years of experience in financial reporting, corporate finance, company secretarial, information technology and other management discipline.

OON HOOI KHEE
Chief Business Officer

Ms. Oon Hooi Khee, a Malaysian, female, aged 46, joined RCE Capital Berhad and its subsidiaries on 11 September 2006 and has since then held various positions as Head of Department including Finance, Business Development, Information Technology, Operations & Methods, Human Resource & Administration and Strategy & Planning prior to her current appointment as Chief Business Officer.

Ms. Oon is a Fellow of the Certified Practising Accountant (CPA), Australia, and a member of the Malaysian Institute of Accountants.

Upon graduating from Monash University with a Bachelor of Economics majoring in Accounting, Ms. Oon joined a Big 4 accounting firm for 8 years covering audit assurance and tax compliance. Thereafter, she spent 4 years as the Head of Finance in a stockbroking company.

Notes:

None of the Key Senior Management members have:

(i) any directorship in public companies and listed issuers;

(ii) any family relationship with any Directors and/or major shareholders of the Company;

(iii) any conflict of interest with the Company;

(iv) any conviction for offences within the past 5 years, other than traffic offences, if any; and

(v) any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year.

Chairman's Letter to Shareholders

"Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report for RCE Capital Berhad and its subsidiaries ("the Group") for the financial year ended ("FYE") 31 March 2018"

ECONOMIC REVIEW

The year 2017 saw a recovery in the global economy, supported by improved investment conditions, higher productivity in manufacturing activity and uptick in world merchandise trade. These improvements were backed by benign financial market conditions, accommodative policies, and rebound in commodity prices. However, uncertainty surrounding Brexit and US-China trade tensions could unnerve business confidence and investment activity.

On the other hand, ASEAN economies recorded a robust growth, mainly driven by strong external demand, healthy labour markets and accommodative monetary policies. Back home, Gross Domestic Product ("GDP") exceeded expectations and accelerated to 5.9% (2016: 4.2%), outperforming World Bank's revised forecast of 5.2% for 2017. This result is mainly driven by strong private consumption, healthy manufacturing production and firmer exports.

As the Economic Transformation Programme brings us ever closer to be a developed nation, Malaysia is setting its sights on the next plateau as it prepares for the National Transformation 2050. Following the 14th General Election, the country's forward growth will endure as we sustain our efforts to meet the demand of the underserved market.

PERFORMANCE REVIEW

Competing in a challenging economic scenario, the Group ended FYE 2018 commendably well, recording a higher revenue of RM245.9 million, representing an improvement of 10.1% from the previous year. The main contributor was the increase in interest and fee income in the consumer financing segment, which was supported by the expanded loan base to RM1.6 billion with 8.0% growth as compared to FYE 2017.

Correspondingly, the Group registered a double-digit growth in its profit after tax ("PAT") to RM88.7 million in FYE 2018 from RM78.9 million. This translates to a higher earnings per share of 26.03 sen and return on average equity of 18.5%.

Chairman’s Letter **to Shareholders**

CORPORATE DEVELOPMENT

In addition to the three awards won in the previous year, the Sukuk Murabahah Asset-Backed Securitisation Programme of up to RM900.0 million (“Sukuk Programme”) established via Al Dzahab Assets Berhad (“ADA”) bagged another award namely, “Best Asset-Backed Securitisation Deal of the Year 2017 in Southeast Asia” by Alpha Southeast Asia Deal & Solution Awards 2017 on 13 February 2018.

The Sukuk Programme has also been fully issued through five separate tranches in June 2016, September 2016, March 2017, September 2017 and March 2018. The Group is currently establishing a new programme to continue to fund the Group’s business.

“Best Asset-Backed Securitisation Deal of the Year 2017 in Southeast Asia” award presented by Alpha Southeast Asia Deal & Solution Awards 2017.

INVESTOR RELATIONS

The Group remains committed to transparency and continue to adopt good corporate governance practices across all business divisions. The investor relations team (“IR team”) continues to ensure the latest announcements on business activities, financial results and corporate developments are accessible on the Group’s website (http://www.rce.com.my).

The Group also values the communication with stakeholders, investors and analysts. The IR team organises briefings with analysts and fund managers on a regular basis, while roadshows with institutional/prospective investors are held occasionally, to ensure the Group’s aspirations, latest operational and financial developments are communicated in a timely manner.

The Group is presently covered by analysts from Maybank Investment Bank Research and KAF-Seagroatt & Campbell Securities Sdn Bhd since September 2016 and January 2018 respectively.

SUSTAINABILITY STATEMENT

Sustainability has always been a part of the Group’s business practices. This year, the Group has completed its first Sustainability Statement to report on the material sustainability issues of the Group and stakeholders, and also complying with Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Reporting.

The full Sustainability Statement can be found on pages 20 to 24 of this Annual Report.

Chairman's Letter **to Shareholders**

DIVIDENDS

The Group on 30 January 2018 paid an interim dividend of 3.0 sen per share totalling RM10.3 million to reward shareholders for their unwavering support.

We continuously strive to balance the Group's funds for our business requirements, financial obligations as well as rewarding shareholders. In view of the above, on behalf of the Board of Directors, I am pleased to propose a final dividend of 4.0 sen per share for FYE 2018 with an estimated payout of RM13.7 million, to be approved by shareholders at the 64th Annual General Meeting. This translates to approximately RM23.9 million, representing a total payout ratio of 27.0% in FYE 2018.

Moving forward, as part of our initiative to promote better transparency and to provide shareholders as well as investors with more consistent returns, the Group will be guided by declaring dividends between the range of 20.0% to 40.0% of PAT from FYE 2019 onwards.

LOOKING AHEAD

With the recovery in global and local economy in 2017, the growth momentum is expected to be sustained in 2018 and Malaysia's GDP growth is forecasted to be 5.2% in 2018 by the World Bank. However, the loans growth in the Malaysian financing sector is anticipated to be moderate due to the anticipation of hike in the Overnight Policy Rate and higher provision loan losses after the implementation of the Malaysian Financial Reporting Standards 9.

Nonetheless, the Group remains focused as a niche market player and will continue to strive in delivering sustainable returns to our shareholders. Bringing in quality loans remain as our priority as we periodically assess our products and credit scoring model in order to remain competitive and relevant in a dynamic market environment.

In addition, the Group continues to promote process simplification and technological enhancements to improve operational efficiencies, as we partake in the Fourth Industrial Revolution to embrace a digital economy. Hence, the Group welcomes responsible innovation and continues to explore the digital space to add value to the Group as a whole.

ACKNOWLEDGMENTS

I would like to extend my gratitude to Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Y. Bhg. Dato' Che Md Nawawi bin Ismail who have resigned from the Board as Independent Directors on 16 April 2018, for their invaluable service and contribution to the Group. It has been an honour to have them with us for more than 12 years.

On behalf of the Board, I wish to take this opportunity to express our appreciation and thanks to all of our stakeholders, including shareholders and customers for your continued support. I would also like to thank the management team as well as our employees for their tireless efforts and commitment in ensuring we consistently deliver good results amidst the challenges faced.

Last but not least, I also thank the regulatory authorities for their counsel and my fellow Board members for their trust and vote of confidence.

Shahman Azman
Chairman

Management
Discussion and Analysis

OVERVIEW

RCE Capital Berhad ("RCE"), a subsidiary of Amcorp Group Berhad, is an investment holding company listed on the Main Market (previously known as the Main Board) of Bursa Malaysia Securities Berhad ("Bursa") on 23 August 2006. Formerly, it was listed on the Second Board of Bursa on 20 September 1994.

There are three main businesses under RCE and its subsidiaries ("the Group"):

- Consumer financing, our core business – RCE Marketing Sdn Bhd and its subsidiaries
- Processing and administration of payroll collection – EXP Payment Sdn Bhd
- Commercial financing – RCE Factoring Sdn Bhd

RCE Marketing Sdn Bhd

RCE Marketing Sdn Bhd ("RCEM") and its subsidiaries ("RCEM Group") act as financiers and total solutions provider of cooperatives and/or foundations to provide Islamic consumer financing products for civil servants. The monthly repayments from customers are through direct salary deduction via Accountant General's Department of Malaysia ("AG") and Biro Perkhidmatan Angkasa ("ANGKASA").

RCEM Group is the main contributor of the Group representing 97.2% of the Group's total revenue of RM245.9 million.

EXP Payment Sdn Bhd

EXP Payment Sdn Bhd ("EXP"), a direct subsidiary of Strategi Interaksi Sdn Bhd, ventured into the payroll collection segment in 2014. EXP provides collection services to payroll deductions of government departments under the purview of AG.

RCE Factoring Sdn Bhd

On 4 January 2007, the Group acquired AMDB Factoring Sdn Bhd to complement the Group's personal financing business, which was then renamed as RCE Factoring Sdn Bhd ("RCEF").

RCEF offers commercial financing to small and medium-sized enterprise via factoring and confirming facilities.

Strategy

Apart from emphasis on quality loans growth, the Group focuses on service delivery in expanding its consumer financing base. This includes swift turnaround time, distribution channel management and risk-based product pricing.

Given the ongoing digital evolution, the Group has since invested in digital capabilities for innovative applications and embarked on process simplification to further enhance operational efficiencies.

SUMMARY OF GROUP FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended ("FYE") 2018 rose to RM245.9 million, representing an increase of 10.1% from RM223.3 million in FYE 2017. The increase was primarily backed by stable growth in the consumer financing loan base, giving rise to RM212.6 million interest income as compared to RM188.8 million in the previous financial year. As our market share in consumer financing remains steady, we have expanded our consumer financing loan base from RM1.5 billion in FYE 2017 to RM1.6 billion in FYE 2018.

Management Discussion and Analysis

	2018 RM'mil	2017 RM'mil
Revenue	245.9	223.3

2018		2017	
Gross Loans RM'bil	Loans Growth %	Gross Loans RM'bil	Loans Growth %
1.6	8.0	1.5	11.6

With the increase in borrowings from RM1.2 billion to RM1.3 billion, interest expense has risen by RM7.9 million from RM61.4 million to RM69.3 million in FYE 2018. Notwithstanding that, the Group maintained its cost of funds at a reasonable level by actively managing and diversifying its funding pool comprising both fixed and floating rates. Accordingly, Bank Negara Malaysia's ("BNM") increase in the Overnight Policy Rate ("OPR") by 25 basis points on 25 January 2018 has not significantly impacted the Group's cost of funds.

Meanwhile, the Group's non-core income increased from RM9.8 million to RM11.7 million in the current financial year, mainly arising from higher deposit income partially offset by higher base effect from a one-off gain on disposal of investment property in the previous financial year and lower loan recovery.

The Group's prudent cost management saw a dip in operating expense from RM43.1 million to RM41.3 million in FYE 2018.

Improvement in net income as well as lower operating expense has led to a lower cost to income ratio from 24.4% to 21.6% for the Group.

	2018 %	2017 %
Cost to Income Ratio	21.6	24.4

Echoing our stand in sound credit risk management practices, the Group maintained a vigilant level of provisioning giving rise to the higher loan loss coverage of 178.0%. This facilitated the Group's preparation for more forward looking provisioning required by Malaysian Financial Reporting Standards 9 which came into effect on 1 April 2018. Meanwhile, gross impaired loans remained fairly stable at 7.1%, reflecting the Group's stable loan quality as supported by the recent rating review referenced in page 17.

	2018 %	2017 %
Loan Loss Coverage	178.0	172.2
Gross Impaired Loans	7.1	7.2

Correspondingly, the Group attained a higher profit before tax ("PBT") of RM117.4 million, representing a 15.6% improvement from RM101.5 million in FYE 2017. The Group has maintained its PBT above RM100.0 million for two consecutive financial years.

	2018 RM'mil	2017 RM'mil
Profit Before Tax	117.4	101.5
Profit After Tax	88.7	78.9

The Group also recorded a higher profit after tax ("PAT") of RM88.7 million in FYE 2018, a 12.3% growth from RM78.9 million in FYE 2017. This translates into higher earnings per share of 26.03 sen and a return on average equity of 18.5%.

Management
Discussion and Analysis

	2018 sen	2017 sen
Earnings per Share	26.03	23.92

	2018 %	2017 %
Return on Average Equity	18.5	17.6

BUSINESS OPERATIONS REVIEW

Consumer Financing

In FYE 2018, the Group's core business registered a 10.4% increase in revenue, from RM221.8 million in FYE 2017 to RM244.8 million in the current financial year, mainly contributed by higher interest income. Loans growth moderated to 8.0% as compared to 11.6% in the previous financial year arising from a stricter lending environment and larger loan base. Nevertheless, this business segment produced a 15.5% increase in PAT from RM78.1 million in FYE 2017 to RM90.3 million in FYE 2018.

Loan quality is managed through a comprehensive evaluation of an applicant's credit via a credit scoring model. Regular reviews ensure credit practices and scoring models remain effective and relevant while asset quality is monitored to remain at a manageable level. Riskier credit will be matched with higher priced products.

The Group motivates its distribution channel by offering attractive incentive and remuneration to its marketing representatives, supported by on-going marketing and promotion initiatives. They are tasked to maintain professionalism as guided by the Code of Conduct while the Group provides appropriate training programmes to sharpen their competencies and to heighten their awareness on regulatory requirements.

Consumer financing will remain the primary contributor to the Group's profitability as we commit to continue providing speed, quality service and better customer experience.

Investment Holding, Management Services and Others ("IHMSO")

The Group's IHMSO segment reported RM1.1 million in revenue for FYE 2018 as compared to RM1.5 million in the preceding financial year, following the Group's cautious approach in its factoring and confirming business.

This segment recorded a PAT of RM0.8 million in FYE 2017 as compared to a loss after tax of RM1.6 million in FYE 2018. Excluding the effects of a RM2.1 million write back of allowance of impairment loss on receivables in the previous financial year, this segment's underlying loss after tax was RM1.3 million in FYE 2017.

This segment's financial performance is consistent with the Group's intention to shrink its commercial financing arm and focus on recovery of non-performing loans.

Moving forward, this segment's contribution to the Group's performance will remain marginal.

LIQUIDITY RISK MANAGEMENT

The Group adopts prudent liquidity risk management that includes cash flow monitoring to ensure all funding requirements are met, matching of maturity profile of its assets against liabilities and active diversification of funding pool to keep its cost of funds at a reasonable level.

To complement the Group's plan in improving its liquidity risk management, a Sukuk Murabahah Asset-Backed Securitisation Programme of up to RM900.0 million ("Sukuk Programme") via a special purpose vehicle, Al Dzahab Assets Berhad ("ADA") was set up to acquire pools of eligible loans originated by RCEM in FYE 2017. This was the Group's fourth foray into the debt capital market.

Management
Discussion and Analysis

To-date, the Sukuk Programme amounting to RM900.0 million has been fully issued. Of the RM900.0 million, RM770.0 million was taken up by external parties and the balance RM130.0 million was internally subscribed by a subsidiary, RCE Trading Sdn Bhd:

FYE	No of Tranches Issued	Externally Subscribed RM'mil	Internally Subscribed RM'mil	Total Issuance Sum RM'mil
2018	2	340.0	46.5	386.5
2017	3	430.0	83.5	513.5
	5	**770.0**	**130.0**	**900.0**

	2018 RM'mil	2017 RM'mil
Borrowings	1,298.5	1,213.5

In addition to the market's interest in subscribing to the issuance, the Sukuk Programme had previously garnered three awards, "Best Murabahah Deal of the Year 2016 in Southeast Asia" by Alpha Southeast Asia Deal & Solution Awards 2016 on 25 January 2017, "Commodity Murabahah Deal of the Year 2016" by Islamic Finance News Awards 2016 on 22 February 2017 and "Best Securitisation Sukuk of the Year 2017" by The Asset Triple A Islamic Finance Awards 2017 on 11 July 2017.

On 13 February 2018, ADA was further awarded "Best Asset-Backed Securitisation Deal of the Year 2017 in Southeast Asia" by Alpha Southeast Asia Deal & Solution Awards 2017.

In addition, RAM Ratings Services Berhad, the rating agency for the Sukuk Programme, has also recently upgraded the rating for Tranche 1 Class B Sukuk from AA3 to AA1 and for Tranche 2 Class B Sukuk from AA3 to AA2. The upgrading was on the premise that our securitised portfolio is showing a better than assumed default performance. This translates into better credit support and reiterates our strength in active management of our loans portfolio.

Consequently, arising from the conversion of its short-term borrowings into long-term borrowings, the Group has turned its balance sheet from net current liabilities of RM282.2 million a year ago to a net current assets of RM24.1 million, as at 31 March 2018. This is a commendable achievement while maintaining the Group's borrowings at RM1.3 billion, which is less than three (3) times gearing as at 31 March 2018.

Moving ahead, we will actively explore new funding opportunities for more favourable financing rates for business growth. As it is, the Group is in the midst of securing new funding via a **RM2.0 billion Asset-Backed Securitisation Islamic Medium Term Notes Programme.**

CAPITAL MANAGEMENT/INVESTMENTS

Sound financial position is essential to enable the Group to continue to create value. The Group's capital management remains robust and aligned to business strategy and regulatory requirements, ultimately protecting the interest of stakeholders.

In FYE 2017, the Group completed its share consolidation and capital repayment exercise to attain a more efficient capital structure. The gearing ratio is now more reflective of the business strategy, which remains stable at 2.1 times.

	2018 times	2017 times
Gearing Ratio	2.1	2.4

Management
Discussion and Analysis

Transformation is vital to drive growth opportunities and remain up to date on regulatory requirements. As at 31 March 2018, RM4.6 million has been injected into technology to embrace digitisation. Another RM6.8 million is being allocated for further enhancements in the new financial year.

In view of the increasing cyber security threats, the Group stays abreast of latest development to enhance system integrity. The Group also engages professional consultants to carry out penetration tests periodically to ensure our operations are not impacted.

OUR PEOPLE

Great importance is placed in human capital development and talent management. The Group continuously seeks the right people, knowledge, skill sets and expertise to maintain a constant pool of talents. The Group has a workforce of 176 employees as at 31 March 2018.

Developing our talent

The Group nurtures its talents by providing on-the-job training and personal coaching for their jobs supplemented by a suite of comprehensive training programmes delivered in-house or via qualified external trainers. Technical trainings, ranging from regulatory changes to accounting implications, are offered to employees to stay abreast on the latest developments in the industry and remain ahead in today's fast-paced environment.

In relation to career progression, the Group recognises the importance of talent management and provides equal opportunities to driven individuals. Employees who have shown potential are coached by their superiors. Soft skills trainings such as leadership and organisational skills are not overlooked to groom future leaders.

To reward employees for their contribution, the Group practices a performance based remuneration system centered on key performance indicators. Employees who have proven their mettle are invited to participate in the Employees' Share Scheme, in appreciation of their effort, drive and perseverance towards the Group's objectives and financial performance. In FYE 2018, the Group granted a total of 9,137,000 share options to its eligible employees with a charge to profit and loss amounting to RM3.1 million.

Caring for our people

The Group actively encourages employees to pursue a healthy lifestyle and manage stress positively. We care for our employees' health and safety with the introduction of a variety of health and wellness programmes during the financial year such as health workshops, health screenings, annual influenza vaccination and first aid courses. The Group has also provided air purifiers and weekly distribution of fruits to foster a healthier workplace.

In respect to work-life blending, employees can take advantage of our weekly zumba, yoga and badminton sessions. Some fun and recreational workshops such as gift wrapping, soap making and terrarium workshops were also well received. Team-building activities including treasure hunt, bowling and paintball competitions keep our work force motivated, productive and energised.

We remain invested in our human assets as we cultivate and build core talents for the long-term partnership between the Group and our employees.

Management
Discussion and Analysis

DIVIDEND

On 13 October 2017, the Group won the "Best in Dividend Yield" award presented by Focus Best Under Billion Awards 2017.

"Best in Dividend Yield" award presented by Focus Best Under Billion Awards 2017.

An interim single-tier dividend of 3.0 sen per share on 342,011,911 ordinary shares with a total payout of RM10.3 million was paid to shareholders on 30 January 2018.

Subject to shareholders' approval, the Board of Directors is proposing a final single-tier dividend payment of 4.0 sen per share. Together the Group would have paid a total dividend of 7.0 sen per share for FYE 2018, up 4.0 sen per share as compared to FYE 2017.

The above encapsulates our aim in consistently paying dividends to shareholders. Nevertheless, the Group continuously seeks to strike a balance rewarding shareholders and channeling funds for business growth to ensure long-term sustainability of dividends to shareholders.

Arising thereof, the Group will henceforth be guided by a dividend payout ranging from 20.0% to 40.0% of the PAT.

OUTLOOK FOR 2018/FYE 2019

The Malaysian economy as measured by Gross Domestic Product ("GDP") expanded commendably in 2017 by 5.9% as compared to 4.2% in 2016, supported by private consumption and demand recovery in the external sector. However, headline inflation picked up to 3.7% in 2017 from 2.1% in 2016. On the back of a stronger Ringgit Malaysia against the US Dollar and stable oil and commodity prices, inflation is envisaged by the monetary authority of Malaysia, BNM, to be at 2.0% - 3.0% in 2018. BNM raised the OPR by 25 basis points to 3.25% on 25 January 2018 as global and domestic economic conditions support such a hike to mitigate the rising risk of inflation in Malaysia.

As highlighted in EY's FinTech Adoption Index, consumers are drawn to Financial Technology ("FinTech") services because propositions are more convenient, transparent and readily personalised. Technology is undoubtedly a critical tool that can help financial institutions ("FI") to tailor better products and deliver improved customer experience. As such, more FIs are investing in customer technology focused on front-end interfaces today in order to bridge the gap and stay relevant in a rapidly changing environment. The rise of FinTech in Malaysia was tremendous, especially in 2017 after BNM introduced the FinTech Regulatory Sandbox Framework in October 2016.

While remaining vigilant of the digitalisation in the financing industry, the Group continues to focus on streamlining its operational, distribution channel and risk management infrastructure to elevate operational efficiencies and customer experience. In FYE 2018, a new online platform has been launched to streamline our distribution channel. This is expected to improve customer experience and reach in this ever evolving landscape. In this respect, the Group is actively looking for opportunities in technological enhancement and process simplification as we arm ourselves with tools to remain competitive.

Last but not least, we will continue to be mindful of good sustainability practices and endeavor to practice our sustainability efforts across the Group.

Sustainability Statement

SUSTAINABILITY GOVERNANCE

RCE Capital Berhad's ("RCE") Board of Directors ("the Board") and Management understand the importance of good sustainability practices and its Economic, Environmental and Social ("EES") impacts. Sustainability has always been a consideration in RCE and its subsidiaries' ("the Group") decision-making process and this report commemorates the Board's first endeavour to convey its sustainability efforts to a broader audience besides complying to the new Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa") on Sustainability Reporting. As the culmination of our efforts, it is with great pleasure for the Board to present the Group's first Sustainability Statement.

The Group has established the Sustainability Management Committee ("SMART") responsible for the implementation of sustainable policies and administering sustainability reporting of the Group. SMART reports and provides advice and recommendations to the Board, who is ultimately accountable for overseeing and governing sustainability matters of the Group.

SCOPE OF REPORTING

This statement covers the Group's operations pertaining to its main subsidiary, RCE Marketing Sdn Bhd ("RCEM"), for the purposes of the Sustainability Statement, for the financial year ended ("FYE") 31 March 2018, guided by the standards outlined in Bursa's Sustainability Reporting Guide. RCE Marketing Sdn Bhd accounts for more than 95% of the Group's revenue, as well as majority of the EES impact.

MATERIAL SUSTAINABILITY ISSUES

For the beginning of FYE 2018, the Group identified the issues impacting the Group's EES initiatives as listed below by mapping them on the materiality matrix developed by Bursa in the Sustainability Reporting Guide and Toolkits. Moving forward, a more formal and comprehensive materiality assessment will be explored to identify and manage important sustainability issues for stakeholders and business strategies.

	Sustainability Matters	Risks and Opportunities
Economic	1. Business sustainability	• Disruption in collections is mitigated through engagement of two collection management providers
	2. Corporate strategy	• Adapt to dynamic market environment and product demand with regular review of product pricing and credit scoring model
		• Asset-liability matching improved through the Sukuk Murabahah Asset-Backed Securitisation Programme up to RM900.0 million ("Sukuk Programme"), converting short-term debt to long-term debt
Environmental	3. Environment	• Promote environmental sustainability with the use of energy efficient and cost-effective tools and equipment
Social	4. Employee management and development	• Encourage employee retention with competitive remuneration and benefits, career development opportunities within a safe and healthy workspace
	5. Customer privacy	• Customer privacy safeguarded with secure data infrastructure and software
	6. Community investment	• Contributing to society as a responsible member of the community, consistent with our positive brand and image

Sustainability **Statement**

1. Business Sustainability

Demand for loans and financing will persist and continue to do so in the long-run as an essential facilitator of economic consumption. Considering the stable outlook of the Malaysian civil servants workforce in the medium-term, the Group remains a committed player as a financial solutions provider in the underserved niche market. We will remain a going concern supported by continuous receivables growth, generating sustainable revenue and net profits.

Our primary source of revenue is interest income from financing disbursements, which are collected via direct salary deductions through two collections management service providers, Biro Perkhidmatan Angkasa, a union spearheading the Malaysian national cooperative movement and EXP Payment Sdn Bhd, a subsidiary of the Group. The engagement of two collections management providers is intended to build greater resilience, providing alternatives and a wider range of options to safeguard business continuity.

Product pricing is measured against cost of funds and matched to customers based on their risk profile assessed through our credit scoring model, both are regularly reviewed with on-going developments or enhancements to suit the conditions of a dynamic environment. Portfolio quality as measured by gross impaired loans remains healthy and compares favourably to the levels reported five years ago, as presented in the Management Discussion and Analysis ("MDA") on page 15.

The Group's borrowings are a mixture of short-term revolving credit lines and long-term borrowings such as term loans and Sukuk. Revolving credit lines provide lower cost of funds but require additional asset-liability management resources due to the long-term nature of our financing products. To improve liquidity and ensure sufficient funds for sustainable business operations, cheaper long-term debt is sought to better match our long-term receivables, such as the Sukuk Programme. As reported in the MDA on page 17, the Group achieved a net current asset position as at FYE 2018 from a net current liability position in the previous financial year.

Whilst the Sukuk Programme has contributed to a larger proportion of debt, gearing levels remain manageable and the Group is conscious of its cashflows and ability to service its borrowings as it strives for a more efficient debt capital structure. Over the years, the Group fully redeemed and settled its RM95.0 million Underwritten Bonds and Commercial Papers Programme in FYE 2011, RM1.5 billion Asset-Backed Securities Programme in FYE 2015 and RM420.0 million Medium-Term Notes Programme in FYE 2017. Moving forward, the Group will continue to actively pursue the strategy of lower cost financing.

2. Corporate Strategy

As a financial solutions provider, the Group's operations will have an indirect effect on its customer's consumption and financial wealth. The Group understands the effects of lending may span beyond the livelihood of customers, affecting society as a whole, not to mention the impact on the country's high household debts. We are committed to remain a prudent and responsible lender, guided by Bank Negara Malaysia's guidelines to ensure positive EES contribution, channeling funds to those in need as per the business of a financial solutions provider.

In deciding on a capital structure, the Group considers both the interests of affected stakeholders as well as available resources to achieve the optimum structure that best fits the business. Debt is sought to finance working capital while we strive to strike a balance between distributing earnings as investor returns, retaining funds for business cashflows and for potential new business opportunities.

Whilst the Group conducts its utmost due diligence to ensure the products are offered to individuals who qualify, lending institutions should not be solely liable for responsible channeling of funds. There is a need for customers to practice responsible borrowing in the best interests of their financial health as they are ultimately accountable for their personal welfare. Quoting businessman and author Robert T. Kiyosaki, *"Good debt is a powerful tool, but bad debt can kill you"*. With that in mind, the Group advocates responsible borrowing with strict adherence to the 60% maximum restriction on civil servants' salary deductions to avert over-indebtedness and promote a healthier financial landscape and community.

Sustainability **Statement**

3. Employee Management and Development

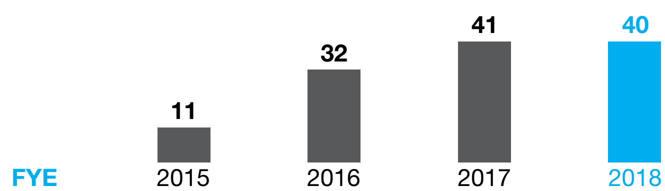
The Group strives to promote employee engagement to attract and retain talent, its most valuable asset. Policies to address the focus areas which drive and motivate our employees are in place.

- Career development

The Group views career development as a form of partnership with employees, by aligning employees with our shared missions and values. A variety of programmes are in place for each employee's personal and professional development, from our internal coaching programme and on-the-job training to engaging external qualified trainers to conduct soft skills and leadership programmes as well as technical trainings. Nevertheless, employees are strongly encouraged to take charge and be responsible for their own growth, taking the initiative to identify their training needs and forge their own career path guided closely by their immediate superiors.

The training hours per staff is presented below as an indicator of the Group's investment in employee career development.

Training Hours / Staff



- Remuneration and benefits

The Group's basic remuneration scheme includes a competitive base salary with performance driven reward packages to incentivise performance. Remuneration and benefits include:

√ Employees' Share Scheme
√ Loan Interest Subsidy
√ Cost of Living Allowance
√ Children Education Achievement Incentive
√ Long Service Award

- Work-life blend

The concept of work-life blending is promoted among our employees as we believe life has more to offer in addition to a successful and satisfying career. Our employees are more than just a workforce, each is a unique individual with his/her own interests and personal hobbies. To keep our employees rejuvenated and refreshed, the Group has also rolled out several programmes for employee recreation including but not limited to the following:

√ Weekly zumba, yoga classes and badminton sessions
√ Fun workshops like gift wrapping, soap making and flower arrangement
√ Terrarium class
√ Mall hunt – treasure hunt

- Occupational safety and health

  As a responsible employer, great emphasis is placed to ensure a safe and healthy workplace environment for our employees. Initiatives to foster health and wellness among our employees in FYE 2018 include:

  √ An established Safety, Health and Emergency Response Committee
  √ First aid courses
  √ Security awareness for women
  √ Installation of air purifier machines and LED lighting replacements
  √ Installation of vinyl flooring
  √ Annual influenza vaccination
  √ Wellness programme
  √ Engagement of an ergonomics service provider
  √ "Fruity Tuesday" where fresh fruits are distributed to employees every Tuesday

4. Customer Privacy

As an entity collecting personal information in the provision of its services, the Group places great importance on customer privacy. Great care is exercised in safeguarding these private and confidential data through our secure data infrastructure and software. During application, customers are provided with our Privacy Notice detailing our usage and collection of personal data as guided by the Personal Data Protection Act 2010.

A sample of our Privacy Notice may be obtained from our website at http://www.rce.com.my.

5. Community Investment

The Group continues its corporate social responsibility ("CSR") activities in its efforts to give back to the people. As a member of society, we continue to play a role in contributing to and enriching the welfare of the community while striking a balance between business profitability and meeting the expectations of stakeholders.

Movie outing with 30 orphans from Yayasan Chow Kit in December 2017.

Complimentary health screening campaign in partnership with the National Kidney Foundation, held in Dewan Bahasa dan Pustaka in September 2017.

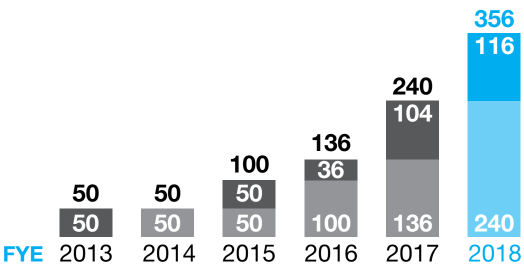
Contributions in cash and in kind were extended to support charitable causes and voluntary contributions, including a donation to 52 orphans from Rumah Anak Yatim Baitul Fitrah as well as a movie outing for 30 orphans from Yayasan Chow Kit during the financial year.

In FYE 2018, the Group has worked in partnership with the National Kidney Foundation for the 11th consecutive year to carry out health screening campaigns at various government departments with the aim of raising health awareness towards kidney diseases for a healthier Malaysia.

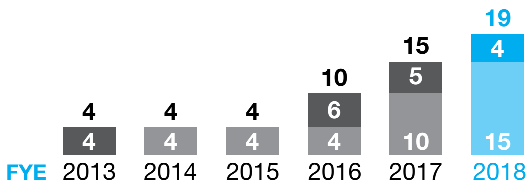
Sustainability **Statement**

Education is our investment in the next generation and the Group has extended study grants worth RM400,000 to 19 deserving students since 2013, through our partnership with Yayasan Azman Hashim, a non-profit charitable institution headed by Tan Sri Azman Hashim, with the aim of assisting young ambitious scholars in their journey to become future leaders of our nation. Out of the 19 students, the 4 most recently awarded students have received their first payment during FYE 2018.

Accumulated Study Grant Paid (RM'000)



Accumulated Study Grant Paid (RM'000)



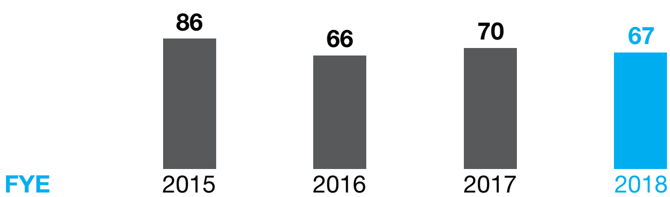
■ New ■ Existing

With everyone's concerted effort supporting the Group's CSR initiatives, we believe that fulfilling our civic duties will pave the continuity of our community, creating value and a place for the long-term sustainability of the Group.

6. Environment

The nature of the Group's operations may not have a direct significant impact on the environment, but environmental issues such as energy efficiency and waste management remain as a common theme. The Group maintains its presence of mind and makes a conscious effort towards environmental sustainability to ensure the interests of other stakeholders are not compromised. Energy efficient and cost-effective equipment and appliances are procured or rented while the Group gradually adopts digitalised forms such as e-statements to reduce paper usage and waste. Following our initiatives, cost savings and lower energy consumption are observed, deriving from the installation of new LED lighting to replace fluorescent lights as well as management of a centralised air-conditioning system.

Monthly Electricity Consumption / sqft (sen)



The Group encourages its employees to practice an environmentally conscious lifestyle and promotes environmental awareness whenever reasonable.

Corporate Governance **Overview Statement**

The Board of Directors of RCE Capital Berhad ("RCE" or "the Company") recognises the importance of safeguarding and promoting the interests of shareholders. The Board remains committed to upholding the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders' value and safeguarding the stakeholders' value.

The Board presents this Corporate Governance Overview Statement ("Statement") to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 31 March 2018. The overview takes guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance 2017 ("Code").

This Statement is prepared in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall be read together with the Corporate Governance Report ("CG Report") of the Company, which provides the details on how the Company has applied each practice as set out in the Code. The CG Report is available on the Company's website at www.rce.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Group is helmed by an effective and experienced Board comprising individuals of calibre and credibility from a diverse professional backgrounds with a wealth of experience, skills and expertise. The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Group's business.

The Directors together as a team, set the values and standards of the Company and ensure that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment.

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. It also reviews Management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives. The Board's other main duties include regular oversight of the Group's business performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently to safeguard the assets of the Group. The Board also remains cognisant of the need for sustainable practices to manage the economic, environmental and social impact to address the long-term interest of the stakeholders.

Management on the other hand is responsible for managing the day-to-day operations of the Group's business activities in accordance with the direction of the Board and is accountable for the execution of policies and strategies set by the Board to achieve the Group's corporate objectives. Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and discharge its duties effectively.

The Directors are mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Each Director is expected to devote sufficient time to carry out their role as Directors and members of the Board Committees, if applicable, apart from attending Board and Board Committees meetings, shareholders' meeting and Directors' training.

Corporate Governance **Overview Statement**

In fostering time commitment from the Board, the Directors are required to notify the Chairman before accepting any new directorship in other public listed companies and such notification shall include an indication of time that will be spent on the new appointment. In accepting such appointment, the Directors shall take into consideration the time spent on the appointment to enable them to devote sufficient time to carry out their duties to the Company. The Directors shall seek guidance from the Chairman of the Board if there is any potential conflict of interest and shall upon appointed, notify the Company Secretary who shall inform the Chairman and other Board members accordingly. None of the Directors of the Company serve in more than five (5) listed companies and the Chief Executive Officer ("CEO") of the Company does not serve as a director in other listed company.

The Directors are also required to notify the Company as and when they are appointed to other boards and provide the updates on their directorships and shareholdings in other companies on a quarterly basis.

The Board is of the view that the current external directorships held by the Directors of the Company do not give rise to any conflict of interests nor impair their ability to discharge their duties effectively. Moreover, each Director is able to discern an appropriate amount of time to commit to the Company without it being formally regulated. The Board believes that the provisions of the Companies Act 2016 ("the Act") and the Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment from Directors to perform their duties.

The Board meets at least four (4) times annually with additional meetings convened as and when deemed necessary. During the financial year, the Board met four (4) times where it deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

Board meetings are of sufficient duration to enable deliberation ensuring adequate analysis of issues during the decision-making process. The Board decisions made shall be by a majority as prescribed under the Constitution of the Company. Where a potential conflict of interest arises, it is mandatory for the Directors concerned to declare their interests and abstain from the deliberation and decision-making process. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in the Company, on the resolution relating to the corporate proposal, and will further undertake to ensure that person(s) connected to them similarly abstain from voting on the resolution.

In the intervals between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions which are supported with all relevant information and explanations to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

Corporate Governance **Overview Statement**

Details of attendance of Directors at the Board meetings during the financial year are as follows:

Name of Directors	No. of Meetings Attended
Shahman Azman	4/4
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan *(Resigned on 16 April 2018)*	4/4
Dato' Che Md Nawawi bin Ismail *(Resigned on 16 April 2018)*	4/4
Datuk Mohamed Azmi bin Mahmood	4/4
Tan Bun Poo	4/4
Mahadzir bin Azizan	4/4
Soo Kim Wai	4/4
Shalina Azman	4/4

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated under the Listing Requirements of Bursa Securities (minimum 50% attendance).

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

To assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees, namely Audit Committee, Nomination & Remuneration Committee, Employees' Share Scheme Committee and Sustainability Management Committee. These Committees operate within their own defined terms of reference approved by the Board, and report to the Board on matters considered and their recommendations thereon.

The Board Committees exercise transparency and full disclosure in their proceedings. The Board is kept apprised of the activities and the decisions of the Board Committees through the circulation of the minutes of the meetings of the Board Committees and update by the chairman of the respective Board Committees. The ultimate responsibility for the final decision on all matters however, lies with the Board.

- **Audit Committee**

  The Audit Committee's principal role is to monitor the integrity of financial statements, risk management and internal controls and effectiveness of external and internal audit processes. Further details are disclosed under Principle B: Effective Audit and Risk Management in this Statement.

Corporate Governance **Overview Statement**

- **Nomination & Remuneration Committee**

  The Nomination & Remuneration Committee ("N&R Committee") comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors and meets at least once in a financial year and whenever required. The N&R Committee had carried out the following activities during the financial year:

  - reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
  - reviewed and assessed the performance of each individual Director, the independence of the Independent Directors, and the effectiveness of the Board and the Board Committees;
  - reviewed the Directors who are due for re-election/re-appointment at the Company's Sixty-Third Annual General Meeting ("AGM") to determine whether or not to recommend their re-election/re-appointment;
  - reviewed and evaluated the performance and recommended the remuneration package of the CEO;
  - reviewed the performance of the Audit Committee and each of its members;
  - reviewed the training courses attended by the Directors and assessed their training needs;
  - recommended the adoption of a 12-year tenure policy for Independent Directors;
  - assessed and recommended Independent Directors who have served as Independent Directors for a cumulative term of more than nine (9) years, to continue to act as Independent Directors of the Company; and
  - reviewed and recommended the remuneration of Non-Executive Directors.

  The Terms of Reference of the N&R Committee is available at the Company's website at www.rce.com.my.

- **Employees' Share Scheme ("ESS") Committee**

  The ESS Committee was established to administer the Company's ESS in accordance with the By-Laws governing and constituting the ESS as approved by the shareholders.

- **Sustainability Management Committee**

  The Company has in February 2018 established a Sustainability Management Committee to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies.

In discharging its roles and responsibilities, the Board is guided by a Board Charter which sets out the role, functions, composition, operation and processes of the Board as well as the matters that the Board may delegate to the Board Committees, CEO and Management.

The Board is also supported by suitably qualified Company Secretaries who are experienced, competent and knowledgeable. They provide advisory services to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures and regulations affecting the Group.

In May 2018, the Board approved the revisions to the Board Charter, the Directors' Code of Conduct and Ethics and the Terms of Reference of the Audit Committee and N&R Committee to be in line with the corporate governance standards as set out in the Code.

Corporate Governance
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Additionally, the Group in its effort to enhance corporate governance has also put in place a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy.

The Board Charter, Directors' Code of Conduct and Ethics and the whistle blowing policy together with the details of reporting channels are accessible on the Company's website at www.rce.com.my.

The Board acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Directors' skills and knowledge in discharging their duties.

During the financial year under review, the Company had organised in-house trainings conducted by external consultants for the Directors and employees of the Group. The Directors are also encouraged to attend various external professional programmes which they individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.

The Company Secretary keeps Directors informed of relevant external training programmes and all Directors have undergone training programmes during the financial year. All internal and external training programmes attended by Directors are recorded and maintained by the Company Secretary, which will be tabled to the N&R Committee and the Board for notation on a half-yearly basis, to assist the N&R Committee and the Board on the evaluation and determination of the Directors' training needs.

During the financial year, all Directors have attended external conferences/workshops or internally organised programmes. They are as follows:

Key Areas	Descriptions
Laws & Regulations, Corporate Governance & Risk Management	• Companies Act 2016: Latest Amendments & New Landscape • Malaysian Code on Corporate Governance 2017 • Key Amendments to Listing Requirements • Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers • CG Briefing Session: MCCG Reporting & CG Guide • Sustaining Business Growth with Sound Governance, Risk Management, Internal Control & Compliance Workshop • Liquidity Risk Governance • Shares with No Par Value, Share Buy-Back/Preference Shares • Module 1: Use of Credit Risk Models in Risk Management • Module 2: Credit Risk Model Methodology Performance & Governance • Module 3: The IRD Journey and Accreditation Requirements • Bankruptcy Act • CG Breakfast Series with Directors – Integrating an Innovative Mindset with Effective Governance • Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA) 2001 • Ensuring Effective Compliance for Directors

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Key Areas	Descriptions
Financial, Audit & Taxation	• 2018 Income Tax and National Budget Review • MFRS 15 – Revenue from Contracts with Customers and MFRS 16 – Leases • Technical Workshop on Green Finance in Malaysia • MIA Conference 2017
Leadership	• FIDE Forum – Board Leadership Series: Cryptocurrency & Blockchain Technology
Business & Economic	• Cyber Security Essentials for Board of Directors of Capital Market Intermediaries • Cyber Security Awareness • Cybersecurity Roundtable • Megatrends Forum 2017 – Building True Value in a Post-Truth World • Invest Malaysia 2017 • CG Breakfast Series for Directors: "Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World"

The N&R Committee and the Board upon assessing the training needs of each of its Directors, are satisfied that the Directors have received the necessary training during the financial year under review which enhanced their effectiveness and contribution to the Board.

II. Board Composition

Throughout the financial year, the Board comprised eight (8) members, of whom three (3) are Non-Independent Non-Executive Directors (including the Chairman) and five (5) are Independent Directors. As the Company continues to enhance the Board's independent oversight, the Board has during the financial year adopted a 12-year tenure policy for its Independent Directors, to limit the tenure of the Independent Directors to twelve (12) years. Arising thereof, the two (2) long-serving Independent Directors, namely Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Dato' Che Md Nawawi bin Ismail had stepped down from the Board in April 2018 in accordance with the said policy.

As at the date of this Statement, the Board comprises entirely of Non-Executive Directors, three (3) out of six (6) are Independent Directors. The structure of the Board ensures that no single Director is dominant in the decision-making process. The present composition is in compliance with paragraph 15.02 of the Listing Requirements and the Code. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members. The Board is committed to ensuring that its composition not only reflects the diversity as recommended by the Code, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company's goal.

In this regards, the Board through its N&R Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors. Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities during the financial year. Premised on the outcome of the evaluations, the Board also agreed that the current composition of the Board is appropriate, taking into account the current mix of skills, experience and core competencies in the Board composition and given the Group's businesses and the size of its business operations.

III. Remuneration

The Company has in place a Remuneration Policy for Directors and CEO which sets out the criteria applied in recommending their remuneration packages.

The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and senior management. The aforesaid policy is to set remuneration at levels which are sufficient to attract and retain Directors and CEO needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

For the CEO, the N&R Committee reviews the remuneration package annually and recommends to the Board on specific adjustments and/or rewards that reflect his contributions throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practices. Long term incentives are implemented through ESS of the Company.

In the case of Non-Executive Directors, their remunerations reflect the expertise and level of responsibilities undertaken by the Non-Executive Directors. Meeting attendance allowances are also paid to Independent Directors in accordance with the number of meetings attended during the financial year. Individual Directors will abstain from participating in the discussion and decision of their own remuneration package. Non-Executive Directors' fees and benefits are subject to the approval of shareholders at the AGM based on the recommendation of the Board.

In May 2018, the Board approved the recommendation by the N&R Committee in respect of the revision to the Non-Executive Directors' fee, which will be put forth to the shareholders for approval at the 64th AGM in accordance with Section 230 of the Act.

The Company has also in place a Directors and Officers liability insurance to indemnify the Directors against liability and costs incurred by them in discharging their duties as Directors, to the extent permitted under the Act.

The details of the Directors' remuneration for the financial year ended 31 March 2018 are disclosed in the CG Report under Practice 7.1.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee of the Company comprises four (4) Non-Executive Directors, three (3) of whom are Independent Directors which is in compliance with the Listing Requirements of Bursa Securities.

The Audit Committee is chaired by Mr. Tan Bun Poo, an Independent Director who is not the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's external auditors which ensure the objectivity, independence and effectiveness of external auditors are maintained.

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The performance of the Audit Committee and its members were evaluated as part of the Board's annual assessment and based on the findings, the Board is satisfied that the Audit Committee has discharged its responsibilities effectively during the financial year.

A full Audit Committee Report enumerating its membership and a summary of activities during the financial year is set out in the Audit Committee Report.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility in maintaining a sound system of internal control and risk management that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines.

A Risk Management Committee comprising members with risk and business management knowledge and experience has been established by the Company to implement the risk management policies and strategies formulated and approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee reports to the Audit Committee which in turn will brief the Board on its findings, if so required.

The Board continues to maintain and regularly review the adequacy of its system of internal control and risk management processes to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments.

The Statement on Risk Management and Internal Control, which provides an overview of the management of risks and state of internal control within the Group, is set out on pages 36 to 38 of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company always ensures that its communication with the shareholders and various stakeholders is transparent, timely and effective. The public can access the latest information regarding the Group through its website at www.rce.com.my. The Company and its investor relations team also conduct briefing and press interviews to provide the investors, analysts and fund managers and members of the media with opportunities to receive information relating the Group. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has an online enquiry form that can be obtained from the Company's website to which stakeholders can direct their queries or concerns.

Investor relation matters may be directed to the following person:

Mr. Loh Kam Chuin
Chief Executive Officer
Telephone number: +603-4047 0988
Email: IR@rce.com.my

II. Conduct of General Meetings

The Company's general meetings remain as the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses and corporate developments.

Notice of the AGM, the Form of Proxy and the Annual Report are despatched to the shareholders at least 28 days before the AGM. This allows shareholders sufficient time to make necessary arrangements to attend and participate in person or by proxies.

To ensure effective participation of and engagement with shareholders at the 63rd AGM of the Company held on 29 August 2017, all members of the Board were present at the meeting to respond to the questions raised by the shareholders and proxies.

At the 63rd AGM, Management also presented a comprehensive review of the Company's financial performance for the financial year and the Group's prospects and strategies. Shareholders were encouraged to participate in the question and answer session on the Group's operations and all resolutions proposed, and were given opportunities to communicate and give constructive feedbacks to the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, they have consistently used and applied the appropriate and relevant accounting policies and made judgements and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Group keep proper accounting records in accordance with the provisions of the Act to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Following the launch of the Code in April 2017, the Company has undertaken a gap analysis to identify the new corporate governance practices under the Code against the existing practices in the Company. Action plan was drawn up to improve the Company's corporate governance framework, policies and practices by setting deadlines for implementation and preparing meaningful disclosures on the application of these practices.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors dated 28 May 2018.

Additional Compliance **Information**

1. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of the Directors, chief executive and/or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. Employees' Share Scheme

The Employees' Share Scheme ("ESS") implemented on 31 December 2015 is the only share scheme of the Company in existence during the financial year ended 31 March 2018. The details of the ESS are as follows:

(a) The total number of options granted, exercised, cancelled and outstanding under the ESS since its commencement up to the financial year ended 31 March 2018 are set out below:

Description	Number of Options	
	Grand Total	Directors and Chief Executive
Granted	25,766,000	1,200,000
Exercised	15,042,150	800,000
Cancelled	455,000	–
Outstanding	10,268,850	400,000

(b) Percentages of options applicable to Directors and senior management under the ESS during the financial year and since its commencement up to the financial year ended 31 March 2018 are set out below:

Directors and Senior Management	Percentage	
	During the financial year	Since commencement up to 31 March 2018
Aggregate maximum allocation	21.1%	21.1%
Actual options granted	21.1%	21.1%

(c) The Non-Executive Directors are not eligible to participate in the ESS.

Additional Compliance Information

3. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered by the external auditors and their affiliated companies or firms to the Company and the Group for the financial year ended 31 March 2018 are as follows:

Fees	Company RM	Group RM
Audit Fees	65,000	247,500
Non-Audit Fees	21,500	145,000
Total	**86,500**	**392,500**

The non-audit fees incurred by the Company and the Group consist of the following:

- Tax related matters;
- Review of the Statement on Risk Management and Internal Control;
- Review and validation of MFRS 9 impairment methodology and special purpose audit on the opening balance as at 1 April 2018; and
- Review of non-statutory financial statements of subsidiary which is under member's voluntary winding-up.

4. Utilisation of Proceeds

During the financial year, the net proceeds totalling RM340.0 million from the issuance of RM386.5 million out of a total of up to RM900.0 million Sukuk Murabahah Asset-Backed Securitisation Programme ("Sukuk Programme") by Al Dzahab Assets Berhad backed by loans and receivables originated by RCE Marketing Sdn Bhd, a wholly-owned subsidiary of the Company, were utilised as follows:

Description	Total RM'000
Proceeds	340,000
Repayment of borrowings	(313,342)
Working capital	(26,658)
Balance as at 31 March 2018	**–**

As at 31 March 2018, the Sukuk Programme amounting to RM900.0 million has been fully issued.

5. Recurrent Related Party Transactions

The information on recurrent related party transactions for the financial year is set out in Note 24 to the financial statements.

Statement on Risk Management **and Internal Control**

The Board of Directors of RCE Capital Berhad ("Board") is responsible for the Group's risk management and internal control system as well as reviewing its adequacy and effectiveness on an on-going basis.

The Group's system of risk management and internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is pleased to disclose that:

(i) there is an on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Group throughout the financial year up to the date of approval of this statement; and

(ii) the said process is regularly reviewed by the Board and accords with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Issuers.

Whilst the Board has overall responsibility for the establishment of the Group's risk management and internal control system, it has delegated the responsibility of implementation and monitoring of this system to the Management who will report on identified risks and actions taken to mitigate and control the risks. The Chief Executive Officer, Mr. Loh Kam Chuin, and the Group Chief Financial Officer, Mr. Johnson Yap Choon Seng, have provided assurance to the Board that the risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review.

The Board summarises below the process it has applied in reviewing the adequacy and the effectiveness of the risk management and internal control system:

RISK MANAGEMENT

The Group's Risk Management framework is outlined in the Group's Risk Management Policy. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's Risk Management framework.

A Risk Management Committee comprising members of senior management monitors the risks faced by the Group. The Risk Management Committee is chaired by Encik Shahman Azman, the Non-Executive Chairman of the Company and reports to the Audit Committee.

Risks are defined as uncertain future events which could influence the achievement of the Group's objectives. Risks are assessed according to the impact and likelihood of risk events.

A two pronged risk management approach is adopted where:

(a) key risks are identified and evaluated together with mitigating controls as part of the decision-making process for each significant business transaction by line managers; and

(b) day-to-day operational risk management by line managers entails:

- identification of risks;
- implementation of mitigating controls; and
- self-assessment to determine changes in risks and internal controls effectiveness.

Risk papers are prepared by line managers and reviewed by Management to document the identification and assessment of risks made in regards to significant business transactions and deliberated by the Risk Management Committee and reviewed by the Audit Committee.

Statement on Risk Management and Internal Control

Besides identifying and evaluating risks, line managers also design, operate and monitor suitable internal controls to mitigate and control the risks requiring risk management actions. These are documented in the risk profile (risk register) and reviewed by Management.

Risk profile and corresponding controls are self-assessed by line managers and reviewed by Management to determine that the risk profile continues to be relevant and that the controls are practiced and effective in mitigating and controlling the risks.

Results of self-assessment are deliberated by the Risk Management Committee and reviewed by the Audit Committee.

During the financial year, key risks reviewed by the Group include:

(a) Abandonment and low productivity of marketing channel;
(b) Dependence on information systems;
(c) Financial risks including liquidity risks; and
(d) Compliance risks arising from change in accounting standards, laws and regulations.

The mitigating controls employed by the Group include:

(a) Constant review of incentive programmes and recruitment drive;
(b) Engage expert consultant to perform scenario testing, on-going adherence and review of business continuity plans;
(c) Active cashflow and debt management including matching maturity profiles of assets and liabilities; and
(d) Keep abreast with changes in accounting standards, laws and regulations, monitor deadlines, use of checklist, engage external expert/consultants to implement systems and procedures, organise and attend trainings, review and update existing policies and procedures.

INTERNAL CONTROL

(i) The Board has appointed the Audit Committee to examine the effectiveness of the Group's system of internal control on behalf of the Board. This is accomplished through the review of the Internal Audit Division's works, which focuses on areas of priority as identified by risk analysis and in accordance with audit plan approved by the Audit Committee.

(ii) The Group has engaged the services of the internal audit division of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit functions. The Internal Audit Department is headed by Ms. Chia Meng Yee since year 2001. She is a member of The Malaysian Institute of Certified Public Accountants (MICPA).

(iii) Internal audit reports and the proposed corrective actions are presented at the Audit Committee Meetings. Follow up audits are performed to review the status and effectiveness of management actions.

(iv) A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation to ensure checks and balances through the segregation of duties. The Management team, led by the Chief Executive Officer and comprises other heads of department, is responsible for implementing the Group's strategies and managing day-to-day business. Management team performs regular monitoring and review of the Group's financial results and provides the quarterly financial and operation reports to the Audit Committee/Board. Meetings are held at operational and management levels regularly to identify, discuss and resolve business and operational issues.

(v) Operating units have standard operating procedures in which their operations must comply with so as to ensure clear accountabilities. The operating procedures are reviewed and updated as and when necessary to ensure relevance to the Group's operations.

Statement on Risk Management **and Internal Control**

(vi) Corporate values, which emphasises ethical behaviour, quality products and services, are set out in the Group's Employee Handbook. A formal staff performance appraisal system, guided by key performance indicators to evaluate and measure staff performance and their competency is performed once a year to link performance and remuneration in order to create a high performance work culture. Training and development programmes are provided to employees to enhance their knowledge and competency in carrying out their duties and responsibilities towards achieving the Group's objectives.

(vii) The Group also practices annual strategy & budgeting and monitoring process as follows:

   (a) There is an annual budgeting process for each area of business and approval of the annual budget by the Board.
   (b) Actual performance is compared with budget monthly, together with explanation of any major variance, while budget for the current year is reviewed at least semi-annually. Action plans are formulated to address any areas of concern.

(viii) Adequate insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

(ix) The Group has established and put in place a whistle blowing policy to provide an avenue for the Board, officers and employees as well as members of the public a safe channel of reporting of concerns about possible improprieties. Allegation of improprieties, if any, is reported at the Audit Committee Meetings.

The Board is of the view that the Group's risk management and internal control system is satisfactory, adequate and effective for the Group's purpose. The Board will continue to monitor all major risks affecting the Group and take the necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 March 2018. Their review is performed in accordance with Audit Assurance and Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the risk management and internal control system of the Group.

AAPG 3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 28 May 2018.

Audit Committee **Report**

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee of RCE Capital Berhad consists of:

Name	Designation	Directorship
Tan Bun Poo*	Chairman	Independent Director
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan^	Member	Independent Director
Dato' Che Md Nawawi bin Ismail^	Member	Independent Director
Datuk Mohamed Azmi bin Mahmood#	Member	Independent Director
Mahadzir bin Azizan	Member	Independent Director
Soo Kim Wai*	Member	Non-Independent Non-Executive Director

Notes:

* *Mr. Tan Bun Poo and Mr. Soo Kim Wai are members of the Malaysian Institute of Accountants.*

^ *Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Dato' Che Md Nawawi bin Ismail ceased as members of the Audit Committee consequential to their resignations as Directors of the Company on 16 April 2018.*

Datuk Mohamed Azmi bin Mahmood was appointed as member of the Audit Committee on 7 May 2018.

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2018, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended
Tan Bun Poo	4/4
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Datuk Mohamed Azmi bin Mahmood#	0/0
Mahadzir bin Azizan	4/4
Soo Kim Wai	4/4

Note:

Datuk Mohamed Azmi bin Mahmood was appointed as member of the Audit Committee after the financial year.

The Audit Committee meetings were conducted in accordance with the requisite quorum as stipulated in the terms of reference of the Audit Committee, which requires at least two (2) members, with the majority of members present must be Independent Directors.

Audit Committee **Report**

By invitation, the senior management personnel and representative of the internal auditors attended all the meetings held during the financial year, to present their reports on financial results, audit and other matters for the Audit Committee's deliberation and approval, if required. Representatives of the external auditors were also invited to attend these meetings, when necessary, to brief the Audit Committee on specific issues.

The Company Secretary acts as the Secretary of the Audit Committee. The Audit Committee members are provided with the agenda and relevant committee papers before each meeting. Minutes of the Audit Committee Meetings will be distributed to the Board for notation and the Chairman of the Audit Committee shall report key issues discussed in the Audit Committee Meetings to the Board.

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the Audit Committee is guided by its terms of reference. The terms of reference is accessible on the Company's corporate website at www.rce.com.my.

SUMMARY OF ACTIVITIES

The key activities undertaken by the Audit Committee in discharging its functions and duties during the financial year were as follows:

- **Financial Results**

  a. Reviewed the unaudited quarterly financial results of the Group and draft announcements prior to recommending them to the Board for consideration and approval and the release of the Group's results to Bursa Malaysia Securities Berhad ("Bursa Securities"). The review included detailed discussions with Chief Executive Officer, Group Chief Financial Officer and senior personnel from Group Finance Department to ensure compliance with financial reporting standards and clarity of disclosures. Areas of discussion included, amongst others, accounting treatment of significant transactions and the underlying activities that lead to such transactions.

  b. Reviewed the annual audited financial statements of the Group for the financial year ended 31 March 2017 with Management and external auditors prior to submission to the Board for their consideration and approval. The review focused particularly on application of new accounting standards, adjustments arising from the audits, significant matters highlighted including financial reporting issues, key audit matters, significant and unusual events/transactions and how these matters were addressed as well as compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements. Upon deliberation, the Audit Committee concluded that the annual audited financial statements of the Group presented a true and fair view of the Group's financial performance for the financial year ended 31 March 2017.

  c. During the financial year, the Committee members were briefed on the Guidance on Disclosure in Notes to Quarterly Report published by Bursa Securities on 31 July 2017, which served to provide guidance on disclosures in the notes to the quarterly reports to improve the quality and depth of information disclosed therein. They also reviewed the Group's readiness for MFRS 9 implementation and monitored the system development for MFRS 9 adoption.

Audit Committee **Report**

- **Internal Audit**

a. Reviewed the Annual Audit Plan for adequacy of scope and coverage on the activities of the Group. Risks affecting the audit areas determined the frequency of audit coverage. Annual Audit Plan was approved for adoption as a result of the review.

b. Reviewed the audit procedures used by the internal auditors in carrying out their audit. The Audit Committee provided feedback on areas of concern to the internal auditors for enhancement of audit procedures.

c. Reviewed and approved the Internal Audit Charter to ensure the Internal Audit Function is guided by the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework ("IPPF") and that the purpose, authority and responsibility of the Internal Audit Function continue to be adequate to enable the Internal Audit Function to accomplish its purpose.

d. Reviewed the self-assessment conducted by internal auditors on the Internal Audit Function's compliance with the practices in Malaysian Code on Corporate Governance 2017 and internal auditors' proposed disclosures under the relevant practices to be reported in the Corporate Governance Report.

e. Reviewed the internal audit reports, audit recommendations made and Management's responses to these recommendations and actions taken to improve the system of internal control and procedures. During the meetings, enquiries were made to both internal auditors and Management over details of issues raised, root causes and the proposed corrective actions. The Audit Committee also provided additional advisories on issues raised through the discussions with internal auditors and Management.

f. Monitored and deliberated the implementation of audit recommendations arising from internal audit activities as well as the follow-up audits conducted by internal auditors to ensure that all key risks and controls have been addressed. The Audit Committee also considered the timeliness of completion of the proposed actions and whether such actions effectively resolve the issues raised.

g. Reviewed the status of audit assignment reported by the internal auditors to ensure that the progress was in line with the approved Annual Audit Plan.

h. Reviewed the resource requirements for the year and assessed the performance and competency of the Internal Audit Function. A formal annual appraisal of the internal auditors was performed on 8 February 2018 where areas reviewed covered adequacy of scope, functions, competency, resources and authority of the Internal Audit Function. The Audit Committee was satisfied that the internal auditors had discharged their duties effectively during the period under review.

i. Reviewed the whistle blowing reports received via the whistle blowing channels managed by Internal Audit Function. All reports received through the whistle blowing channels were tabled to the Audit Committee on a quarterly basis, with pertinent reports highlighted for deliberation.

j. Reviewed the Statement on Risk Management and Internal Control to ensure that it is consistent with their understanding of the state of internal control of the Group and recommended the same to the Board for inclusion in the Annual Report. Compliance with the requirements as set out in The Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers on the content of the Statement on Risk Management and Internal Control were also assessed by the Audit Committee.

Audit Committee **Report**

- **External Audit**

a. Reviewed with the external auditors the audit planning memorandum prior to the commencement of the annual audit, which outlined the audit strategy, audit materiality, scope of work, methodology and timetable, areas of focus, changes to accounting standards, regulatory requirements and the extent of compliance, as well as the proposed fees for the audit and non-audit services for the financial year under review, at the Audit Committee Meeting held on 9 November 2017. The Audit Committee recommended the proposed audit and non-audit fees for the Board's approval and the same were duly approved by the Board.

b. Reviewed and deliberated on the external auditors' presentation of the results of their annual audit for the financial year under review and their audit report in ensuring that appropriate actions have been taken.

c. Reviewed the provision of non-audit services rendered by the external auditors to the Group, in circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of the Group's business operations, systems and processes. In considering the nature and scope of the non-audit services, the Audit Committee was satisfied that the services were not likely to create any conflict of interest or impair the external auditors' independence and objectivity.

d. Held two (2) discussions with the external auditors without the presence of Management and executive board members on 26 May 2017 and 9 November 2017 respectively, to discuss issues requiring attention/ significant matters arising from the audit. At the private sessions, the Audit Committee was informed that there was no major concern from the external auditors during the course of audit.

e. Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. The external auditors had provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.

   In compliance with the By-Laws (On Professional Ethics, Conduct and Practice) of Malaysian Institute of Accountants which requires the key audit partner responsible for the Group's audit to rotate at least every five (5) years, the Audit Committee at its meeting held on 26 May 2017 was informed that Puan Siti Hajar Osman was due for rotation as the Group's lead audit partner effective from the audit for the financial year 2018. The Audit Committee, before finalising the appointment of the new lead audit partner also considered the qualification and experience of the shortlisted candidates and assessed their suitability.

   The new audit partner, Mr. Wong Kar Choon attended his first meeting with the Audit Committee on 9 November 2017 to brief the Committee on the audit planning memorandum for the financial year ended 31 March 2018.

   Following the outcome of the assessment and having satisfied with the external auditors' performance, suitability and independence, the Audit Committee at its meeting held on 28 May 2018 recommended to the Board for approval of the re-appointment of Messrs Deloitte PLT as auditors of the Company. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming annual general meeting.

- **Related Party Transactions**

  a. Reviewed the recurrent related party transactions of a revenue or trading nature and any outstanding amount due/owing to the Group by its related parties on a quarterly basis to ensure the amounts transacted were within the approved shareholders' mandate obtained from the shareholders.

  b. Reviewed the Circular to Shareholders in respect of the recurrent related party transactions prior to recommending for the Board's approval to seek shareholders' mandate at the annual general meeting of the Company.

- **Employees' Share Scheme ("ESS")**

  Reviewed and verified that options allocated and granted during the financial year under the Company's ESS were in accordance with the allocation criteria approved by the ESS Committee and in compliance with the By-Laws of the ESS. Areas reviewed include maximum number of shares available under ESS, eligibility of the allottees, basis of allocation and option price.

- **Risk Management Committee**

  a. Evaluated the adequacy of the Risk Management Framework of the Group.

  b. Reviewed the deliberations on risk management approaches by the Risk Management Committee.

  c. Reviewed the Control Self-Assessment ratings submitted by the respective operations management on a half-yearly basis, which enables the Company to update key risks direction, identify emerging risks and to define an adequate and practical mitigation action plan, where necessary.

INTERNAL AUDIT FUNCTION

The Company engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The Internal Audit Function is independent of the activities it audits and carries out its works through a risk-based approach by focusing on key risk areas. The costs incurred for the Internal Audit Function of the Group for the financial year ended 31 March 2018 was RM238,000.

The Internal Audit Function reports directly to the Audit Committee and assists the Audit Committee in the discharge of its duties and functions. Its role is to provide independent and objective reports to the Board on the organisation's management, operations, records, accounting policies, risk management framework and internal controls.

The Internal Audit Function presents its Annual Audit Plan, which includes the scope and functions of the Internal Audit for the financial year for consideration and approval of the Audit Committee at the beginning of the financial year. This Annual Audit Plan is subject to review at the quarterly meetings of the Audit Committee in response to changes in the operational, financial and control environment.

Audit Committee **Report**

The scope of internal audit functions performed by the internal auditors encompasses audit visits to all relevant subsidiaries of the Group on a regular basis. The objectives of such audit visits are to determine whether adequate controls have been established and are operating in the Group, to provide reasonable assurance that:

- business objectives and policies are adhered to;
- operations are cost effective and efficient;
- assets and resources are satisfactorily safeguarded and efficiently used;
- integrity of records and information is protected; and
- applicable laws and regulations are complied with.

During the financial year, the Internal Audit Function undertook reviews in accordance with its approved Annual Audit Plan covering the following areas: debtor's ledger reconciliation, loan processing, loan documentation, disbursements, marketing expenses, income recognition, collection monitoring, loan settlement, loan rehabilitation, impairment and information technology. The Internal Audit Function manages the whistle blowing channels to ensure all the channels are available throughout and reports received are investigated and reported to the Audit Committee. The Internal Audit Function also carried out review of related party transactions and Management's self-assessment of risk profiles.

The above reviews performed by the Internal Audit Function provide indication on the effectiveness of the Group's system of risk management and internal control, and that there is an appropriate balance of controls and risks in achieving the Group's business objectives and policies.

Audit reports were issued to highlight any deficiency or findings requiring Management's attention. Such reports also included practical and cost effective recommendations as well as proposed corrective actions to be adopted by Management. The audit reports together with Management's responses were reported to the Audit Committee on a quarterly basis. Follow-up audits were then carried out to determine whether corrective actions have been taken by Management.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 28 May 2018.

FINANCIAL STATEMENTS

Directors' **Report**

The directors of **RCE CAPITAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary company are disclosed in Note 16 to the financial statements.

FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 March 2018 are as follows:

	The Group RM	The Company RM
Profit for the financial year	88,681,360	19,808,128

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Dividends declared or paid by the Company since the end of the previous financial year are as follows:

	RM
In respect of financial year ended 31 March:	
2018:	
Interim single-tier dividend of 3.00 sen per ordinary share, declared on 9 November 2017 and paid on 30 January 2018	10,260,358
2017:	
Final single-tier dividend of 3.00 sen per ordinary share, declared on 29 August 2017 and paid on 20 September 2017	10,228,347

The directors recommend the payment of a final single-tier dividend of 4.00 sen per ordinary share, amounting to RM13,680,876 in respect of the financial year ended 31 March 2018, which is subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 28 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the total number of issued shares of the Company was increased from 350,712,636 to 355,994,636 by way of the issuance of 5,282,000 new ordinary shares pursuant to share options exercised.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

There was no other issuance of shares or debentures during the financial year.

TREASURY SHARES

The Company did not make any purchase of its own share and none of the treasury shares held were resold, cancelled or transferred during the financial year.

As at 31 March 2018, the number of ordinary shares in issue after the share buy-back is 342,021,911 shares. Further details are disclosed in Note 27 to the financial statements.

EMPLOYEES' SHARE SCHEME ("ESS")

The ESS which was approved by the shareholders at the Extraordinary General Meeting held on 2 September 2015, is governed by the bylaws. The ESS was implemented on 31 December 2015, to be in force for a period of five (5) years and may be extended for another five (5) years by the Board of Directors upon recommendation of the ESS Committee. The ESS comprises shares and/or options to subscribe for share of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time for eligible executive directors and employees of the Group.

The salient features of the ESS are disclosed in Note 35 to the financial statements.

The persons to whom the share options are granted have no right to participate by virtue of the share options in any other share of any other company in the Group.

The movements in share options pursuant to the ESS during the financial year are as follows:

			Number of options over ordinary shares				
Grant date	**Expiry date**	**Exercise price per share RM**	**Balance as at 1.04.2017**	**Granted**	**Exercised**	**Cancelled**	**Balance as at 31.03.2018**
23.06.2016	30.12.2020	0.64	456,000	–	(456,000)	–	–
3.02.2017	2.02.2019	1.30	6,183,850	–	(4,569,000)	(16,000)	1,598,850
18.08.2017	17.08.2019	1.48	–	9,137,000	(257,000)	(210,000)	8,670,000
			6,639,850	9,137,000	(5,282,000)	(226,000)	10,268,850

Directors' **Report**

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the succeeding financial year.

Directors' Report

DIRECTORS

The directors of the Company in office during the financial year and the period from the end of the financial year to the date of this report are:

Shahman Azman
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan (Resigned on 16 April 2018)
Dato' Che Md Nawawi bin Ismail (Resigned on 16 April 2018)
Datuk Mohamed Azmi bin Mahmood
Tan Bun Poo
Mahadzir bin Azizan
Soo Kim Wai
Shalina Azman

The names of directors of subsidiaries are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of directors in office at the end of the financial year in shares and share options over shares in the Company and its related companies during the financial year are as follows:

	Number of ordinary shares			
	Balance as at 1.04.2017	**Allotted/ Acquired**	**Sold**	**Balance as at 31.03.2018**
Shares in the Company:				
Direct interest:				
Shahman Azman	300,000	–	–	300,000
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	75,000	–	–	75,000
Shalina Azman	450,000	–	–	450,000
Indirect interest:				
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	93,750	–	–	93,750
Shares in a related company, Amcorp Properties Berhad				
Direct interest:				
Shahman Azman	886,700	–	–	886,700

Directors' **Report**

DIRECTORS' INTERESTS (CONT'D)

	Number of options over ordinary shares			
	Balance as at 1.04.2017	Granted	Exercised	Balance as at 31.03.2018
Options in a related company, Amcorp Properties Berhad				
Shahman Azman	960,000	480,000	–	1,440,000

Other than those disclosed above, none of the other directors in office at the end of the financial year held any interest in shares and options over shares in the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of remuneration received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/ or have substantial financial interests as disclosed in Note 24 to the financial statements.

During and at the end of the financial year, there are no arrangement subsisted to which the Company is a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the share options granted pursuant to the Company's ESS as disclosed in Note 35 to the financial statements.

Further details of directors' remuneration are disclosed in Note 7 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group and the Company maintain directors and officers' liability insurance for the purpose of Section 289 of the Companies Act, 2016, which provides appropriate insurance cover for their directors and officers throughout the financial year.

The insurance premium paid by the Group during the financial year amounted to RM20,000.

HOLDING COMPANIES

The Company is a subsidiary company of Cempaka Empayar Sdn. Bhd. The intermediate holding company is Amcorp Group Berhad, a company incorporated in Malaysia. The directors regard Clear Goal Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors

SHAHMAN AZMAN **SOO KIM WAI**

28 May 2018

Independent Auditors' **Report**
to the Members of RCE Capital Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **RCE CAPITAL BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 March 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 57 to 124.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as of 31 March 2018 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the said By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters presented below are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company of the financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	***How the Scope of our Audit Responded to the Key Audit Matter***
Allowance for impairment of loans and receivables Loans and receivables contributed to 82% of the Group's total assets where 7% of it has been impaired via both individual and collective allowances. The allowance for impairment of loans and receivables is considered to be a matter of most significance as it requires the application of judgement and use of subjective assumptions by management.	We performed the below procedures to address the key audit matters in the audit: • Assessed and tested the design and operating effectiveness of control over impairment data and calculation. These controls included those over the identification of which loans and receivables were impaired, the data transfer from the source systems to impairment model and model output to general ledger, and the calculation of impairment provision.

Independent Auditors' **Report**
to the Members of RCE Capital Berhad

Key Audit Matters	***How the Scope of our Audit Responded to the Key Audit Matter***
The Group assesses at each reporting date whether there is any objective evidence that loans and receivables are impaired based on the evaluation of collectability and ageing analysis of accounts and on management's estimate. This involves assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for loans and receivables with similar credit risk characteristics. Individual assessment allowance is based on certain impairment indicators. The remaining loans are then assessed for impairment on a collective basis. These loans are monitored through historical delinquency statistics. Refer to Notes 4.2(b) and 18 to the financial statements for disclosures on allowance for impairment of loans and receivables.	• Tested Information Technology ("IT") controls for impairment system and also tested the entity and business unit level controls over the end to end model processing including in relation to model build, model monitoring, the annual validation process and governance committee. • Where impairment was individually calculated, we have tested controls over the timely identification of potentially impaired loans and receivables. We have also tested a sample of loans and receivables to ascertain whether the loss event (that is the point at which impairment is recognised) had been identified in timely manner. • For collective impairment assessment, we involved our own IT specialist to test the aging of loans, accuracy of source data, month in-arrears computation, probability of default rate accurately mapped, loss given default computation, completeness of accounts impaired and recomputation of impairment in the application system using computer assisted audit techniques. • Reviewed the reasonableness of the assumptions used by management for calculating probability of default (e.g. age buckets and month in-arrears).
<u>Impairment of goodwill on consolidation</u> As of 31 March 2018, the Group recognised goodwill amounted to RM47,332,991 as disclosed in Note 17 to the financial statements. Significant judgement is required to determine whether the goodwill is impaired. The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating unit (as detailed in Note 17 to the financial statements) to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.	We performed the below procedures to address the key audit matters in the audit: • Evaluated management's budgeting process by comparing the actual results to previously forecasted results. • Reviewed assumptions used in the cash flow projections and evaluated the reasonableness of these assumptions made by management by comparing it to externally available economic and financial data. • Reviewed the appropriateness of discount rate used by the management to calculate the present value of the cash flow projection.

Independent Auditors' Report
to the Members of RCE Capital Berhad

Key Audit Matters	***How the Scope of our Audit Responded to the Key Audit Matter***
The key sources of estimation uncertainty relating to impairment of goodwill are disclosed in Note 4.2(a) to the financial statements.	• Compared the value-in-use amount against the carrying amount of the goodwill to determine any impairment allowance required. • Performed sensitivity analyses around the key assumptions used in the cash flow projection.

We have not identified any key matter pertaining to the financial statements of the Company for the financial year ended 31 March 2018.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Company, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so with regards the Group or the Company.

Independent Auditors' **Report**
to the Members of RCE Capital Berhad

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and of the Company.

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' **Report** to the Members of RCE Capital Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

WONG KAR CHOON
Partner - 03153/08/2018 J
Chartered Accountant

28 May 2018

Statements of Comprehensive Income
for the Financial Year Ended 31 March 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	5	245,906,338	223,331,499	20,366,061	135,271,657
Other income		11,715,161	9,803,864	584,257	262,252
Interest expense applicable to revenue	6	(69,313,241)	(61,449,932)	–	–
Directors' remuneration	7	(710,640)	(565,640)	(525,000)	(380,000)
Staff costs	8	(21,697,894)	(20,810,273)	(136,000)	(208,000)
Depreciation of plant and equipment	15	(3,378,436)	(3,900,571)	–	–
Other expenses		(45,093,573)	(44,885,800)	(360,783)	(231,304)
Finance costs	9	(54,595)	(32,783)	–	(2,085,494)
Profit before tax	10	117,373,120	101,490,364	19,928,535	132,629,111
Income tax expense	11	(28,691,760)	(22,541,061)	(120,407)	(47,432)
Total comprehensive income for the financial year		88,681,360	78,949,303	19,808,128	132,581,679
Attributable to:					
Owners of the Company		88,681,360	78,949,303		
Earnings per ordinary share:					
Basic (sen)	13	26.03	23.92		
Diluted (sen)	13	25.98	23.82		

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position
as at 31 March 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
ASSETS					
Non-Current Assets					
Plant and equipment	15	6,212,485	9,311,912	–	–
Investment in subsidiary companies	16	–	–	327,283,211	327,283,211
Goodwill on consolidation	17	47,332,991	47,332,991	–	–
Loans and receivables	18	1,384,992,914	1,272,512,739	–	–
Other investments	20	2	2	2	2
Available-for-sale (“AFS”) financial assets	21	–	–	–	–
Deferred tax assets	22	39,481,630	38,668,218	–	–
Total Non-Current Assets		1,478,020,022	1,367,825,862	327,283,213	327,283,213
Current Assets					
Loans and receivables	18	139,713,992	139,048,512	–	–
Trade receivables	19	3,794,401	5,555,777	–	–
Other receivables, deposits and prepaid expenses	23	40,044,778	30,380,130	11,431	248,678
Amount due from a subsidiary company	24	–	–	39,852,647	30,405,226
Deposits with licensed financial institutions	25	169,581,241	142,562,550	–	–
Cash and bank balances	25	27,635,183	16,736,060	3,733	2,301
Total Current Assets		380,769,595	334,283,029	39,867,811	30,656,205
Total Assets		1,858,789,617	1,702,108,891	367,151,024	357,939,418

Statements of Financial Position
as at 31 March 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	44,675,603	38,063,703	44,675,603	38,063,703
Treasury shares	27	(13,352,618)	(13,352,618)	(13,352,618)	(13,352,618)
Reserves	28	487,949,579	416,650,344	335,180,148	332,754,145
Total Equity		519,272,564	441,361,429	366,503,133	357,465,230
Non-Current Liabilities					
Payables	29	–	8,932,394	–	–
Hire-purchase payables	30	959,393	877,340	–	–
Borrowings	31	981,608,471	633,814,327	–	–
Deferred tax liabilities	22	324,409	618,254	–	–
Total Non-Current Liabilities		982,892,273	644,242,315	–	–
Current Liabilities					
Payables and accrued expenses	29	33,018,667	34,660,027	606,735	462,652
Hire-purchase payables	30	328,984	307,331	–	–
Borrowings	31	316,881,875	579,714,336	–	–
Tax liabilities		6,395,254	1,823,453	41,156	11,536
Total Current Liabilities		356,624,780	616,505,147	647,891	474,188
Total Liabilities		1,339,517,053	1,260,747,462	647,891	474,188
Total Equity and Liabilities		1,858,789,617	1,702,108,891	367,151,024	357,939,418

The accompanying notes form an integral part of the financial statements.

Statements of **Changes in Equity**

for the Financial Year Ended 31 March 2018

The Group	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Reserves: Share Premium RM	Non-Distributable Reserves: Capital Redemption Reserve RM	Non-Distributable Reserves: Employees' Share Scheme RM	Distributable Reserve: Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2016		136,380,994	(20,166,035)	68,111,812	30,902,850	–	241,307,084	340,321,746	456,536,705
Total comprehensive income		–	–	–	–	–	78,949,303	78,949,303	78,949,303
Transactions with owners									
Dividends	14	–	–	–	–	–	(11,477,166)	(11,477,166)	(11,477,166)
Share options granted under Employees' Share Scheme ("ESS")		–	–	–	–	4,375,970	–	4,375,970	4,375,970
Issuance of shares pursuant to ESS exercised		3,968,455	–	3,870,720	–	(2,192,270)	2,192,270	3,870,720	7,839,175
Capital repayment		(102,285,746)	4,826,169	–	–	–	–	–	(97,459,577)
Cancellation of share options		–	–	–	–	(56,390)	56,390	–	–
Shares repurchased	27	–	(11,685)	–	–	–	–	–	(11,685)
Resale of treasury shares	27	–	1,998,933	609,771	–	–	–	609,771	2,608,704
Total transactions with owners		(98,317,291)	6,813,417	4,480,491	–	2,127,310	(9,228,506)	(2,620,705)	(94,124,579)
Balance as at 31 March 2017		38,063,703	(13,352,618)	72,592,303	30,902,850	2,127,310	311,027,881	416,650,344	441,361,429
Balance as at 1 April 2017		38,063,703	(13,352,618)	72,592,303	30,902,850	2,127,310	311,027,881	416,650,344	441,361,429
Total comprehensive income		–	–	–	–	–	88,681,360	88,681,360	88,681,360
Transactions with owners									
Dividends	14	–	–	–	–	–	(20,488,705)	(20,488,705)	(20,488,705)
Share options granted under ESS		–	–	–	–	3,106,580	–	3,106,580	3,106,580
Issuance of shares pursuant to ESS exercised	26	6,611,900	–	–	–	(1,681,790)	1,681,790	–	6,611,900
Cancellation of share options		–	–	–	–	(76,680)	76,680	–	–
Total transactions with owners		6,611,900	–	–	–	1,348,110	(18,730,235)	(17,382,125)	(10,770,225)
Balance as at 31 March 2018		44,675,603	(13,352,618)	72,592,303	30,902,850	3,475,420	380,979,006	487,949,579	519,272,564

Statements of **Changes in Equity**
for the Financial Year Ended 31 March 2018

The Company	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Reserves: Share Premium RM	Non-Distributable Reserves: Capital Redemption Reserve RM	Non-Distributable Reserves: Employees' Share Scheme RM	Distributable Reserve: Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2016		136,380,994	(20,166,035)	68,111,812	30,902,850	–	103,778,509	202,793,171	319,008,130
Total comprehensive income		–	–	–	–	–	132,581,679	132,581,679	132,581,679
Transactions with owners									
Dividends	14	–	–	–	–	–	(11,477,166)	(11,477,166)	(11,477,166)
Share options granted under ESS		–	–	–	–	4,375,970	–	4,375,970	4,375,970
Issuance of shares pursuant to ESS exercised		3,968,455	–	3,870,720	–	(2,192,270)	2,192,270	3,870,720	7,839,175
Capital repayment		(102,285,746)	4,826,169	–	–	–	–	–	(97,459,577)
Cancellation of share options		–	–	–	–	(56,390)	56,390	–	–
Shares repurchased	27	–	(11,685)	–	–	–	–	–	(11,685)
Resale of treasury shares	27	–	1,998,933	609,771	–	–	–	609,771	2,608,704
Total transactions with owners		(98,317,291)	6,813,417	4,480,491	–	2,127,310	(9,228,506)	(2,620,705)	(94,124,579)
Balance as at 31 March 2017		38,063,703	(13,352,618)	72,592,303	30,902,850	2,127,310	227,131,682	332,754,145	357,465,230
Balance as at 1 April 2017		38,063,703	(13,352,618)	72,592,303	30,902,850	2,127,310	227,131,682	332,754,145	357,465,230
Total comprehensive income		–	–	–	–	–	19,808,128	19,808,128	19,808,128
Transactions with owners									
Dividends	14	–	–	–	–	–	(20,488,705)	(20,488,705)	(20,488,705)
Share options granted under ESS		–	–	–	–	3,106,580	–	3,106,580	3,106,580
Issuance of shares pursuant to ESS exercised	26	6,611,900	–	–	–	(1,681,790)	1,681,790	–	6,611,900
Cancellation of share options		–	–	–	–	(76,680)	76,680	–	–
Total transactions with owners		6,611,900	–	–	–	1,348,110	(18,730,235)	(17,382,125)	(10,770,225)
Balance as at 31 March 2018		44,675,603	(13,352,618)	72,592,303	30,902,850	3,475,420	228,209,575	335,180,148	366,503,133

The accompanying notes form an integral part of the financial statements.

Statements of
Cash Flows
for the Financial Year Ended 31 March 2018

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	117,373,120	101,490,364	19,928,535	132,629,111
Adjustments for:				
Allowances for impairment loss on receivables, net	29,594,994	27,131,509	–	–
Depreciation of plant and equipment	3,378,436	3,900,571	–	–
Share options granted under ESS	3,106,580	4,375,970	136,000	208,000
Finance costs	54,595	32,783	–	2,085,494
Plant and equipment written off	22,424	29,598	–	–
Amortisation of discount on medium term notes ("MTNs")	–	116,179	–	–
Interest income from deposits with licensed financial institutions	(5,013,121)	(1,775,614)	–	–
Net gain on disposal of:				
Plant and equipment	(140,662)	–	–	–
Investment property	–	(748,834)	–	–
Dividend income	–	–	(20,000,000)	(135,000,000)
Interest income on amounts due from subsidiary companies	–	–	(543,867)	(261,929)
Operating Profit/(Loss) Before Working Capital Changes	148,376,366	134,552,526	(479,332)	(339,324)
(Increase)/Decrease in:				
Loans and receivables	(142,660,413)	(180,346,847)	–	–
Trade receivables	1,681,140	4,807,499	–	–
Other receivables, deposits and prepaid expenses	(4,414,583)	(9,432,156)	(9,144)	9,261
Amounts due from subsidiary companies	–	–	(5,932,974)	(25,175,266)
(Decrease)/Increase in:				
Payables and accrued expenses	(11,092,063)	(2,155,535)	144,083	(181,910)
Amount due to a subsidiary company	–	–	–	(8,700,380)
Cash Used In Operations	(8,109,553)	(52,574,513)	(6,277,367)	(34,387,619)
Taxes paid	(30,151,053)	(46,070,561)	(90,787)	(24,666)
Taxes refunded	562,002	–	246,391	–
Net Cash Used In Operating Activities	(37,698,604)	(98,645,074)	(6,121,763)	(34,412,285)

Statements of Cash Flows

for the Financial Year Ended 31 March 2018

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income from deposits with licensed financial institutions received	5,013,121	1,775,614	–	–
Proceeds from disposal of plant and equipment	168,030	–	–	–
Net proceeds from disposal of investment property	–	1,773,295	–	–
Dividend received	–	–	20,000,000	135,000,000
Additions to plant and equipment	(1,305,760)	(1,313,396)	–	–
Net Cash Generated From Investing Activities	3,875,391	2,235,513	20,000,000	135,000,000
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	697,300,000	835,200,000	–	–
Issuance of Sukuk Murabahah (“Sukuk”)	340,000,000	430,000,000	–	–
Drawdown of term loans	100,000,000	–	–	–
Proceeds from issuance of shares	6,611,900	7,839,175	6,611,900	7,839,175
Drawdown of other borrowings	3,030,776	9,839,941	–	–
Proceeds from resale of treasury shares	-	2,608,704	–	2,608,704
Repayment of revolving credits	(739,800,000)	(971,200,000)	–	–
Repayment of term loans	(310,869,279)	(64,810,680)	–	–
Placements of deposits, cash and bank balances, net:				
Assigned in favour of the trustees	(99,530,711)	(27,188,516)	–	–
Pledged to licensed financial institutions	(10,016,719)	(495,733)	–	–
Dividends paid	(20,488,705)	(11,477,166)	(20,488,705)	(11,477,166)
Repayment of other borrowings	(3,642,776)	(17,164,375)	–	–
Repayment of hire-purchase payables	(346,294)	(208,786)	–	–
Finance costs paid	(54,595)	(32,783)	–	(2,085,494)
Capital repayment	–	(97,459,577)	–	(97,459,577)
Redemption of MTNs	–	(35,000,000)	–	-
Shares repurchased	–	(11,685)	–	(11,685)
Net Cash (Used In)/Generated From Financing Activities	(37,806,403)	60,438,519	(13,876,805)	(100,586,043)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(71,629,616)	(35,971,042)	1,432	1,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	85,833,333	121,804,375	2,301	629
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 25)	14,203,717	85,833,333	3,733	2,301

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
31 March 2018

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at 20th Floor, Menara AmMetLife, No. 1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are as disclosed in Note 16. There have been no significant changes in the nature of these principal activities during the financial year other than as disclosed in Note 16 to the financial statements.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 28 May 2018.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgements in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

2.1 Changes in Accounting Policies

As at the date of issuance of the financial statements, certain new and revised MFRSs, Amendments and Issues Committee ("IC") Interpretations which are relevant to the operations of the Group and the Company are as follows:

Amendments to:

MFRS 107	Statement of Cash Flows – Disclosure Initiative
MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRSs classified as "Annual Improvements to MFRSs 2014 – 2016 Cycle"

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

Notes to the
Financial Statements
31 March 2018

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.2 Standards, Amendments and Interpretations Issued But Not Yet Effective

The Group and the Company have not adopted the following standards, amendments and interpretations that have been issued but not yet effective:

MFRS 9	Financial Instruments[1]
MFRS 15	Revenue from Contracts with Customers[1]
MFRS 16	Leases[2]
IC interpretation 23	Uncertainty over Income Tax Treatments[2]
Amendments to:	
MFRS 2	Share-based Payment – Classification and Measurement of Share-based Payment Transactions[1]
MFRS 9	Financial Instruments – Prepayment Features with Negative Compensation[2]
MFRS 119	Employee Benefits – Plan Amendment, Curtailment or Settlement[2]
Clarifications to:	
MFRS 15	Revenue from Contracts with Customers[1]

Amendments to MFRSs classified as "Annual Improvements to MFRSs 2015 – 2017 Cycle" [2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019

The Group and the Company will adopt the above standards, amendments and interpretations when they become effective. The adoption will not result in any significant financial impact on the financial statements of the Group and the Company other than as discussed 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 flows 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 recorded in other comprehensive income rather than profit or loss, unless this creates 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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.2 Standards, Amendments and Interpretations Issued But Not Yet Effective (Cont'd)

(a) MFRS 9 (Cont'd)

(ii) Impairment:

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 than MFRS 139.

Upon initial adoption of MFRS 9, which will only take effect from 1 April 2018 onwards, an adjustment of approximately RM6.2 million is expected to be made to the opening retained earnings of the Group, thereby decreasing the equity and net assets of the Group. This impact is disclosed based on the assessment undertaken to-date and is subject to change arising from further detailed analysis and supportable information being made available to the Group.

(iii) Disclosure:

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at its acquisition date and any corresponding gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill in the statements of financial position (see Note 3.8 on Goodwill on Consolidation). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiary companies.

Control is achieved when the Group:

(a) has power over the investee;

(b) is exposed, or has rights, to variable returns from its involvement with the investee; and

(c) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

(a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) potential voting rights held by the Group, other vote holders or other parties;

(c) rights arising from other contractual arrangements; and

(d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting pattern at previous shareholders' meetings.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

When the Group ceases to have control, any retained interest in the subsidiary company is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the statements of financial position, separately from equity attributable to owners of the Company.

For each business combination, any non-controlling interest in the acquiree (if any) is recognised by the Group on the acquisition date either at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

All profit or loss and each component of other comprehensive income of the subsidiary companies are attributed to the owners of the Company and to the non-controlling interest even if the attribution of losses to the non-controlling interest results in a deficit balance in the shareholders' equity.

3.3 Revenue Recognition

Revenue of the Group consists mainly of interest and fee income from consumer financing, factoring and confirming activities, fee income from processing and administration of payroll collection, income derived from information technology ("IT") support services and interest income from deposits with licensed financial institutions.

Revenue of the Company consists of administrative fees, dividend income from a subsidiary company and interest income from deposits with licensed financial institutions.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Overdue interest income

Overdue interest income is recognised upon collection.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Fee income from consumer financing

Fee income from consumer financing is recognised when the Group satisfies its performance obligation upon rendering its services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

(e) Administrative fees and IT services

Administrative fees and IT services are recognised when services are rendered.

(f) Interest income from deposits with licensed financial institutions

Interest income from deposits with licensed financial institutions recognised on an accrual basis using the effective interest method.

(g) Fee income from processing and administration of payroll collection

Fee income from processing and administration of payroll collection is recognised when services are rendered.

3.4 Segment Reporting

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transaction are within the Group.

Segment information is disclosed in Note 12.

3.5 Plant and Equipment and Depreciation

Plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Plant and Equipment and Depreciation (Cont'd)

Subsequent to initial recognition, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Office equipment, furniture and fittings	20%
Motor vehicles	20%
Office renovation	20%
Computers and IT equipment	25% - 50%

Work-in-progress is not depreciated until it is completed and ready for intended use.

At each reporting date, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.10(d) on Impairment of Other Non-Financial Assets).

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

3.6 Leases and Hire-Purchase

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to the ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(b) Finance lease and hire-purchase

Assets acquired by way of finance lease or hire-purchase are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the statements of financial position as finance lease or hire-purchase.

In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine. Otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases and Hire-Purchase (Cont'd)

(b) Finance lease and hire-purchase (Cont'd)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable plant and equipment (see Note 3.5 on Plant and Equipment and Depreciation).

(c) Operating lease

Leases other than finance lease are classified as operating lease and the related rental is charged to profit or loss as incurred.

3.7 Investment in Subsidiary Companies

A subsidiary company is an entity, including structured entity, controlled by the Company.

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less accumulated impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.8 Goodwill on Consolidation

Goodwill arising on consolidation is the excess of cost of investment over the Group's share of the net fair value of net assets of the acquiree's identifiable assets, liabilities and contingent liabilities, and is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Financial assets are classified into the following specified categories: 'FVTPL', 'held-to-maturity', 'available-for-sale financial assets' ("AFS") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) AFS financial assets

AFS financial assets are financial assets that are designated as available for sale or are not classified as loans and receivables, financial assets at FVTPL or held-to-maturity investments.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS financial asset are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in AFS financial assets whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at fair value, including direct and incremental transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and/or losses are recognised in profit or loss upon derecognition or impairment, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of Assets

(a) AFS financial assets

Significant or prolonged decline in fair value below cost, financial difficulties of the issuer or obligator, and/or the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment in quoted shares classified as AFS are impaired.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

(b) Loans and receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency, significant financial difficulties of the debtor, default or significant delay in payments and where observable data indicates that there is a measurable decrease in the estimated cash flows for instance, changes in arrears or economic conditions that correlate with defaults.

The impairment loss is recognised in profit or loss, and is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate ("EIR").

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

The Group addresses the impairment of loans and receivables via either collective or individual assessment allowance as set out below:

(i) Collective assessment allowance

Collective assessment allowance is maintained to reduce the carrying amount of portfolio of similar loans to their estimated recoverable amounts at the reporting date. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loan with similar credit risk characteristics and collectively assessed for impairment.

(ii) Individual assessment allowance

The Group determines the allowance appropriate for each significant loan on an individual basis. The allowance is established based primarily on estimates of the realisable value of the collateral(s) to secure the loan and is measured as the difference between the carrying amount of the loan and the present value of the expected future cash flows discounted at the original EIR of the loan.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of Assets (Cont'd)

(c) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off as and when ascertained and impairment is made for any debts considered to be doubtful of collection.

(d) Other non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with licensed financial institutions and other short-term, highly liquid investments with maturities of three (3) months or less, which are readily convertible to known cash and are subject to an insignificant risk of changes in value.

3.12 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial Liabilities (Cont'd)

(b) Other financial liabilities

The Group and the Company's other financial liabilities include payables and borrowings.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

3.13 Borrowing Costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.14 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.15 Income Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income Taxes (Cont'd)

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base. Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient future taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profits will be available, such reductions will be reversed to the extent of the future taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

3.16 Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of the resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3.17 Employee Benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Employee Benefits (Cont'd)

(b) Defined contribution plan

The Group and the Company make statutory contributions to the Employee Provident Fund, a defined contribution pension scheme. Contributions are charged to profit or loss in the period in which the related service is performed. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(c) Share-based compensation

The Group and the Company operate an equity-settled, share-based compensation plan, wherein shares or options to subscribe for shares of the Company are granted to eligible directors and employees of the Group based on certain financial and performance criteria and such conditions as it may deem fit.

The total fair value of share options granted to eligible directors and employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the share options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the share options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable on vesting date.

At each reporting date, the Company revises its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the share options are exercised.

The equity amount is recognised as non-distributable reserve until the option is exercised or until the option expires, upon which it will be transferred directly to retained earnings.

3.18 Foreign Currencies

(a) Functional and presentation currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the currency of the primary economic environment in which the Group and the Company operate ("the functional currency").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Foreign Currencies (Cont'd)

(b) Foreign currency transactions and balances

In preparing the financial statements of the Group, transactions in foreign currency other than the entity's functional currency are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

3.19 Share Capital and Share Issuance Expenses

An equity instrument is a contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities.

Ordinary shares are classified as equity instruments. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

Distributions to holders of ordinary shares are debited directly to equity and interim dividends declared on or before the end of the reporting date are recognised as liabilities. Final dividends are recognised upon the approval of shareholders in a general meeting.

3.20 Treasury Shares

Shares repurchased by the Company are held as treasury shares and are measured and carried at the cost of purchase. Treasury shares are presented in the financial statements as a set-off against equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are re-issued by re-sale in the open market, the difference between the sales consideration and the carrying amount is recognised in equity. When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable retained earnings.

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical Judgements Made in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except for those involving estimations which are dealt with in Note 4.2 below.

4.2 Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiary companies to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired based on the evaluation of collectability and ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Fair value of borrowings

The fair value of borrowings is estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the EIR approximate the current market interest rates available to the Group and the Company based on its size and its business risk.

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5. REVENUE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income from:				
Consumer financing	212,648,874	188,793,450	–	–
Factoring and confirming	828,573	1,010,485	–	–
Deposits with licensed financial institutions	57,777	181,129	–	–
	213,535,224	189,985,064	–	–
Fee income from:				
Consumer financing	26,315,221	28,085,968	–	–
Processing and administration of payroll collection	5,829,677	4,927,141	–	–
Factoring and confirming	155,846	241,766	–	–
IT support service	70,370	91,560	–	–
Administrative service to a subsidiary company	–	–	366,061	271,657
Dividend income from a subsidiary company	–	–	20,000,000	135,000,000
	245,906,338	223,331,499	20,366,061	135,271,657

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group	
	2018 RM	2017 RM
Interest expense on:		
Sukuk	29,338,943	9,784,838
Term loans	24,225,165	33,118,202
Revolving credits	15,723,210	16,973,743
Bankers' acceptances	25,702	78,310
Bank overdrafts	221	151,570
MTNs	–	1,343,269
	69,313,241	61,449,932

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Directors of the Company:				
- Fees	480,000	336,000	480,000	336,000
- Other emoluments	201,000	200,000	45,000	44,000
- Defined contributions	29,640	29,640	–	–
	710,640	565,640	525,000	380,000
Benefits-in-kind	148,166	82,208	–	–
Total directors' remuneration	858,806	647,848	525,000	380,000

The directors' remuneration represents amounts paid to or receivable by the directors for the respective financial year and are disclosed in accordance with Fifth Schedule (2) of the Companies Act, 2016. These have been accrued in profit or loss over one or more financial years.

During the financial year:

(a) no professional fees are paid to directors or any firms of which directors are members for services rendered to the Group and the Company; and

(b) no amount is paid to or receivable by any third party for services provided by directors to the Group and the Company.

8. STAFF COSTS

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Salaries	13,708,046	12,524,646	–	–
Share options granted under ESS	3,106,580	4,375,970	136,000	208,000
Defined contributions	1,899,086	1,498,264	–	–
Social security contributions	118,730	106,062	–	–
Others	2,865,452	2,305,331	–	–
	21,697,894	20,810,273	136,000	208,000

8. STAFF COSTS (CONT'D)

Staff costs include provisions that are accrued and charged based on expected expenditures.

Included in others are RM490,000 (2017: RM490,000) staff costs payable to a related party as disclosed in Note 24(b).

9. FINANCE COSTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
Hire-purchase payables	54,595	32,783	–	–
Amounts due to subsidiary companies	–	–	–	2,085,494
	54,595	32,783	–	2,085,494

10. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income from deposits with licensed financial institutions	5,013,121	1,775,614	–	–
Bad debt recoveries	4,525,362	5,003,390	–	–
Net gain on disposal of:				
Plant and equipment	140,662	–	–	–
Investment property	–	748,834	–	–
Realised gain on foreign exchange, net	5,818	6,973	–	–
Net interest income/(expense) on amounts due from/(to) subsidiary companies	–	–	543,867	(1,823,565)
Allowances for impairment loss on receivables, net	(29,594,994)	(27,131,509)	–	–
Rental of:				
Premises	(765,008)	(729,790)	–	–
Office equipment	(78,410)	(45,705)	–	–
Warehouse	(52,221)	(58,836)	–	–
Disaster recovery centre	(36,000)	(36,000)	–	–

10. PROFIT BEFORE TAX (CONT'D)

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Auditors' remuneration:				
Statutory audit				
- Current year	(261,400)	(253,800)	(65,000)	(60,000)
Non-statutory audit				
- Current year	(93,000)	(70,000)	(10,000)	(10,000)
Plant and equipment written off	(22,424)	(29,598)	–	–
Amortisation of discount on MTNs	–	(116,179)	–	–

11. INCOME TAX EXPENSE

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Income tax payable:				
Current year	29,943,410	29,971,016	126,873	36,202
(Over)/Under provision in prior years	(144,393)	(1,203,476)	(6,466)	11,230
	29,799,017	28,767,540	120,407	47,432
Deferred tax (Note 22):				
Current year	(1,101,610)	(3,041,320)	–	–
Over provision in prior years	(5,647)	(3,185,159)	–	–
	(1,107,257)	(6,226,479)	–	–
Income tax expense	28,691,760	22,541,061	120,407	47,432

11. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	117,373,120	101,490,364	19,928,535	132,629,111
Tax at applicable statutory tax rate of 24% (2017: 24%)	28,169,549	24,357,687	4,782,848	31,830,986
Tax effects of:				
Expenses not deductible for tax purposes	2,473,064	3,060,724	144,062	605,284
Income not subject to tax	(365,406)	(507,265)	(4,800,037)	(32,400,068)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	33,530	579,806	–	–
Realisation of deferred tax assets not recognised previously	–	(561,256)	–	–
Effect of reduction in tax rates on incremental of chargeable income	(1,468,937)	–	–	–
Tax at effective tax rate	28,841,800	26,929,696	126,873	36,202
(Over)/Under provision in prior years	(144,393)	(1,203,476)	(6,466)	11,230
Over provision of deferred tax in prior years	(5,647)	(3,185,159)	–	–
Income tax expense	28,691,760	22,541,061	120,407	47,432

The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the year of assessment 2018. The computation of deferred tax as at 31 March 2018 uses the same statutory tax rate.

12. SEGMENT INFORMATION

The Group is organised into business units based on their services and has two reportable operating segments as follows:

(i) Consumer financing

This segment engages in provision of general consumer loan financing.

(ii) Investment holding, management services and others

This segment engages in investment activities, provision of management services and provision of factoring and confirming.

12. SEGMENT INFORMATION (CONT'D)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expense and results include transfers between operating segments. These transfers are eliminated on consolidation.

Geographical segment

The Group operates substantially in Malaysia. Accordingly, no geographical segment information has been provided.

The following tables provide segment information for the reportable segments:

The Group 2018	**Consumer financing RM**	**Investment holding, management services and others RM**	**Note**	**Total RM**
Revenue				
Total revenue	244,793,772	21,478,627		266,272,399
Inter-segment revenue	–	(20,366,061)		(20,366,061)
External revenue	244,793,772	1,112,566		245,906,338
Results				
Segment results	118,495,722	(1,068,007)		117,427,715
Finance costs	(54,595)	–		(54,595)
Profit/(loss) before tax	118,441,127	(1,068,007)		117,373,120
Income tax expense	(28,183,718)	(508,042)		(28,691,760)
Profit/(loss) for the financial year	90,257,409	(1,576,049)		88,681,360
Interest income including interest income from deposits with licensed financial institutions	217,657,657	890,688		218,548,345
Interest expense applicable to revenue	69,287,318	25,923		69,313,241
Depreciation	3,249,314	129,122		3,378,436
Other non-cash expenses	32,411,232	312,766	A	32,723,998
Statements of Financial Position				
Capital additions	2,854,001	–	B	2,854,001
Segment assets	1,803,315,901	55,473,716		1,858,789,617
Segment liabilities	1,338,668,405	848,648		1,339,517,053

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12. SEGMENT INFORMATION (CONT'D)

The Group 2017	Consumer financing RM	Investment holding, management services and others RM	Note	Total RM
Revenue				
Total revenue	221,806,559	136,796,597		358,603,156
Inter-segment revenue	–	(135,271,657)		(135,271,657)
External revenue	221,806,559	1,524,940		223,331,499
Results				
Segment results	100,111,039	1,412,108		101,523,147
Finance costs	(32,783)	–		(32,783)
Profit before tax	100,078,256	1,412,108		101,490,364
Income tax expense	(21,940,007)	(601,054)		(22,541,061)
Profit for the financial year	78,138,249	811,054		78,949,303
Interest income including interest income from deposits with licensed financial institutions	190,554,669	1,206,009		191,760,678
Interest expense applicable to revenue	61,083,829	366,103		61,449,932
Depreciation and amortisation	3,651,427	365,323		4,016,750
Other non-cash expenses/(income)	33,224,978	(1,687,901)	A	31,537,077
Other material item of income:				
Net gain on disposal of investment property	–	748,834		748,834
Statements of Financial Position				
Capital additions	4,874,687	–	B	4,874,687
Segment assets	1,646,231,343	55,877,548		1,702,108,891
Segment liabilities	1,259,487,283	1,260,179		1,260,747,462

12. SEGMENT INFORMATION (CONT'D)

Note Nature of amounts reported in the consolidated financial statements.

A Other material non-cash expenses/(income) consists of the following items:

	2018 RM	2017 RM
Allowance for impairment loss on receivables, net	29,594,994	27,131,509
Share options granted under ESS	3,106,580	4,375,970
Plant and equipment written off	22,424	29,598
	32,723,998	31,537,077

B Capital additions consist of:

	2018 RM	2017 RM
Plant and equipment (Note 15)	2,854,001	4,874,687

13. EARNINGS PER ORDINARY SHARE ("EPS")

(a) Basic EPS

	The Group	
	2018 RM	2017 RM
Profit for the financial year attributable to ordinary equity holders of the Company	88,681,360	78,949,303
Weighted average number of ordinary shares in issue:		
Balance net of treasury shares as at beginning of financial year	336,739,911	1,299,461,045
Effects of:		
Issuance of shares pursuant to ESS exercised	3,963,556	4,116,709
Share consolidation	–	(974,595,784)
Resale of treasury shares	–	1,134,793
Shares repurchased	–	(6,247)
Balance as at end of financial year	340,703,467	330,110,516
Basic EPS (sen)	26.03	23.92

The basic EPS of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The weighted average number of ordinary shares in issue for the previous financial year take into account the effects of share consolidation completed on 26 April 2016 and net of treasury shares.

Notes to the Financial Statements
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13. EPS (CONT'D)

(b) Diluted EPS

	The Group	
	2018 RM	2017 RM
Profit for the financial year attributable to ordinary equity holders of the Company	88,681,360	78,949,303
Weighted average number of ordinary shares in issue	340,703,467	330,110,516
Effects of dilution of ESS	671,632	1,279,106
Adjusted weighted average number of ordinary shares in issue	341,375,099	331,389,622
Diluted EPS (sen)	25.98	23.82

The diluted EPS of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares adjusted for dilutive effects of ESS.

14. DIVIDENDS

	Dividends recognised in financial year	
	2018 RM	2017 RM
Recognised during the financial year:		
Final dividend for 2016: 3.50 sen per ordinary share under single-tier system, paid on 15 September 2016	–	11,477,166
Final dividend for 2017: 3.00 sen per ordinary share under single-tier system, paid on 20 September 2017	10,228,347	–
Interim dividend for 2018: 3.00 sen per ordinary share under single-tier system, paid on 30 January 2018	10,260,358	–
	20,488,705	11,477,166

The directors recommend the payment of a final single-tier dividend of 4.00 sen per ordinary share, amounting to RM13,680,876 in respect of the financial year ended 31 March 2018, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

Notes to the Financial Statements
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15. PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Motor vehicles under hire-purchase RM	Office renovation RM	Work-in-progress RM	Total RM
Cost						
Balance as at 1 April 2016	2,160,966	14,550,113	1,301,708	1,659,829	408,895	20,081,511
Additions	60,690	458,481	1,065,593	120,800	3,169,123	4,874,687
Write-off	(409,280)	(32,792)	–	(378,777)	–	(820,849)
Reclassification	–	72,087	–	–	(72,087)	–
Balance as at 31 March 2017/ 1 April 2017	1,812,376	15,047,889	2,367,301	1,401,852	3,505,931	24,135,349
Additions	119,161	2,057,485	504,030	138,080	35,245	2,854,001
Disposals	–	(134,705)	(549,540)	–	–	(684,245)
Write-off	(514,593)	(313)	–	(378,913)	–	(893,819)
Reclassification	–	671,931	–	–	(3,197,131)	(2,525,200)
Balance as at 31 March 2018	1,416,944	17,642,287	2,321,791	1,161,019	344,045	22,886,086
Accumulated depreciation						
Balance as at 1 April 2016	1,646,140	7,924,520	882,187	1,261,270	–	11,714,117
Charge for the financial year	225,582	3,239,178	234,279	201,532	–	3,900,571
Write-off	(398,653)	(28,676)	–	(363,922)	–	(791,251)
Balance as at 31 March 2017/ 1 April 2017	1,473,069	11,135,022	1,116,466	1,098,880	–	14,823,437
Charge for the financial year	138,736	2,741,192	371,547	126,961	–	3,378,436
Disposals	–	(131,782)	(525,095)	–	–	(656,877)
Write-off	(502,600)	(307)	–	(368,488)	–	(871,395)
Balance as at 31 March 2018	1,109,205	13,744,125	962,918	857,353	–	16,673,601
Carrying amount						
Balance as at 31 March 2017	339,307	3,912,867	1,250,835	302,972	3,505,931	9,311,912
Balance as at 31 March 2018	307,739	3,898,162	1,358,873	303,666	344,045	6,212,485

Notes to the Financial Statements
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15. PLANT AND EQUIPMENT (CONT'D)

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM2,854,001 (2017: RM4,874,687) as follows:

	The Group 2018 RM	The Group 2017 RM
Acquired via:		
Cash payments	1,305,760	1,313,396
Payables	1,098,241	2,552,291
Hire-purchase arrangements (Note 30)	450,000	1,009,000
	2,854,001	4,874,687

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2018 RM	The Company 2017 RM
Unquoted shares, at cost	327,450,041	327,450,041
RCPS	20,000,000	20,000,000
	347,450,041	347,450,041
Less: Allowance for impairment	(20,166,830)	(20,166,830)
	327,283,211	327,283,211

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

	Effective Ownership Interest and Voting Interest		Principal Activities
	2018 %	2017 %	
Direct subsidiary companies			
Effusion.Com Sdn. Bhd.	100	100	Provision of information technology
RCE Factoring Sdn. Bhd.	100	100	Confirming, factoring and industrial hire purchase, specialising in trade related activities and general trading
RCE Marketing Sdn. Bhd.	100	100	Provision of general loan financing services
RCE Synergy Sdn. Bhd.	100	100	Investment holding
Strategi Interaksi Sdn. Bhd.[#]	100	100	Investment holding
Indirect subsidiary companies			
EXP Payment Sdn. Bhd.[# ^]	100	100	Processing and administration of payroll collection
RCE Equity Sdn. Bhd.[π]	100	100	Provision of financial administrative services
RCE Advance Sdn. Bhd.[π]	100	100	In member's voluntary winding up
RCE Commerce Sdn. Bhd.[π]	100	100	Provision of information technology

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Ownership Interest and Voting Interest		Principal Activities
	2018 %	2017 %	
Indirect subsidiary companies (cont'd)			
RCE Sales Sdn. Bhd.π	100	100	Provision of general loan financing services
RCE Trading Sdn. Bhd.π	100	100	Investment in securities
Mezzanine Enterprise Sdn. Bhd.π	100	100	Property investment and provision of financial administrative services
Al Dzahab Assets Berhad π	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue Sukuk to fund the purchase of such receivables

\# Audited by another firm of auditors
^ Held indirectly through Strategi Interaksi Sdn. Bhd.
π Held indirectly through RCE Marketing Sdn. Bhd.

17. GOODWILL ON CONSOLIDATION

	The Group	
	2018 RM	2017 RM
Goodwill on consolidation, at cost	47,843,974	47,843,974
Less: Allowance for impairment	(510,983)	(510,983)
Carrying amount	47,332,991	47,332,991

17. GOODWILL ON CONSOLIDATION (CONT'D)

Allocation of goodwill to cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from the business combination, as follows:

(i) Consumer financing operations of RCE Marketing Sdn. Bhd. ("RCEM") and its subsidiary companies ("RCEM Group") as a group CGU;

(ii) Processing and administration of payroll collection operations of SISB Group as a group CGU; and

(iii) Factoring and confirming operations of RCE Factoring Sdn. Bhd. as an individual CGU.

The carrying amount of goodwill allocated to each CGU is as follows:

	The Group	
	2018 RM	**2017 RM**
Consumer financing	28,343,821	28,343,821
Processing and administration of payroll collection	18,989,170	18,989,170
	47,332,991	47,332,991

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Key assumptions used in value-in-use calculations

(a) Consumer Financing

The recoverable amount of the CGU is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculation include quantum of loan disbursements, which is based on RCEM Group's past performance and management's expectation on the growth in loans demand and the availability of funds by RCEM Group. The discount rate applied to the cash flow projections is 7.67% (2017: 6.54%) per annum. No growth rate is assumed in extrapolating the cash flows beyond the five-year period. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

(b) Processing and Administration of Payroll Collection

The recoverable amount of the CGU is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculation include quantum of loan collection, which is based on management's expectation on the growth in loans demand. The discount rate applied to the cash flow projections is 7.67% (2017: 6.54%) per annum. No growth rate is assumed in extrapolating the cash flows beyond the five-year period. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

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18. LOANS AND RECEIVABLES

	The Group	
	2018 RM	2017 RM
Loans and receivables, gross	1,643,389,398	1,522,346,181
Less: Allowance for impairment		
- Individual assessment	(66,679,519)	(64,337,703)
- Collective assessment	(52,002,973)	(46,447,227)
	(118,682,492)	(110,784,930)
Loans and receivables, net	1,524,706,906	1,411,561,251
Amount receivable within one year	(139,713,992)	(139,048,512)
Non-current portion	1,384,992,914	1,272,512,739

The non-current portion of the loans and receivables is as follows:

	The Group	
	2018 RM	2017 RM
Amount receivables:		
Within one to two years	141,759,393	115,166,086
Within two to five years	504,140,040	397,483,654
After five years	739,093,481	759,862,999
	1,384,992,914	1,272,512,739

Loans and receivables which arose from the provision of loan financing are governed under Facility Agreements, Assignment Agreements and the Power of Attorney (collectively referred to as “Security Agreements”) between the cooperatives or corporations and the Group.

The information on the financial risk of loans and receivables are disclosed in Note 33.

Included in loans and receivables are:

	The Group	
	2018 RM	2017 RM
Assigned in favour of trustee for borrowings	766,818,521	456,372,982
Pledged to financial institutions as securities for borrowings	531,919,343	539,939,067
Held in trust for financial institutions for borrowings	18,243,542	259,956,095
	1,316,981,406	1,256,268,144

18. LOANS AND RECEIVABLES (CONT'D)

The profile of the loans and receivables is as follows:

	The Group	
	2018 RM	2017 RM
Performing	1,195,708,081	1,162,393,967
1 to 150 days past due but performing	381,001,798	295,614,511
Non-performing	66,679,519	64,337,703
	1,643,389,398	1,522,346,181

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 year.

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 at the reporting date are as follows:

	The Group	
	2018 RM	2017 RM
Loans and receivables, non-performing	66,679,519	64,337,703
Less: Allowance for impairment		
- Individual assessment	(66,679,519)	(64,337,703)
	–	–

The allowance for impairment consists of:

	The Group	
	2018 RM	2017 RM
Performing loans	52,002,973	46,447,227
Non-performing loans	66,679,519	64,337,703
	118,682,492	110,784,930

Notes to the **Financial Statements**
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18. LOANS AND RECEIVABLES (CONT'D)

Movement in allowance for impairment:

	The Group	
	2018 RM	2017 RM
Individual assessment:		
Balance as at 1 April	64,337,703	58,520,558
Charge for the financial year	41,375,516	41,703,291
Reversal/Written back	(22,987,838)	(19,298,223)
Reclassified from collective assessment	5,571,334	6,038,891
Written off	(21,617,196)	(22,626,814)
Balance as at 31 March	66,679,519	64,337,703
Collective assessment:		
Balance as at 1 April	46,447,227	45,663,568
Charge for the financial year	11,127,080	6,822,550
Reclassified to individual assessment	(5,571,334)	(6,038,891)
Balance as at 31 March	52,002,973	46,447,227

19. TRADE RECEIVABLES

	The Group	
	2018 RM	2017 RM
Confirming receivables	4,020,258	4,778,003
Factoring receivables	2,450,298	4,431,814
	6,470,556	9,209,817
Less: Allowance for impairment	(2,676,155)	(3,654,040)
Trade receivables, net	3,794,401	5,555,777

The credit period granted by the Group ranges from 90 to 150 (2017: 60 to 150) days. The effective interest rate is at 11.44% (2017: 11.54%) per annum.

19. TRADE RECEIVABLES (CONT'D)

As at the reporting date, there are significant concentration of credit risk arising from the amounts due from two (2) (2017: two (2)) major customers amounting to 100.00% (2017: 85.65%) of the total trade receivables. The extension of credits to and the repayments from these customers are closely monitored by the management to ensure that these customers adhere to the agreed credit terms and policies.

The ageing of the trade receivables is as follows:

	The Group	
	2018 RM	**2017 RM**
Performing	2,652,382	5,185,911
Past due but performing:		
More than 90 days	1,142,019	369,866
Non-performing	2,676,155	3,654,040
	6,470,556	9,209,817

Trade receivables that are performing

Trade receivables that are performing are neither past due nor impaired, are creditworthy debtors with good payment records with the Group and there are no indications as at the reporting date that the debtors will not meet their payment obligations.

None of these have been renegotiated during the financial year.

Trade receivables that are past due but performing

Trade receivables that are less than 90 days past due at the reporting date are performing as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Trade receivables that are more than 90 days past due but performing are those with repayment plan and/or collateral with the Group. Their repayments are closely monitored by the management to ensure that they adhere to the agreed repayment schedule.

Overdue accounts are regularly reviewed and impairment provisions are created where necessary. All trade receivables that are more than 90 days past due are fully provided net of collaterals, except those approved by management and with due regard to the historical risk profile of the customer.

Trade receivables that are non-performing

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables may or may not be secured by any collateral or credit enhancements.

19. TRADE RECEIVABLES (CONT'D)

The Group's trade receivables that are non-performing as at the reporting date are as follows:

	Individually impaired 2018 RM	2017 RM
Trade receivables, non-performing	2,676,155	3,654,040
Less: Allowance for impairment	(2,676,155)	(3,654,040)
	–	–

Movement in allowance for impairment:

	The Group 2018 RM	2017 RM
Balance as at 1 April	3,654,040	6,475,240
Charge for the financial year	1,962,173	9,232
Written back	(1,881,937)	(2,105,341)
Written off	(1,058,121)	(725,091)
Balance as at 31 March	2,676,155	3,654,040

20. OTHER INVESTMENTS

	The Group and The Company 2018 RM	2017 RM
Investments, at cost:		
Association memberships	2	2

21. AFS FINANCIAL ASSETS

	The Group 2018 RM	2017 RM
Unquoted corporate bonds, at cost	8,000,000	8,000,000
Less: Accumulated impairment losses	(8,000,000)	(8,000,000)
	–	–

The unquoted corporate bonds are unsecured and have no fixed coupon rate. Coupon rates will be determined semi-annually depending on the performance of the bonds.

There was no coupon payment received in respect of the unquoted corporate bonds for the financial years ended 31 March 2018 and 31 March 2017 respectively.

22. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	The Group 2018 RM	The Group 2017 RM
Balance as at 1 April	38,049,964	31,823,485
Recognised in profit or loss (Note 11)	1,107,257	6,226,479
Balance as at 31 March	39,157,221	38,049,964

Presented after appropriate offsetting as follows:

	The Group 2018 RM	The Group 2017 RM
Deferred tax assets	39,481,630	38,668,218
Deferred tax liabilities	(324,409)	(618,254)
	39,157,221	38,049,964

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Loans and receivables RM	Payables RM	Other temporary differences RM	Total RM
Balance as at 1 April 2016	29,022,901	2,976,378	1,031,731	33,031,010
Recognised in profit or loss	4,623,499	643,233	370,476	5,637,208
Balance as at 31 March 2017	33,646,400	3,619,611	1,402,207	38,668,218
Balance as at 1 April 2017	33,646,400	3,619,611	1,402,207	38,668,218
Recognised in profit or loss	3,417,937	(2,655,992)	51,467	813,412
Balance as at 31 March 2018	37,064,337	963,619	1,453,674	39,481,630

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22. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Plant and equipment RM
Balance as at 1 April 2016	(1,207,525)
Recognised in profit or loss	589,271
Balance as at 31 March 2017	(618,254)
Balance as at 1 April 2017	(618,254)
Recognised in profit or loss	293,845
Balance as at 31 March 2018	(324,409)

(c) The amount of unused tax losses and unabsorbed capital allowances for which no deferred tax assets are recognised in the statements of financial position due to uncertainty of their recoverability, are as follows:

	The Group	
	2018 RM	2017 RM
Unused tax losses	2,203,600	2,203,600
Unabsorbed capital allowances	5,121,051	4,981,342
	7,324,651	7,184,942

23. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	31,156,451	28,101,664	–	37
Tax recoverable	4,779,387	417,552	–	246,391
Prepaid expenses	3,808,387	1,568,296	11,431	2,250
Refundable deposits	300,553	292,618	–	–
	40,044,778	30,380,130	11,431	248,678

Included in other receivables of the Group are collections in transit from various cooperatives and corporations of RM26,452,913 (2017: RM23,599,330).

Included in refundable deposits of the Group are RM161,067 (2017: RM157,132) paid in relation to the rental of office premises to related parties.

24. RELATED PARTY TRANSACTIONS

The outstanding balances arising from related party transactions as at the reporting date are as below:

	The Company	
	2018 RM	2017 RM
Amount due from a subsidiary company	39,852,647	30,405,226

The amount due from a subsidiary company arose mainly from advances given, is unsecured, bears interest rate at 1.75% (2017: 1.75%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiary companies.

(b) Related party disclosures

Other than as disclosed elsewhere in the financial statements, the related parties and their relationships with the Company are as follows:

Name of related parties	Relationship
Corporateview Sdn. Bhd. ("CVSB") Harpers Travel (Malaysia) Sdn.Bhd. ("HTSB") Fulcrum Capital Sdn. Bhd. ("FCSB")	Subsidiary companies of Amcorp Group Berhad, the intermediate holding company of the Company
AmMetLife Insurance Berhad ("ALIB")	A company in which a deemed substantial shareholder of the Company has directorship and indirect interest
AmInvestment Bank Berhad ("AIBB")	A company in which a deemed substantial shareholder and a director of the Company have substantial interest or directorship
AON Insurance Brokers (M) Sdn. Bhd. ("AIBM")	A company in which certain directors of the Company have directorship

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24. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

During the financial year, significant related party transactions, which are determined on a basis negotiated between the said parties, are as follows:

	The Company	
	2018 RM	2017 RM
Direct subsidiary companies:		
Administrative fees receivable from:		
RCE Marketing Sdn. Bhd.	366,061	271,657
Net interest income/(expense) on amounts due from/(to):		
RCE Marketing Sdn. Bhd.	543,867	(1,823,701)
RCE Factoring Sdn. Bhd.	–	136

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other related parties:				
Fees payable to AIBB:				
Placement fee	600,000	1,119,375	–	–
Arranger fee	–	300,000	–	–
Fees payable to CVSB:				
Management fee	720,000	720,000	–	–
Staff costs	490,000	490,000	–	–
Internal audit fees	238,000	160,000	28,000	20,000
Rental payable to:				
ALIB	763,430	716,490	–	–
CVSB	36,000	36,000	–	–
Purchase of travel package from HTSB	307,805	–	–	–
Marketing expenses incurred arising from purchase of travel package from HTSB	503,942	556,842	–	–
Insurance premium payable to AIBM	359,706	352,177	–	–

24. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term employees' benefits	4,955,444	4,255,740	381,000	380,000
Defined contribution plan	575,991	499,717	–	–
Share options granted under ESS	520,200	559,800	136,000	208,000
	6,051,635	5,315,257	517,000	588,000

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits with licensed financial institutions	169,581,241	142,562,550	–	–
Cash and bank balances	27,635,183	16,736,060	3,733	2,301
	197,216,424	159,298,610	3,733	2,301
Less: Deposits, cash and bank balances				
- Assigned in favour of the trustees	(144,392,652)	(44,861,941)	–	–
- Pledged to licensed financial institutions	(38,620,055)	(28,603,336)	–	–
	(183,012,707)	(73,465,277)	–	–
	14,203,717	85,833,333	3,733	2,301

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 127 (2017: 45) days. The information on weighted average effective interest rate is disclosed in Note 33.

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26. SHARE CAPITAL

	The Group and The Company			
	2018	2017	2018	2017
	No. of shares of RM0.10* each		RM	RM
Ordinary shares				
Balance as at 1 April	350,712,636	1,363,809,945	38,063,703	136,380,994
Capital repayment	–	(1,022,857,459)	–	(102,285,746)
Issuance of shares pursuant to ESS exercised	5,282,000	9,760,150	6,611,900	3,968,455
Balance as at 31 March	355,994,636	350,712,636	44,675,603	38,063,703

* upon effective date of the Companies Act, 2016 on 31 January 2017, the concept of authorised and par value of share capital is no longer applicable.

During the financial year, the total number of issued shares of the Company was increased from 350,712,636 to 355,994,636 by way of the issuance of 5,282,000 new ordinary shares pursuant to share options exercised.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

In the previous financial year:

(a) the Company completed the:

(i) capital repayment of RM0.075 for each ordinary share of RM0.10 each upon payment of RM97,459,577 to its shareholders on 6 May 2016; and

(ii) share consolidation involving the consolidation of every four (4) ordinary shares of RM0.025 each into one (1) ordinary share of RM0.10 each upon listing of and quotation for 340,952,486 ordinary shares of RM0.10 each on 26 April 2016 based on the total number of issued shares of the Company of 1,363,809,945 ordinary shares of RM0.025 each (including treasury shares).

(b) the total number of issued shares of the Company was increased from 340,952,486 to 350,712,636 by way of the issuance of 9,760,150 new ordinary shares pursuant to share options exercised.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

27. TREASURY SHARES

The shareholders of the Company, by a resolution passed at an annual general meeting held on 29 August 2017, has granted an approval to the Company to buy back its own shares of up to 10% of its total number of issued shares of the Company.

In the previous financial year:

(a) the Company repurchased 10,000 of its issued ordinary shares from the open market. The total consideration paid of RM11,685 (including transaction costs) was financed by internally generated funds; and

(b) the Company disposed 2,124,500 units of its treasury shares for a total consideration of RM2,608,704 (including transaction costs) in the open market.

The shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

The Company has the right to cancel, resell and/or, distribute the treasury shares as dividends at a later date or transfer the treasury shares for ESS or as purchase consideration, subject to the approval of members at the forthcoming Annual General Meeting. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended.

The Company did not make any purchase of its own share and none of the treasury shares held were resold, cancelled or transferred during the financial year.

As at 31 March 2018, the number of ordinary shares in issue after the share buy-back is 342,021,911 shares.

28. RESERVES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable:				
Share premium	72,592,303	72,592,303	72,592,303	72,592,303
Capital redemption reserve	30,902,850	30,902,850	30,902,850	30,902,850
ESS	3,475,420	2,127,310	3,475,420	2,127,310
	106,970,573	105,622,463	106,970,573	105,622,463
Distributable:				
Retained earnings	380,979,006	311,027,881	228,209,575	227,131,682
	487,949,579	416,650,344	335,180,148	332,754,145

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28. RESERVES (CONT'D)

(a) Non-distributable:

(i) Share premium arose from the following:

	The Group and The Company 2018 RM	The Group and The Company 2017 RM
Balance as at 1 April	72,592,303	68,111,812
Issuance of shares pursuant to ESS exercised	–	3,870,720
Resale of treasury shares	–	609,771
Balance as at 31 March	72,592,303	72,592,303

(ii) Capital redemption reserve was arose from redemption of redeemable convertible non-cumulative preference shares in the financial year ended 31 March 2015.

The Companies Act, 2016 abolished the concept of nominal value in share with effect from 31 January 2017. Notwithstanding that, Section 618 of the Companies Act, 2016 provides a transitional period of twenty four (24) months from 1 February 2017 to 31 January 2019 for the share premium and capital redemption reserve of Group and the Company outstanding as at 31 January 2017 to be utilised for specific purposes.

Subsequent to the transitional period ending 31 January 2019, any amount standing to the credit of the Group and the Company's share premium and capital redemption reserve shall be recognised as part of the Group and the Company's share capital.

(iii) ESS:

The ESS reserve represents the equity settled share options granted to eligible directors and employees. This reserve is made up of the cumulative value of services received from eligible directors and employees recorded on the grant date of share options. Details of ESS granted to eligible directors and employees are disclosed in Note 35.

(b) Distributable:

Retained earnings:

Distributable reserves are those available for distribution as dividends.

Under the single-tier system, the dividends paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax in the hands of the shareholders.

29. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Payables	22,031,628	23,078,574	–	–
Accrued expenses	9,729,372	10,433,786	606,735	462,652
Deposits	1,257,667	1,147,667	–	–
	33,018,667	34,660,027	606,735	462,652
Non-Current				
Payables	–	8,932,394	–	–
	33,018,667	43,592,421	606,735	462,652

Included in payables of the Group are:

(i) advance payments from customers amounting to RM6,695,810 (2017: RM7,284,126);

(ii) collections received from customers amounting to RM1,680,441 (2017: RM1,729,470) on behalf of various cooperatives and corporations by subsidiary companies; and

(iii) amount payable of RMnil (2017: RM13,127,083) in respect of certain incentive programmes entered into with corporations.

30. HIRE-PURCHASE PAYABLES

	The Group	
	2018 RM	2017 RM
Total outstanding	1,405,955	1,305,115
Less: Future finance charges	(117,578)	(120,444)
Principal outstanding	1,288,377	1,184,671
Less: Amounts due within one year	(328,984)	(307,331)
Non-current portion	959,393	877,340

30. HIRE-PURCHASE PAYABLES (CONT'D)

The non-current portion of the hire-purchase payables is as follows:

	The Group 2018 RM	2017 RM
Financial years ending 31 March:		
2019	–	257,376
2020	344,375	257,121
2021	319,362	228,218
2022	229,835	134,625
2023	65,821	–
	959,393	877,340

The interest rates implicit in these hire-purchase arrangements of the Group range from 4.37% to 4.83% (2017: 4.37% to 4.83%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

A reconciliation of hire-purchase payables to cash flows arising from financing activities is as follows:

	2017 RM	Cash flows RM	Non-cash changes RM	2018 RM
Hire-purchase payables	1,184,671	(346,294)	450,000	1,288,377

31. BORROWINGS

	Note	The Group 2018 RM	2017 RM
At amortised cost			
Secured			
Current			
Term loans	(a)	85,371,287	306,429,391
Revolving credits	(b)	229,099,116	271,322,487
Sukuk	(c)	2,411,472	1,351,096
		316,881,875	579,102,974
Non-Current			
Term loans	(a)	217,093,126	207,685,914
Sukuk	(c)	764,515,345	426,128,413
		981,608,471	633,814,327
		1,298,490,346	1,212,917,301

31. BORROWINGS (CONT'D)

	Note	The Group 2018 RM	The Group 2017 RM
Unsecured			
Current			
Bankers' acceptances	(e)	–	611,362
		1,298,490,346	1,213,528,663
Disclosed in the statements of financial position as:			
Current		316,881,875	579,714,336
Non-current		981,608,471	633,814,327
		1,298,490,346	1,213,528,663

The maturity profile of the borrowings is as follows:

	The Group 2018 RM	The Group 2017 RM
On demand or within one year	316,881,875	579,714,336
More than 1 year and less than 2 years	227,218,362	51,862,502
More than 2 years and less than 5 years	390,741,319	371,242,760
More than 5 years	363,648,790	210,709,065
	1,298,490,346	1,213,528,663

A reconciliation of borrowings to cash flows arising from financing activities are as follows:

	2017 RM	Cash flows RM	Non-cash changes RM	2018 RM
Term loans	514,115,305	(210,869,279)	(781,613)	302,464,413
Sukuk	427,479,509	340,000,000	(552,692)	766,926,817
Revolving credits	271,322,487	(42,500,000)	276,629	229,099,116
Other borrowings	611,362	(612,000)	638	–
Total	1,213,528,663	86,018,721	(1,057,038)	1,298,490,346

Included in non-cash changes are accrued interest and transaction costs.

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31. BORROWINGS (CONT'D)

(a) Term loan 1 (Secured)

During the financial year ended 31 March 2013, RCEM was granted a back-to-back loan sale arrangement facility of up to RM100 million by a licensed financial institution for working capital purposes. RCEM was further granted another RM100 million facility in the financial year ended 31 March 2015.

During the financial year, the said term loan has been fully repaid.

Term loan 2 (Secured)

During the financial year ended 31 March 2013, RCEM was granted a RM200 million back-to-back loan sale arrangement by another licensed financial institution, of which RM50 million was ear-marked for Revolving credit 3 as disclosed in Note 31(b), for working capital purposes.

Term loans 1 and 2 are secured against the rights, titles, benefits and interests of the eligible loans and receivables and the amounts collected or received in respect thereof.

These term loans bear interest rates ranging from 5.45% to 6.00% (2017: 5.45% to 6.00%) per annum for a tenure of five (5) years from the date of the first disbursement of the applicable tranche of the term loans.

Term loan 3 (Secured)

During the financial year ended 31 March 2016, a term loan facility of RM300 million was granted to RCEM for financing its working capital purpose.

Term loan 4 (Secured)

During the financial year, Revolving credit 6 was converted into a term loan facility of RM200 million as disclosed in Note 31(b).

The term loans 3 and 4 are secured against the following:

(i) An assignment of the rights, titles, benefits and interests of the eligible loans and receivables;

(ii) A letter of set off executed by RCEM in favour of the non-financial institution;

(iii) A fixed deposit by RCEM on lien or charged;

(iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and

(v) An irrevocable corporate guarantee by the Company.

These term loans bear interest rate at 6.40% (2017: 6.37%) per annum for tenure ranging from six (6) to seven (7) years from the date of the first disbursement of the applicable tranche of the term loans.

31. BORROWINGS (CONT'D)

(a) Term loan 5 (Secured)

During the financial year, a term loan facility of RM150 million was granted to RCEM for financing its working capital purpose.

The term loan is secured against the following:

(i) An assignment of the rights, titles, benefits and interests of the eligible loans and receivables and the amounts collected or received in respect thereof;

(ii) A charge over the designated accounts and all monies standing to the credit of the accounts; and

(iii) An irrevocable corporate guarantee by the Company.

The said term loan bears interest rate at 5.90% per annum for a tenure of three (3) years from the date of the first disbursement of the term loan.

(b) Revolving credit 1 (Secured)

During the financial year ended 31 March 2009, RCEM obtained a revolving credit facility of RM30 million from a licensed financial institution for the purpose of financing the working capital of RCEM. This revolving credit facility was increased by RM20 million to a total limit of RM50 million in financial year ended 31 March 2011.

Revolving credit 2 (Secured)

During the financial year ended 31 March 2014, a revolving credit facility of RM100 million was granted by a licensed financial institution to RCEM for the purpose of financing its working capital.

All of the facilities are secured against the following:

(i) An assignment of the rights, titles, benefits and interests of receivables under the agreement entered into between RCEM with cooperatives and corporations;

(ii) An assignment of the loans and receivables;

(iii) An irrevocable undertaking by RCEM;

(iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and

(v) An irrevocable corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 4.94% to 5.06% (2017: 4.67% to 4.96%) per annum.

Revolving credit 3 (Secured)

During the financial year ended 31 March 2013, a revolving credit facility of RM100 million, which was ear-marked from Term loan 2 as disclosed in Note 31(a) was granted to RCEM for the purpose of working capital. The facility limit was revised to RM50 million during the financial year ended 31 March 2014.

31. BORROWINGS (CONT'D)

(b) Revolving credits 4 and 5 (Secured)

During the financial year ended 31 March 2016, RCEM was granted another two revolving credit facilities of RM100 million each by licensed financial institutions for working capital purposes.

Revolving credits 3 to 5 are secured against the following:

(i) A charge over a designated account and all monies standing to the credit of the account; and

(ii) A charge over the rights, titles, benefits and interests of the applicable personal financing portfolio and the amounts collected or received in respect thereof.

Revolving credit 4 is further secured against an irrevocable corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 5.16% to 5.41% (2017: 4.58% to 4.83%) per annum.

Revolving credit 6 (Secured)

In the previous financial year, a revolving credit facility of RM200 million was granted to RCEM for financing its working capital purpose. During the financial year, the facility was converted into a term loan facility as disclosed in Note 31(a).

The revolving credit was secured against the following:

(i) An assignment of the rights, titles, benefits and interests of the eligible loans and receivables;

(ii) A letter of set off executed by RCEM in favour of the non-financial institution;

(iii) A fixed deposit by RCEM on lien or charged;

(iv) An assignment of the designated accounts and all monies standing to the credit of the accounts; and

(v) An irrevocable corporate guarantee by the Company.

The said revolving credit bore interest rate at 6.39% (2017: 6.37%) per annum.

Revolving credit 7 (Unsecured)

All revolving credit facilities of RCE Factoring Sdn. Bhd. ("RCEF") amounting to RM11.5 million (2017: RM11.5 million) are secured against a corporate guarantee by the Company. As at financial year end, there is no outstanding revolving credit.

31. BORROWINGS (CONT'D)

(c) Sukuk (Secured)

Al Dzahab Assets Berhad ("ADA") was incorporated on 5 November 2015 as a special purpose vehicle for the sole purpose of undertaking the Sukuk Murabahah Asset-backed Securitisation Programme amounting up to RM900 million ("Sukuk Programme") which involved the purchase from RCEM from time to time of the loans and receivables meeting certain pre-determined eligibility criteria. The purchase of the loans and receivables were funded by the proceeds from the issuance of Sukuk by ADA.

During the financial year, ADA further issued two (2) (2017: three (3)) tranches of Sukuk amounting to RM386.5 million (2017: RM513.5 million), out of which RM46.5 million (2017: RM83.5 million) were subscribed by a subsidiary company, RCE Trading Sdn. Bhd.

The Sukuk is constituted by a trust deed dated 8 June 2016 made between ADA and the Trustee for the holders of the Sukuk.

The main features of the Sukuk are as follows:

(i) The maximum issue size of the RM900 million Sukuk consists of a multiple series of Class A, Class B and Class C;

(ii) All Sukuk were issued at par and have maturity tenures ranging from three (3) to ten (10) years within each tranche;

(iii) Each series of the Sukuk under Class A and Class B bear fixed coupon rates ranging from 4.70% to 11.00% (2017: 4.70% to 11.00%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

(iv) The Class C Sukuk bears fixed coupon rates ranging from 18.00% to 35.00% (2017: 18.00% to 35.00%) per annum and payable in full or in part upon the full redemption of Class A and Class B.

The Sukuk are secured against the following:

(i) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of ADA;

(ii) A first legal charge by the share trustee, over the entire issued and paid-up share capital of ADA;

(iii) An assignment of the rights, titles, benefits and interests under the eligible loans and receivables purchased by ADA; and

(iv) An assignment and charge over the designated accounts and all monies standing to the credit of the accounts of ADA.

(d) Bank overdraft 1 (Unsecured)

The bank overdraft facilities of RCEF amounting to RM1.7 million (2017: RM1.7 million) are secured against an irrevocable corporate guarantee by the Company. There is no outstanding bank overdraft for financial years ended 31 March 2018 and 31 March 2017 respectively.

(e) Others (Unsecured)

All bankers' acceptances, trust receipts and bills payable amounting to RM12 million (2017: RM12 million) are secured against an irrevocable corporate guarantee by the Company.

The bankers' acceptances facilities bear interest rate at 4.99% (2017: 4.86% to 5.50%) per annum.

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32. COMMITMENTS

(a) Capital commitments

	The Group	
	2018 RM	2017 RM
Capital expenditure in respect of plant and equipment not provided for:		
Approved and contracted for	4,587,403	7,929,896

(b) Operating lease commitments – as lessor

Future minimum rental receivable under non-cancellable operating leases at the reporting date are as follows:

	The Group	
	2018 RM	2017 RM
Within one year	300	3,600
More than 1 year and less than 5 years	–	300
	300	3,900

(c) Operating lease commitments – as lessee

Future minimum rental payable under non-cancellable operating leases at the reporting date are as follows:

	The Group	
	2018 RM	2017 RM
Within one year	54,230	48,080
More than 1 year and less than 5 years	96,910	127,500
	151,140	175,580

33. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management objectives and policies are monitored by a Risk Management Committee which reports to the Audit Committee.

The operations of the Group are subject to a variety of financial risks, including interest rate (both fair value and cash flow), credit and liquidity risks. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk mainly from differences in timing between the maturities or re-pricing of its interest-bearing assets and liabilities.

Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. These mismatches are managed as part of the overall interest rate risk management process of the Group.

The Group manages its interest rate risk exposure from interest bearing borrowings by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into consideration the repayment and maturity profiles of its borrowings and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(b) Credit risk

Credit risk is the risk of default that may arise on its outstanding contractual obligations resulting in financial loss to the Group. The Group adopts a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk.

(i) Consumer financing services:

The Group manages this risk by exercising adequate credit evaluation measures in its lending criteria and stringent monitoring of repayment. Exposure to credit risk is mitigated through an ongoing monitoring procedure on the repayment via salary deduction from its loans and receivables.

The Group does not have any significant concentration of credit risk due to its large number of underlying borrowers. The maximum exposure to credit risk of the Group is represented by the carrying amount of each financial asset.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(ii) Factoring and confirming:

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The information on significant concentration of credit risk are disclosed in Note 19.

The credit risk for cash and bank balances and deposits with licensed financial institutions is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

In addition, the Group and the Company are exposed to credit risk representing the amount granted summarised as below:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Irrevocable loan commitments issued on behalf of customers	576,264	1,219,680	–	–
Financial guarantees to licensed financial institutions for borrowing facilities granted to subsidiary companies	–	–	883,200,000	742,200,000
	576,264	1,219,680	883,200,000	742,200,000

As at the reporting date, the fair value of the financial guarantees are nil (2017: nil), determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

(i) The likelihood of the guaranteed party defaulting within the guaranteed period;

(ii) The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and

(iii) The estimated loss exposure if the party guaranteed were to default.

The counterparties to the financial guarantee contracts do not have a right to demand for settlement as no default events have arisen. Accordingly, financial guarantee contracts under the scope of MFRS 7 Financial Instruments: Disclosures are not included in the following interest rate and liquidity risk's maturity profile.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

Collaterals

The main types of collaterals obtained by the Group are as follows:

(i) Consumer financing - loans by cooperatives or corporations to their members or borrowers and assignment of collection proceeds in the designated account by cooperatives; and

(ii) Factoring and confirming - land and buildings.

As at the reporting date, the financial effect of collaterals (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held by the Group is at 91.70% (2017: 91.04%).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements, while maintaining the availability of a diverse source of banking facilities from various financial institutions at a reasonable level to its overall debt position. It also strives to maintain a balance between continuity of funding and flexibility through the use of these facilities.

Cash flow forecasting is performed in the operating entities of the Group on an aggregate basis, taking into consideration the Group's debt financing plans, including the matching of maturity profiles of its financial assets and liabilities.

In addition, the Group plans to match its assets by converting the current into non-current liabilities in order to meet its short term obligations as and when they fall due, including raising funds from the market as evidenced from the establishment of Sukuk Programme. During the financial year, the Group has further successfully issued another two (2) (2017: three (3)) tranches of Sukuk amounting to RM386.5 million (2017: RM513.5 million) as disclosed in Note 31(c).

The Group also manages its liquidity risk by maintaining a portion of its resources in deposits, cash and bank balances with licensed financial institutions amounting to RM197,216,424 (2017: RM159,298,610) as disclosed in Note 25 to meet estimated commitments arising from its financial liabilities.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest rate and liquidity risk tables

Analysis of financial instruments based on remaining contractual maturity

The following table sets out the weighted average effective interest rates ("WAEIR"), carrying amounts and the remaining maturities as at the reporting date of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

The Group	Note	WAEIR %	Total RM	Maturity profile Within 1 year RM	2-5 years RM	After 5 years RM
2018						
Fixed rate						
Loans and receivables	18	12.63	1,524,706,906	139,713,992	645,899,433	739,093,481
Trade receivables	19	11.44	3,794,401	3,794,401	–	–
Hire-purchase payables	30	4.55	1,288,377	328,984	959,393	–
Term loans (secured)	31	5.95	20,404,876	2,055,081	18,349,795	–
Sukuk	31	5.60	766,926,817	2,411,472	400,866,555	363,648,790
Floating rate						
Deposits with licensed financial institutions	25	3.48	169,581,241	169,581,241	–	–
Term loan (secured)	31	6.22	282,059,537	83,316,206	198,743,331	–
Revolving credits	31	5.11	229,099,116	229,099,116	–	–
2017						
Fixed rate						
Loans and receivables	18	12.12	1,411,561,251	139,048,512	512,649,740	759,862,999
Trade receivables	19	11.54	5,555,777	5,555,777	–	–
Hire-purchase payables	30	4.63	1,184,671	307,331	877,340	–
Term loans (secured)	31	5.61	280,035,158	259,663,165	20,371,993	–
Sukuk	31	5.68	427,479,509	1,351,096	232,198,543	193,929,870
Floating rate						
Deposits with licensed financial institutions	25	2.83	142,562,550	142,562,550	–	–
Term loan (secured)	31	6.37	234,080,147	46,766,226	170,534,726	16,779,195
Revolving credits	31	4.73	271,322,487	271,322,487	–	–
Bankers' acceptances	31	5.50	611,362	611,362	–	–

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest rate and liquidity risk tables (Cont'd)

Analysis of financial liabilities based on an undiscounted basis

The following table summarises the remaining maturities as at the reporting date of the Group's financial liabilities based on contractual undiscounted repayment obligations:

The Group	Total RM	Maturity profile: Within 1 year RM	Maturity profile: 2-5 years RM	Maturity profile: After 5 years RM
2018				
Fixed rate				
Sukuk	993,774,095	46,360,672	536,853,479	410,559,944
Term loans (secured)	22,089,711	3,213,631	18,876,080	–
Hire-purchase payables	1,405,955	380,808	1,025,147	–
Floating rate				
Term loans (secured)	322,207,674	102,104,812	220,102,862	–
Revolving credits	229,099,116	229,099,116	–	–
2017				
Fixed rate				
Sukuk	567,494,260	26,313,581	313,670,826	227,509,853
Term loans (secured)	292,221,146	270,168,055	22,053,091	–
Hire-purchase payables	1,305,115	355,403	949,712	–
Floating rate				
Term loans (secured)	275,751,064	61,331,883	197,346,328	17,072,853
Revolving credits	271,322,487	271,322,487	–	–
Bankers' acceptances	611,362	611,362	–	–

Sensitivity analysis for interest rate risk

As at the reporting date, if interest rate had been 50 basis points lower/higher, with all other variables held constant, the Group's profit for the financial year would increase/decrease by RM1,951,513 (2017: RM1,931,964) arising mainly as a result of a lower/higher interest expense on floating rate borrowings.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values

The accounting policies applicable to the major financial assets and liabilities are as disclosed in Note 3.

(i) Financial assets

The Group's and the Company's principal financial assets are cash and bank balances, deposits with licensed financial institutions and receivables.

(ii) Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include borrowings and payables.

The carrying amount of financial assets and liabilities of the Group as at the reporting date approximate their fair values except for the following:

	Note	2018 Carrying amount RM	2018 Fair value RM	2017 Carrying amount RM	2017 Fair value RM
Financial asset					
Loans and receivables	18	1,524,706,906	1,540,588,717	1,411,561,251	1,420,569,403
Financial liabilities					
Borrowings					
- Sukuk	31	766,926,817	802,883,372	427,479,509	445,629,980

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

(i) Loans and receivables

The fair values of loans and receivables with remaining maturity of less than one year are estimated to approximate their carrying amounts. For loans and receivables with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing rates of loans and receivables of similar credit profile.

The fair values of impaired loans and receivables are represented by their carrying amounts, net of any individual assessment allowance, being the expected recoverable amount.

33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

(ii) AFS - Unquoted investments in Malaysia

The fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses.

(iii) Short term financial instruments

The fair values are estimated to approximate their carrying amounts as the financial instruments are considered short term in nature.

(iv) Sukuk

The fair values are estimated using discounting technique. The discount rates are based on market rates available to the Group for similar instruments.

The fair value hierarchies used to classify financial instruments not measured at fair value in the statements of financial position, but for which fair value is disclosed, are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
31 March 2018				
Financial asset				
Loans and receivables	–	–	1,540,588,717	1,540,588,717
Financial liabilities				
Borrowings				
- Sukuk	–	802,883,372	–	802,883,372

The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
31 March 2017				
Financial asset				
Loans and receivables	–	–	1,420,569,403	1,420,569,403
Financial liabilities				
Borrowings				
- Sukuk	–	445,629,980	–	445,629,980

34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group continue as going concerns while maintaining sustainable return to stakeholders.

The Group monitors capital using a gearing ratio, which is net borrowings divided by total equity. Net borrowings are calculated as total borrowings less deposits, cash and bank balances. Total equity is calculated as share capital plus reserves as shown in the statements of financial position.

As at the reporting date, the gearing ratio is as follows:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total borrowings	1,298,490,346	1,213,528,663	–	–
Less: Deposits, cash and bank balances	(197,216,424)	(159,298,610)	(3,733)	(2,301)
Net borrowings	1,101,273,922	1,054,230,053	(3,733)	(2,301)
Total equity	519,272,564	441,361,429	366,503,133	357,465,230
Gearing ratio (times)	2.12	2.39	–	–

35. ESS

The ESS which was approved by the shareholders at the Extraordinary General Meeting held on 2 September 2015, is governed by the bylaws. The ESS was implemented on 31 December 2015, to be in force for a period of five (5) years and may be extended for another five (5) years by the Board of Directors upon recommendation of the ESS Committee. The ESS comprises shares and/or options to subscribe for share of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time for eligible executive directors and employees of the Group.

The salient features of the ESS are as follows:

(a) The maximum number of shares to be allotted and issued pursuant to the ESS shall not at any point in time in aggregate exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares);

(b) Not more than 10% of the total number of shares to be issued under the ESS shall be allocated to any executive director or employee, who either singly or collectively through persons connected with the executive director or employee, holds 20% or more of the issued and paid-up share capital of the Company;

(c) The eligible persons are executive directors and employees who have attained the age of 18 years, not an undischarged bankrupt and has not served a notice of resignation or received a notice of termination or subject to any disciplinary proceeding; and

(d) The option price shall be at a discount of not more than 10% of the 5 days weighted average market price of the Company's shares immediately preceding the date of offer.

35. ESS (CONT'D)

The movements in share options pursuant to the ESS during the financial year are as follows:

			Number of options over ordinary shares				
Grant date	**Expiry date**	**Exercise price per share RM**	**Balance as at 1.04.2017**	**Granted**	**Exercised**	**Cancelled**	**Balance as at 31.03.2018**
23.06.2016	30.12.2020	0.64	456,000	–	(456,000)	–	–
3.02.2017	2.02.2019	1.30	6,183,850	–	(4,569,000)	(16,000)	1,598,850
18.08.2017	17.08.2019	1.48	–	9,137,000	(257,000)	(210,000)	8,670,000
			6,639,850	9,137,000	(5,282,000)	(226,000)	10,268,850
Weighted average exercise price		(RM)	1.25	1.48	1.25	1.47	1.45
Weighted average share price		(RM)			1.71		
Weighted average of remaining contractual life		(days)					474

			Number of options over ordinary shares of RM0.10* each				
Grant date	**Expiry date**	**Exercise price per share RM**	**Balance as at 1.04.2016**	**Granted**	**Exercised**	**Cancelled**	**Balance as at 31.03.2017**
23.06.2016	30.12.2020	0.64	–	7,940,000	(7,347,000)	(137,000)	456,000
3.02.2017	2.02.2019	1.30	–	8,689,000	(2,413,150)	(92,000)	6,183,850
			–	16,629,000	(9,760,150)	(229,000)	6,639,850
Weighted average exercise price		(RM)		0.98	0.80	0.91	1.25
Weighted average share price		(RM)			1.25		
Weighted average of remaining contractual life		(days)					721

* upon effective date of the Companies Act, 2016 on 31 January 2017, the concept of authorised and par value of share capital is no longer applicable.

35. ESS (CONT'D)

The fair value of share options granted, determined using the Trinomial valuation model, took into account the terms and conditions upon which the share options were granted. The fair value of share options measured at grant date and the assumption are as follows:

		Grant date		
		2018	**2017**	
		18.08.2017	**23.06.2016**	**3.02.2017**
Fair value of share options at grant dates	(RM)	0.340	0.190	0.330
Grant date share price	(RM)	1.680	0.710	1.445
Exercise price	(RM)	1.480	0.640	1.300
Expected volatility	(%)	26.26	32.94	31.06
Expected life	(days)	729	1,652	730
Risk free rate	(%)	3.583	3.703	3.572
Expected dividend yield	(%)	1.876	4.760	2.455

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share options grant were incorporated into the measurement of fair value.

Statement by **Directors**

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 57 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors

SHAHMAN AZMAN

SOO KIM WAI

28 May 2018

Declaration by **The Officer Primarily Responsible** for the Financial Management of the Company

I, **YAP CHOON SENG**, the officer primarily responsible for the financial management of **RCE CAPITAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 57 to 124 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **YAP CHOON SENG** at **KUALA LUMPUR** this 28th day of May 2018.

YAP CHOON SENG
MIA 20766

Before me

PESURUHJAYA SUMPAH
W 725
ABDUL SHUKOR MD NOOR
1.10.2017-30.9.2018
MALAYSIA

No. 66, Jalan Tun Perak
50050 Kuala Lumpur

COMMISSIONER FOR OATHS

Analysis of Shareholdings

as at 29 June 2018

Issued Shares : 355,994,636 ordinary shares
Voting Rights : One (1) vote per ordinary share on a poll or one (1) vote per shareholder on show of hands

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	688	9.54	22,529	0.01
100 to 1,000	998	13.83	608,353	0.18
1,001 to 10,000	3,866	53.59	16,280,293	4.80
10,001 to 100,000	1,496	20.74	43,257,199	12.76
100,001 to less than 5% of issued shares	163	2.26	87,827,853	25.92
5% and above of issued shares	3	0.04	190,882,484	56.33
Total	**7,214**	**100.00**	**338,878,711**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD (AGB CBC2)	107,000,000	31.57
2.	CEMPAKA EMPAYAR SDN BHD	63,257,484	18.67
3.	BBL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	20,625,000	6.09
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	16,666,700	4.92
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD	9,915,300	2.93
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	3,682,700	1.09
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (8036608)	2,435,500	0.72
8.	B-OK SDN BHD	2,200,000	0.65
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)	1,723,600	0.51

Analysis of Shareholdings
as at 29 June 2018

THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
10.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,574,000	0.46
11.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,500,000	0.44
12.	YAP PHAIK KWAI	1,500,000	0.44
13.	LIEW SZE FOOK	1,315,000	0.39
14.	CHOO SHIOW CHARN	1,277,000	0.38
15.	CARTABAN NOMINEES (TEMPATAN) SDN BHD - RHB TRUSTEES BERHAD FOR KAF VISION FUND	1,150,000	0.34
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - NATIONAL TRUST FUND (IFM KENANGA)	1,100,100	0.32
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AMUNDI SC EQ)	1,100,000	0.32
18.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF TACTICAL FUND	1,100,000	0.32
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB FOR CHEAH KING FUI (PB)	1,000,000	0.29
20.	LOH KAM CHUIN	1,000,000	0.29
21.	YAP CHOON SENG	850,000	0.25
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM	831,700	0.25
23.	AZMAN BIN HASHIM	750,000	0.22
24.	THZEW BEE CHOO	738,000	0.22
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SU TIING UH	703,000	0.21
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	634,100	0.19

Analysis of **Shareholdings**
as at 29 June 2018

THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
27.	TAN SOO SIE	628,512	0.19
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR SKYTURE CAPITAL SDN BHD (M51016)	620,000	0.18
29.	HONG WENG HWA	601,687	0.18
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MYBK AM SC E)	541,000	0.16
	Total	**248,020,383**	**73.19**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Cempaka Empayar Sdn Bhd	207,549,184	61.25	–	–
Amcorp Group Berhad	–	–	207,549,184[1]	61.25
Clear Goal Sdn Bhd	–	–	207,549,184[1]	61.25
Tan Sri Azman Hashim	750,000	0.22	207,549,184[1]	61.25

Note:

[1] *Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Cempaka Empayar Sdn Bhd.*

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE SCHEME OF THE COMPANY

Name of Directors and Chief Executive Officer	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%	No. of Options Held
Shahman Azman	300,000	0.09	–	–	–
Datuk Mohamed Azmi bin Mahmood	–	–	–	–	–
Tan Bun Poo	–	–	–	–	–
Mahadzir bin Azizan	–	–	–	–	–
Soo Kim Wai	–	–	–	–	–
Shalina Azman	450,000	0.13	–	–	–
Loh Kam Chuin (Chief Executive Officer)	1,000,000	0.29	–	–	400,000

Note:

The analysis of shareholdings is based on the Record of Depositors as at 29 June 2018, net of 17,115,925 treasury shares.

Analysis of **Shareholdings**
as at 29 June 2018

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE SCHEME IN AMCORP PROPERTIES BERHAD, A RELATED COMPANY

Name of Directors and Chief Executive Officer	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %	No. of Options Held
Shahman Azman					
- Ordinary Shares	886,700	0.15	–	–	1,440,000
Loh Kam Chuin (Chief Executive Officer)					
- Ordinary Shares	667	*	–	–	–
- Class A Redeemable Convertible Preference Shares	333	*	–	–	–
- Class B Redeemable Convertible Preference Shares	100	*	–	–	–

Note:

* *Less than 0.01%.*

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixty-Fourth Annual General Meeting of RCE Capital Berhad will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 6 September 2018 at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon.

2. To declare a final single-tier dividend of 4 sen per ordinary share for the financial year ended 31 March 2018. **Resolution 1**

3. To approve the payment of Directors' fees of RM480,000 for the financial year ended 31 March 2018. **Resolution 2**

4. To approve the Directors' benefits to the Non-Executive Directors of the Company for the period from 7 September 2018 until the next Annual General Meeting of the Company to be held in 2019. **Resolution 3**

5. To re-elect the following Directors who retire pursuant to Article 106 of the Company's Constitution:

   (i) Puan Shalina Azman **Resolution 4**

   (ii) Mr. Tan Bun Poo **Resolution 5**

6. To re-appoint Messrs Deloitte PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications:

Ordinary Resolutions

7. **Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016**

   "THAT subject always to the Companies Act 2016, provisions of the Company's Constitution and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 8

"THAT subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 31 July 2018, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company;

AND THAT such authority conferred shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Proposed Renewal of Share Buy-Back Authority**

Resolution 9

"THAT subject to the Companies Act 2016 ("Act"), provisions of the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company to purchase ordinary shares in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:

(i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;

(ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company's retained profits at the time of purchase(s);

Notice of
Annual General Meeting

(iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier;

(iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled and/or dealt with by the Directors in the manners allowed by the Act;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider expedient or necessary to implement and give effect to the Share Buy-Back Mandate."

Special Resolution

10. **Proposed Adoption of New Constitution of the Company**

"THAT approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in Appendix II of the Circular to Shareholders dated 31 July 2018, in place of the existing Constitution of the Company; **Resolution 10**

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and take all such steps as may be considered necessary to give effect to the foregoing."

11. To transact any other business of which due notice shall have been received.

Notice of
Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single-tier dividend of 4 sen per ordinary share for the financial year ended 31 March 2018, if approved by the shareholders, will be paid on 4 October 2018 to depositors who are registered in the Record of Depositors at the close of business on 18 September 2018.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 September 2018 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

JOHNSON YAP CHOON SENG (MIA 20766)
SEOW FEI SAN (MAICSA 7009732)
Secretaries

Petaling Jaya
31 July 2018

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 29 August 2018 shall be eligible to attend, speak and vote at the Sixty-Fourth Annual General Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.

3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.

7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Notice of
Annual General Meeting

Explanatory Notes:

(i) The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with Section 340(1)(a) of the Companies Act 2016 and do not require shareholders' approval. Hence, this Agenda will not be put forward for voting.

(ii) **Resolution 3 - Directors' Benefits**

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company shall be approved at a general meeting.

The proposed Resolution 3 is to seek shareholders' approval for the payment of Directors' benefits for the period from 7 September 2018 until the next Annual General Meeting ("AGM") of the Company to be held in 2019 ("Relevant Period"). The Directors' benefits comprise allowances and other emoluments payable to the Non-Executive Chairman and Non-Executive Directors of the Company, and the estimated total amount of Directors' benefits for the Relevant Period is expected to come up to approximately RM610,190, which is derived on the following basis:

<table>
<tr><th>Description</th><th>Non-Executive Chairman</th><th>Non-Executive Directors</th></tr>
<tr><td>Monthly fixed allowance</td><td>RM18,000</td><td rowspan="3">Not Applicable</td></tr>
<tr><td>Defined Contribution</td><td>19% of monthly fixed allowance</td></tr>
<tr><td>Benefits-in-kind</td><td>RM23,133 per month</td></tr>
<tr><td>Other Benefits</td><td>Directors' Liability Insurance</td><td>Directors' Liability Insurance</td></tr>
<tr><td>Meeting allowance
(Independent Directors only)
• Board
• Board Committee</td><td>Chairman
(per meeting)
RM2,000
RM2,000</td><td>Member
(per meeting)
RM1,000
RM1,000</td></tr>
</table>

The monthly fixed allowance, benefits-in-kind and other emoluments are given to the Chairman of the Company in recognition of the significant roles in leadership and oversight, and the scope of responsibilities expected of him.

The Chairman is principally responsible for the leadership of the Board which sets the strategy and direction of the Group and to promote and oversee a high standard of corporate governance. He is also the chairperson of the Risk Management Committee which deliberates on all material transactions as well as the overall risk appetite of the Group. In addition, he assumed the role of chairperson of the Sustainability Management Committee ("SMART") in 2018 to lead the SMART in administering and overseeing the development and implementation of the Group's sustainability strategies. Apart from that, Management also actively seeks the Chairman's advice and guidance before undertaking any key decisions by the Group.

In determining the estimated total Directors' benefits for the Relevant Period, the size of the Board and Board Committees and the number of meetings estimated to be held during the Relevant Period based on the above remuneration structure were taken into consideration.

(iii) **Resolution 7 - Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016**

The Ordinary Resolution proposed under Agenda 7 is for the purpose of seeking a renewal of the general mandate ("General Mandate") and if passed, will empower the Directors of the Company pursuant to Section 75 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the mandate granted to the Directors at the Sixty-Third AGM of the Company held on 29 August 2017.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to funding future investment, working capital, acquisitions or such other purposes as the Directors consider would be in the best interest of the Company.

(iv) **Resolution 8 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Ordinary Resolution proposed under Agenda 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(v) **Resolution 9 - Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution proposed under Agenda 9, if passed, will allow the Company to purchase up to 10% of the total number of issued ordinary shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(vi) **Resolution 10 – Proposed Adoption of New Constitution of the Company**

The Special Resolution proposed under Agenda 10, if passed, will bring the Company's Constitution in line with the amendments that arise from the Companies Act 2016, the revised Bursa Malaysia Securities Berhad Main Market Listing Requirements and will enhance administrative efficiency. In view of the substantial amount of amendments to be made, the Board proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the proposed amendments.

Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, Proposed Renewal of Share Buy-Back Authority and Proposed Adoption of New Constitution of the Company are set out in the Circular/Statement to Shareholders dated 31 July 2018 which is despatched together with the Company's Annual Report 2018.

RCE

RCE CAPITAL BERHAD
(2444-M)

FORM OF PROXY

I/We ____ NRIC No./Company No. ______________________

of ____

being a member/members of **RCE CAPITAL BERHAD**, hereby appoint __________________________________

____ NRIC No. __________________________________

of ____

or failing him/her, ____________________________________ NRIC No. __________________________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Sixty-Fourth Annual General Meeting of the Company to be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 6 September 2018 at 10.30 a.m. and at any adjournment thereof, in the manner as indicated below:

No.	Resolutions	For	Against
1.	To declare a final single-tier dividend of 4 sen per ordinary share for the financial year ended 31 March 2018.		
2.	To approve the payment of Directors' fees.		
3.	To approve the Directors' benefits.		
4.	To re-elect Puan Shalina Azman as Director.		
5.	To re-elect Mr. Tan Bun Poo as Director.		
6.	To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 75 of the Companies Act 2016.		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9.	Proposed Renewal of Share Buy-Back Authority.		
10.	Proposed Adoption of New Constitution of the Company.		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _______ day of _____________, 2018.

No. of Shares Held		
CDS Account No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

____
Signature of Shareholder/Common Seal

Tel No. (During office hours): _________________

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 29 August 2018 shall be eligible to attend, speak and vote at the Sixty-Fourth Annual General Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.
7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

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STAMP

The Company Secretary
RCE CAPITAL BERHAD
802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

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