RCE

RCE CAPITAL BERHAD

(2444-M)

ANNUAL REPORT 2016

member of

AMCORP

Contents

Corporate Information

BOARD OF DIRECTORS

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

TAN SRI MOHD ZAMAN KHAN @ HASSAN BIN RAHIM KHAN
Independent Director

DATO' CHE MD NAWAWI BIN ISMAIL
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

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47301 Petaling Jaya
Selangor, Malaysia
Tel : +603-7803 1126 / 7806 2116
Fax : +603-7806 1387 / 7806 1261

BUSINESS ADDRESS

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

AUDITORS

Deloitte
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

RCE CAPITAL BERHAD

- **Consumer Financing**
  - RCE Marketing Sdn Bhd
- **Collection Management**
  - EXP Payment Sdn Bhd
- **Commercial Financing**
  - RCE Factoring Sdn Bhd

Group Financial Highlights

		Financial Year Ended 31 March				
		2012	2013	2014	2015	2016
Profitability						
Revenue	(RM'000)	229,771	166,653	130,261	131,186	162,386
Profit before tax	(RM'000)	128,165	34,210	14,225	45,729	54,183
Net profit attributable to owners of the Company	(RM'000)	101,355	9,719	12,513	36,205	39,571
Key Consolidated Statements of Financial Position Data						
Total assets	(RM'000)	1,462,312	1,445,521	1,317,197	1,234,943	1,550,592
Loans and receivables	(RM'000)	983,076	930,985	924,986	1,069,917	1,260,442
Borrowings (net of deposits and cash and bank balances)	(RM'000)	470,189	261,201	291,253	580,107	861,733
Share capital:						
Ordinary shares	(RM'000)	78,240	117,359	117,359	133,400	136,381
Redeemable convertible non-cumulative preference shares	(RM'000)	-	46,944	46,944	-	-
Total equity	(RM'000)	529,222	704,252	685,250	566,214	456,537
Net assets ("NA") attributable to ordinary shareholders	(RM'000)	529,222	657,308	638,306	566,214	456,537
Key Financial Indicators						
NA per share attributable to ordinary shareholders	(sen)	67.64	56.01	55.16	44.25	35.13
Return on equity	(%)	20.74	1.58	1.80	5.79	7.74
Earnings per share:						
Basic	(sen)	8.64	0.83	0.27	2.27	3.08
Diluted	(sen)	8.64	0.73	0.27	2.27	3.08
Gearing ratio	(times)	0.89	0.37	0.43	1.02	1.89
Net dividend per share	(sen)	1.50	1.50	1.50	1.50	14.00
Share price as at financial year end	(sen)	48.50	27.00	28.00	31.50	28.50

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

Encik Shahman Azman, a Malaysian, aged 41, was appointed to the Board on 2 June 2008 and was later redesignated 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 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 the Deputy Managing Director of Amcorp Properties Berhad and sits on the Board of Amcorp.

TAN SRI MOHD ZAMAN KHAN @ HASSAN BIN RAHIM KHAN
Independent Director

Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan, a Malaysian, aged 73, was appointed to the Board on 26 March 1998.

He graduated from the Royal College of Defence Studies, United Kingdom and holds a Graduate Certificate in Management from the Monash Mt. Eliza Business School.

He served the Malaysian Police Force for 35 years and had held several key positions, namely as Commissioner of Police, Director of Criminal Investigation and Director-General for the Prisons Department.

He was a Trustee for the Malaysian AIDS Foundation and past President (2010 & 2011) of the Malaysian AIDS Council.

He is also the Chairman of Digistar Corporation Berhad and director of Tricubes Berhad.

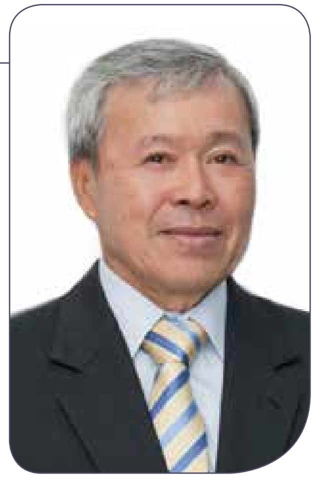
DATO' CHE MD NAWAWI BIN ISMAIL
Independent Director

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 66, was appointed to the Board on 28 February 2006.

Dato' Nawawi holds a Bachelor of Laws from the International Islamic University of Malaysia and practiced as an advocate and solicitor in a legal firm between 1990 and 1991. Dato' Nawawi was the Deputy Commissioner of Police of the Malaysian Police Force until his retirement in February 2006. He had held several key positions during his 36 years of service with the Malaysian Police Force including the position of Head of Criminal Investigation Department in the State of Sabah and Perlis, OCPD Cheras, Deputy Director Commercial Crime Division and Deputy Director, Criminal Investigation Department in Bukit Aman.

Dato' Nawawi also sits on the Board of Amcorp Properties Berhad.

TAN BUN POO
Independent Director



Mr. Tan Bun Poo, a Malaysian, aged 66, 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, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Taxation and a Fellow of Institute of Chartered Accountants in Australia.

Mr. Tan, a retired Senior Partner with Deloitte has more than 37 years of experience in the audits of both private and public companies including banking, insurance and financial services, construction and property development, manufacturing, retailing (including hypermarkets), engineering, gaming and entertainment, leisure and hospitality, food and distribution and the service industry.

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 financial due diligence.

He was a council member of the Malaysian Institute of Certified Public Accountants (MICPA) and served as a member in its Accounting & Auditing Technical Committee, Financial Statements Review Committee and Investigation Committee. Mr. Tan is also a board member of the Auditing & Assurance Standards Board, Malaysian Institute of Accountants.

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, aged 67, 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 Berhad and AmanahRaya-REIT Managers Sdn Bhd, the Manager of AmanahRaya Real Estate Investment Trust.

SOO KIM WAI

Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, aged 55, was appointed to the Board on 11 August 1997.

Mr. Soo is a Chartered Accountant (Malaysian Institute of Accountants), a Certified Public Accountant (Malaysian Institute of Certified Public Accountants), Fellow of the Certified Practising Accountant (CPA), Australia and Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom.

He joined Amcorp Group Berhad ("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 and subsequently as Managing Director on 1 January 1999. 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 sits on the Board of British Malaysian Chamber of Commerce and serves as Chairman of Am ARA REIT Managers Sdn Bhd, the Manager of AmFirst Real Estate Investment Trust.

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 49, 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, aged 49, was appointed Chief Executive Officer 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 and has since 2006, held the post of Executive Director, Corporate Affairs prior to his current appointment.

DETAILS OF MEMBERSHIPS IN BOARD COMMITTEES

COMMITTEES OF THE BOARD			
	Audit Committee	**Nomination & Remuneration Committee**	**Employees' Share Scheme Committee**
Shahman Azman			**Chairman**
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	**Chairman**	
Dato' Che Md Nawawi bin Ismail	Member	Member	
Tan Bun Poo	**Chairman**		
Mahadzir bin Azizan	Member	Member	
Soo Kim Wai	Member		Member
Shalina Azman		Member	Member
Loh Kam Chuin *(Chief Executive Officer)*			Member

Notes:

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 10 years.

Profile of Senior Management

JOHNSON YAP CHOON SENG

Group Chief Financial Officer and Company Secretary

Mr. Johnson Yap Choon Seng, a Malaysian, aged 46, was appointed the Group Chief Financial Officer on 21 February 2003. He also serves as 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 25 years of experience in financial reporting, corporate finance, company secretarial, information technology and other management discipline.

OON HOOI KHEE

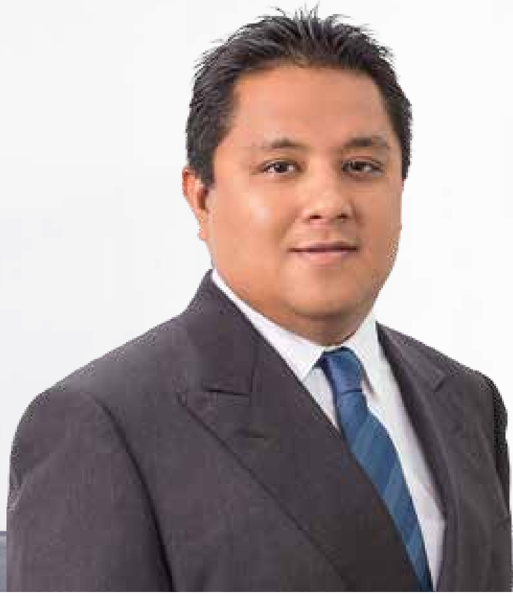
Senior General Manager

Ms. Oon Hooi Khee, a Malaysian, aged 44, joined the Group on 11 September 2006 and has since then held various positions as Head of Department including Finance, Business Development, Information Technology, Operations & Methods and Human Resource & Administration prior to her current appointment as Senior General Manager.

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.

She also holds directorship in other companies within RCE Capital Berhad Group.



Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report for the Group for the financial year ended 31 March 2016 ("FYE 2016").

ECONOMIC REVIEW

The year 2015 saw moderate growth in the global economy while emerging markets faced challenges due to increased volatility arising from the slowdown in China's economy, plunge in global oil prices and the uncertainties on policy adjustments in several major economies.

At home, Malaysia grappled with headwinds on the economic front following an unexpected global commodity-currency shock, weaker global trade and sudden capital outflows. Nonetheless, Malaysia recorded a healthy 5.0% Gross Domestic Product ("GDP") growth, exceeding World Bank's revised forecast of 4.7% for 2015. Economic growth continued to be driven by investments and consumption from the private sector, in line with the objectives of the Economic Transformation Program to see increased participation of the private sector in driving the economy forward. Meanwhile, inflation remained manageable with the Consumer Price Index registering at 2.1% in 2015 compared to 3.2% in 2014 despite the introduction of the Goods and Services Tax and subsidy rationalisation.

The Malaysian economy is expected to expand at a slower pace for 2016 in anticipation of easing in private consumption growth and the effects of low commodity prices on export revenues.

PERFORMANCE REVIEW

In FYE 2016, the Group recorded revenue of RM162.4 million, a 23.8% increase from RM131.2 million in the previous financial year arising from higher interest income generated through the introduction of improved risk-based products at the back of a larger loan base. The Group also saw an increase in its pre-tax profits by 18.6% from RM45.7 million to RM54.2 million, primarily as a result of higher revenue from the loan financing segment.

Similarly, profit after tax ("PAT") improved 9.4%, from RM36.2 million to RM39.6 million in FYE 2016. This translated into improved earnings per share of 3.08 sen, up 35.7% from a year ago, and higher return on equity of 7.7% for FYE 2016.

The Group expects to remain profitable in the next financial year ending 31 March 2017.

CONSUMER FINANCING

Bank Negara Malaysia ("BNM") in its 2015 Annual Report cited that Malaysia's household debt remained elevated at 89.1% against the GDP, albeit at a slower growth pace of 7.3% (2014: 9.9%; 2013: 11.7%). The slower growth was largely due to the pre-emptive macro and micro-prudential measures implemented by BNM and fiscal measures introduced by the Government to contain household debt, particularly among the lower income group. According to BNM, asset quality has improved and the ability to service debt remains sound as at the end of 2015. Nonetheless, the Group is conscious of the risks associated with high household debt and remain guided by BNM's rulings and guidelines.

On the business front, the Group remains focused in building quality loans with continued emphasis on improving asset quality and operational efficiencies. The Group is also mindful of the importance in staying relevant to maintain its competitiveness in the market. Separately, the participation in BNM's Central Credit Reference Information System (CCRIS) is under progress and augurs well with the Group's objective in pursuing responsible lending.

Despite the challenging environment, the Group's personal financing segment strengthened over the financial year arising from favourable market demand. Asset quality remained a key focus area for FYE 2016 where efforts to improve and strengthen our credit scoring model resulted in sustainability of our loans portfolio. Additionally, the Group simplified its processes with the objective to improve overall loan processing turn-around-time, giving rise to better operational efficiency. Against this backdrop, total loans portfolio grew by a commendable 17.8% from RM1.2 billion to RM1.4 billion against the previous financial year.

COMMERCIAL FINANCING

This segment registered a lower net loss of RM1.8 million during the financial year, as the Group streamlined its business, focusing on cost management, optimising headcount and credit recovery. This translated into a significant 52.6% improvement compared to the RM3.8 million loss in the previous year.

Moving forward, the Group remains focused in servicing its existing clients while driving recovery efforts with the objective of returning "back to black".

CORPORATE DEVELOPMENT

The Group carried out two corporate exercises in FYE 2016, namely the implementation of a new Employees' Share Scheme ("ESS") as well as a Share Consolidation and Capital Repayment exercise.

The ESS replaced the previous Employees' Share Option Scheme ("ESOS") on 31 December 2015 and incorporates a Restricted Share Grant component to provide greater flexibility in incentivising its employees. On 23 June 2016, the Company offered a total 7,940,000 options to its eligible employees for their continuing contribution to the success of the Group.

On 26 April 2016, the Group successfully consolidated four (4) ordinary shares of RM0.025 each into one (1) ordinary share of RM0.10, resulting in an adjusted issued and paid-up share capital of 340,952,486 ordinary shares from 1,363,809,945. Subsequently, the Capital Repayment of RM0.075 per share, totalling RM97.5 million, was completed on 6 May 2016. These initiatives formed part of the Group's capital management strategy towards achieving a more efficient capital structure with the aim of improving the Group's performance and returns to shareholders.

Meanwhile, a Sukuk Murabahah Asset-Backed Securitisation Programme of up to RM900.0 million in nominal value ("Sukuk Programme") has been established via Al Dzahab Assets Berhad ("ADA"), a trust-owned special purpose bankruptcy remote vehicle, with the underlying loan receivables originated by RCE Marketing Sdn Bhd. This marked the Group's fourth venture into the debt capital markets.

On 21 June 2016, ADA successfully launched its first issuance of RM155.48 million with AAA and AA3 ratings assigned to its senior class by RAM Rating Services Berhad.

INVESTOR RELATIONS

The Group practices a strong commitment to transparency as well as good corporate governance. The Company's website (http://www.rce.com.my) provides the latest information, financial results and corporate developments in a timely manner.

Enquiries or issues of concern can also be directed to IR@rce.com.my, a dedicated point of contact for investors and shareholders.

Shareholders are also given the opportunity to comment or enquire on the performance and operations of the Group during the Annual General Meeting, where shareholders are updated with a presentation of the Group's major activities and performance by its key personnel.

CORPORATE SOCIAL RESPONSIBILITY

In addition to being a growing business entity, the Group is committed towards giving back to the society. The Group through its continued partnership with National Kidney Foundation carried out health screening campaigns in order to raise health awareness and foster a healthier lifestyle.

The Group also considers education a vital element in improving quality of life. The Group, in collaboration with Yayasan Azman Hashim, assisted deserving students through academic sponsorships believing in their potential to be the leaders of the next generation.

DIVIDENDS

The Group had on 8 October 2015, paid a special interim single-tier dividend of 105% (10.5 sen) per share totalling to RM134.7 million to its shareholders to reward them for their continuous support in addition to achieving a more efficient capital structure.

Additionally, the Board is pleased to recommend a final single-tier dividend of 35.0% (3.50 sen) per share for FYE 2016 which will result in an estimated pay-out of RM11.4 million or 28.8% of PAT of RM39.6 million. As of FYE 2016, this represents the tenth consecutive year of dividend payments declared by the Group with the objective of providing sustainable returns to our shareholders.

LOOKING FORWARD

The subdued economic conditions are expected to continue for 2016 and Malaysia's GDP growth rate is forecasted to remain stable between 4.0% - 4.5%. Nevertheless, the Group is cautious in anticipation of increased competition and continued volatility in the macro environment.

Going forward, the Group takes a long term view in quality growth through continuous fine-tuning of its credit scoring model. The Group also believes in keeping abreast on technology advancements, not just how they enable us to be more efficient, but also to aid us in moving beyond conventional lending. Therefore, the Group had embarked on a strategy to simplify processes across all divisions to better position ourselves in pursuing responsible growth and delivering long-term value to our shareholders.

ACKNOWLEDGMENT

On behalf of the Board, I would like to extend my sincerest thanks and appreciation to all our shareholders, business associates and management team for their continuous support, commitment and contributions.

I also wish to convey my gratitude to the regulatory authorities for their counsel as well as my fellow Board members for their valuable contributions and cooperation.

Shahman Azman
Chairman

8 July 2016

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' values and safeguarding the stakeholders' values.

The Board is pleased to report on the main corporate governance practices of the Company and the manner in which the Company has complied with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code").

BOARD OF DIRECTORS

Board Composition and Balance

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from a diverse professional backgrounds with a wealth of experience, skills and expertise. The Directors together as a team set the values and standards of the Company and ensures that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Board composition of seven (7) members, comprising three (3) Non-Independent Non-Executive Directors (including the Chairman) and four (4) Independent Directors is in compliance with paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). The present Board composition has the appropriate mix of knowledge, skills, expertise and diversity relevant to the Company's operations which are vital to the sustainability and growth of the Group's business.

The high proportion of Independent Directors which make up more than half the Board reflects the Board's commitment to maintain strong representation of Independent Directors on the Board to ensure that the interests of minority shareholders, and not only the interest of a particular fraction or group, are taken into account by the Board. They play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and the decision-making process and provides for effective check and balance in the functioning of the Board. The Independent Directors do not participate in the day-to-day management of the Company and do not engage in any business dealings and are not involved in any other relationship with the Company which could materially interfere with the exercise of their independent judgement.

The role of the Chairman and Chief Executive Officer are separated with clear distinction of responsibility between them to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership and governance of the Board, ensuring its effectiveness, orderly conduct and working of the Board whilst the Chief Executive Officer leads the executive management and is overall responsible for the day-to-day management of the Group's operations and business as well as implementation of Board policies and decisions.

All Independent Directors of the Board are always willing and within reach of the shareholders and thus, the Board does not consider it necessary to appoint a Senior Independent Director to serve as a point of contact for shareholders and other stakeholders to voice their concerns.

The assessment of the independence of each of its Independent Directors is undertaken annually according to set criteria as prescribed by the Listing Requirements. In assessing the independence of Independent Directors, the Board, taking into account their skills, experience and contributions as well as their background, will consider whether the Independent Directors have any relationship with the Company and their ability to exercise independent and objective judgement to the Board's deliberations at all times and to act in the best interests of the Company.

The Board had assessed and concluded that all the Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Independent Directors provide the relevant checks and balances and ensure that high standards of corporate governance are sustained.

The Company does not have term limits for Independent Directors as the Board believes that there are significant advantages to be gained from long-serving Directors who not only possess tremendous insight but also in-depth knowledge of the Company's business and affairs. However, the Board takes cognisance of the recommendations of the Code which state that the tenure of an independent director should not exceed a cumulative term of nine (9) years, after which the said director may either seek shareholders' approval to continue in office as independent director or be re-designated to non-independent non-executive director. Currently, Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Dato' Che Md Nawawi bin Ismail are the Independent Directors of the Company who have served on the Board for 18 years and 10 years respectively.

Based on the assessment carried out on all the Independent Directors, including the Independent Directors who have served a tenure of more than nine (9) years, the Board concluded that all Independent Directors have remained objective and continued to be independent and objective in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the interest of RCE. All of them possess the following aptitudes necessary in discharging their roles and functions as Independent Directors of the Company:

(a) they fulfilled the definition of Independent Director under the Listing Requirements;
(b) they actively participated in Board deliberation, judged in an independent and unfettered manner, discharged their duties with reasonable care, skill and diligent; bring independent thought and experience and provided objectivity in decision making;
(c) they devoted sufficient time and attention to their responsibility as Independent Directors of the Company; and
(d) they exercised due care in all undertakings of the Company and had carried out their fiduciary duties in the interest of the Company and minority shareholders during their tenure as Independent Directors.

In furtherance of the above findings and having considered the two (2) long-service Independent Directors' good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates, the Board is confident and firmly believes in their continuous invaluable contributions to the Company, notwithstanding their tenure on the Board. Their extensive experience in various field and industries meet the Company's required mix of skills and Board diversity. Hence in compliance with the Code, the Board therefore recommends and seeks shareholders' approval at the forthcoming annual general meeting to retain Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan and Dato' Che Md Nawawi bin Ismail as Independent Directors of the Company.

The Board through the Nomination & Remuneration Committee conducts an annual review of the performance of the Board to ensure that it is continuously effective. The review is conducted via a set of questionnaire to assist the reviewer in his/her assessment and is spread over the following three (3) key areas:

- the effectiveness of the Board as a whole including the Board size, composition and balance;
- the performance of the Board Committees; and
- contributions of individual Directors and Chief Executive Officer to the Board.

The Board and its Committees are assessed in the areas of Board mix and balance, composition, compliance and governance, conduct at meeting, business knowledge, skills and competencies, communication and value added contribution, quality of information and decision making, performance management, Board dynamics and relationships. Individual Director's and Chief Executive Officer's assessments are based on integrity and ethics, governance, strategic perspective, judgement and decision making, teamwork, communication and commitment. The results of assessment and Directors' comments will be summarised and discussed at the meeting of the Board. All assessments and evaluations carried out by the Nomination & Remuneration Committee in the discharge of its functions are properly documented.

The results of the evaluations for the financial year under review indicated that there is an appropriate size and mix of skills, experience and core competencies in the composition of the Board and the Board has been effective in discharging its oversight responsibilities.

Board Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board.

While it is important to promote such diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed in 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.

Duties and Responsibilities

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 the 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.

On-going succession planning and training which are aligned to the organisation's objectives are put in place to ensure orderly management transition in the Group.

Board Charter and Code of Ethics

The Board Charter ("the Charter") sets out the role, functions, composition, operation and processes of the Board. The Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Charter also outlines the processes and procedures for the Board and their Committees to achieve highest governance standards. It acts as a source of reference for Board members and senior management. The Charter will be periodically reviewed, as and when necessary. The Charter is accessible to the public on the Company's corporate website at www.rce.com.my.

The Directors observe the Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed from CCM's website at www.ssm.com.my. In addition, the Company's Code of Ethics for the Executive Directors and employees of the Group is set out in the Company's Employee Handbook.

Board Meetings and Supply of Information

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.

The Board and Board Committees meetings are planned in advance prior to the commencement of a new year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors for perusal at least four (4) days prior to the date of the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information 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.

The Board also peruse the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meetings of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of the Companies Act, 1965.

There is a schedule of matters reserved specifically for Board's deliberation such as approval of corporate plans and annual budgets, recommendation of dividends, acquisitions and disposals of undertakings and properties of substantial value.

Where a potential conflict of interest arises, it is mandatory for the Director concerned to declare his interest 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 RCE, on the resolution relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolution.

The Board has complete and unrestricted access to information relating to the Group's businesses and affairs. The Board may require to be provided with further details on the matters to be considered. Senior management are invited to attend the Board meetings to brief and provide comprehensive explanation on pertinent issues. Professional advisers appointed by the Company for corporate proposals to be undertaken by the Company would also be invited to render their advice and opinion to the Directors. The Directors, whether collectively as a Board or in their individual capacity, have the liberty to seek external and independent professional advice, if so required by them, in furtherance of their duties at the Company's expense.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted release date of the quarterly financial results announcement.

All Directors have unrestricted access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretary attends all Board and Board Committees meetings and ensures that Board procedures and policies are met and constantly advise the Directors on compliance issues.

The Board is of the view that the provisions of the Companies Act, 1965 and the Listing Requirements are sufficient to ensure adequate commitment from Directors to perform their duties. Moreover, each Director is able to discern an appropriate amount of time to commit to the Company without it being formally regulated.

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	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Tan Bun Poo	4/4
Mahadzir bin Azizan	4/4
Soo Kim Wai	4/4
Shalina Azman	3/4

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated under the Listing Requirements (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.

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the annual general meeting are first considered and evaluated by the Nomination & Remuneration Committee. For appointment of new Directors, the Nomination & Remuneration Committee assesses the suitability of candidates, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates. Upon its evaluation, the Nomination & Remuneration Committee will make recommendations on the proposal(s) to the Board for approval. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval.

Re-election and re-appointment of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation at every annual general meeting, provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the annual general meeting held following their appointments.

Directors of or over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

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. Orientation programme is initiated for newly appointed Directors to familiarise them with the Group's business. All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

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 of the Directors have undergone training during the financial year. All internal and external training programmes attended by Directors are recorded and maintained by the Company Secretary. The external conferences/workshops and internally organised programmes attended by the Directors during the financial year ended 31 March 2016 are as follows:

No.	Director	Topics
1.	Shahman Azman	• A New Vision of Opportunity • The Interplay Between CG, NFI and Investment Decision - What Boards of Listed Companies Need to Know • GST Updates and 2016 Budget Major Highlights • Ring the Bell for Gender Equality
2.	Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	• Briefing on Goods and Services Tax
3.	Dato' Che Md Nawawi bin Ismail	• Nominating Committee Programme Part 2: Effective Board Evaluations • AMLATFPVAA 2001: The Law & Compliance (Board of Directors & Senior Management) • Kursus Pengurusan Ahli Lembaga Pengarah dan Pemegang Saham Syarikat Kawalan Keselamatan
4.	Tan Bun Poo	• Financial Institutions Directors' Education (FIDE) Forum: Impact of the New Accounting Standards on Insurance Companies – What Directors should be aware of • FIDE Forum: Directors' Remuneration Report 2015 • Directors Corporate Governance Series • Khazanah Megatrends Forum 2015: Harnessing Creative Disruption • Beyond Compliance to Growth: Board's Strategy in Cultivating Real Growth within a Conducive Governance Environment • CG Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom • Building Capabilities and Competencies • Capital Markets Development Programme - Doing Business in a Responsible Way • Briefing on Anti-Money Laundering Compliance Culture and Foreign Exchange Administration Rules • Briefing on Competition Law

No.	Director	Topics
		• Global Emerging Markets Programme: High Level Conference for Leaders in Capital Markets • Capital Market Directors Programme: - Module 1: Directors as Gatekeepers of Market Participants - Module 2A: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities and Futures Broking) - Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Funds Management) - Module 3: Risk Oversight and Compliance - Action Plan for Board of Directors - Module 4: Current and Emerging Regulatory Issues in Capital Markets • Focus Group Discussion with Bank Negara Malaysia's Senior Management: Focus Group 1 (Banking, Islamic Banking and Investment Banking Businesses) • Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets
5.	Mahadzir bin Azizan	• Takaful Malaysia – Great Leader, Great Teams, Great Result • Capital Market Director Programme: - Module 1: Directors as Gatekeepers of Market Participants - Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Funds Management) - Module 3: Risk Oversight and Compliance - Action Plan for Board of Directors - Module 4: Current and Emerging Regulatory Issues in Capital Markets
6.	Soo Kim Wai	• Invest Malaysia 2015 • 2015 Non-Executive Directors' Remuneration Study • Investment Workshop & Round Table Discussion with British Prime Minister, David Cameron & UK Minister of State for Trade & Investment, Lord Francis Maude • Grosvenor Investor Summit 2015 • MIA Conference 2015 • Briefing on Anti-Money Laundering Compliance Culture and Foreign Exchange Administration Rules • Credit Suisse Market Outlook Seminar • Roundtable Session: UK Diverted Profit Tax and Other Tax Developments • Capital Market Directors Programme: - Module 1: Directors as Gatekeepers of Market Participants - Module 2A: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities and Futures Broking) - Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management) - Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors - Module 4: Current and Emerging Regulatory Issues in Capital Markets
7.	Shalina Azman	• The Asia Pacific Family Investment Conference 2015 • GST Updates and 2016 Budget Major Highlights • Women Directors Programme 2016

The Nomination & Remuneration Committee and the Board assess the training needs of each of its Directors on an on-going basis and 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.

Directors' Remuneration

The objective of the Group's policy on Directors' remuneration is to attract and retain Directors who possess the necessary skills and experience commensurate with their responsibilities for the effective management of RCE Group.

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the annual general meeting based on the recommendation of the Board. The determination of the level of fees for the Non-Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. Meetings attendance allowance are paid to Non-Executive 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.

For the Chief Executive Officer, the Nomination & Remuneration Committee reviews the remuneration package annually and recommends to the Board on specific adjustments and/or reward payments 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 practice. Long term incentives are implemented through employees' share scheme. The Company has in place Directors' and Officers' liability insurance ("D&O") and the Directors are required to contribute jointly to the premium of the D&O policy.

Details of the remuneration of the Directors of the Company for the financial year ended 31 March 2016 are as follows:

- **Aggregate Remuneration**

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	-	257,500	257,500
Other emoluments	-	196,000	196,000
Defined contributions	-	29,640	29,640
Benefits-in-kind	-	73,291	73,291

- **Analysis of Remuneration**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	-	9*
RM250,001 – RM300,000	-	1

Note:

* *Included one director who retired on 11 September 2014 and two directors who resigned on 31 December 2014 and 1 April 2015 respectively.*

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 of the Listing Requirements.

WHISTLE BLOWING POLICY

The Group in its effort to enhance corporate governance has 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. Any concerns raised will be investigated and a report and update will be provided to the Audit Committee.

BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Nomination & Remuneration Committee and Employees' Share Scheme Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

The Board Committees in RCE are as follows:

Audit Committee

The Audit Committee comprises five (5) Non-Executive Directors, four (4) of whom are Independent and is in compliance with the Listing Requirements. The members of the Audit Committee are as follows:

1. Tan Bun Poo – *Chairman*
   (Independent Director)

2. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan
   (Independent Director)

3. Dato' Che Md Nawawi bin Ismail
   (Independent Director)

4. Mahadzir bin Azizan
   (Independent Director)

5. Soo Kim Wai
   (Non-Independent Non-Executive Director)

The Audit Committee's principal role is to reduce conflicts of interest particularly between management and shareholders and to ensure that the Group's assets are utilised efficiently. As part of the Audit Committee's responsibilities, they would review the Company's financial statements, related party transactions and the system of internal controls. They may also consider whether procedures on internal audit are effective at monitoring adherence to the Company's standards and values.

During the financial year, the Audit Committee held four (4) meetings whereby the external auditors attended two (2) of the meetings and also met with the Committee members without the presence of the management and Executive Directors.

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises entirely of Non-Executive Directors, a majority of whom are Independent Directors and its members are as follows:

1. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan – *Chairman*
   (Independent Director)

2. Dato' Che Md Nawawi bin Ismail
   (Independent Director)

3. Mahadzir bin Azizan
   (Independent Director)

4. Shalina Azman
   (Non-Independent Non-Executive Director)

The role of the Nomination & Remuneration Committee, set out in its terms of reference, includes among others, the following:

(a) Appointment and Evaluation

(i) To consider and recommend candidates for directorship to the Board and membership to Board Committees based on the following broad criteria:
- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- for Independent Non-Executive Directors, the ability to discharge such duties/functions as expected from Independent Directors.

(ii) Reviewing annually the required mix of skills, experience and other qualities, including core competencies, which Directors should bring to the Board.

(iii) Assessing annually the effectiveness of the Board as a whole, including its size and composition, the Committees of the Board and the contribution of each individual Director.

(iv) Reviewing annually the terms of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

(v) Reviewing the training needs of Directors.

(b) Remuneration

(i) To recommend to the Board on the framework or broad policy for the remuneration of the Company's or Group's Chief Executive and other senior management as the Committee is designated to consider.

The Nomination & Remuneration Committee meets at least once in a financial year and whenever required. The main activities carried out by the Committee during the financial year are as follows:

- reviewed the Directors who are due for re-election/re-appointment at the Company's Sixty-First Annual General Meeting to determine whether or not to recommend their re-election/re-appointment;
- assessed the effectiveness and composition of the Board and the Board Committees and contribution of each individual Director of the Company;
- reviewed the training courses attended by the Directors;
- proposed the establishment of the Company's Employees' Share Scheme Committee;
- reviewed the renewal of service agreement of the Chief Executive Officer; and
- reviewed and recommended the remuneration packages for Non-Independent Non-Executive Chairman and Chief Executive Officer.

The Committee also reviewed the size of the Board and had concluded that it was appropriate.

Employees' Share Scheme Committee

The Company, with the approval of its shareholders obtained at the extraordinary general meeting held on 2 September 2015, had on 31 December 2015 terminated its Employees' Share Option Scheme and in replacement thereof, established and implemented a new Employees' Share Scheme ("ESS").

The ESS Committee was established on 31 December 2015 to administer the ESS in accordance with the By-Laws governing and constituting the ESS as approved by the shareholders. The members of the ESS Committee are as follows:

1. Shahman Azman – *Chairman*

2. Soo Kim Wai

3. Shalina Azman

4. Loh Kam Chuin

5. Lum Sing Fai

The ESS Committee meets as and when required.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board endeavours to present a balanced and comprehensive assessment of the Group's financial performance through the annual audited financial statements and quarterly announcement of financial results to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure compliance with applicable approved accounting standards in Malaysia.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 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, the Directors 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 Company and the Group keep proper accounting records in accordance with the provisions of the Companies Act, 1965 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 Company and the Group to prevent and detect fraud and other irregularities.

Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is set out on pages 32 to 34 of this Annual Report.

Audit Committee

The Audit Committee is supported by the internal auditors who conduct independent internal audit reviews based on an agreed plan. The internal audit reports are presented to the Audit Committee for review and deliberation. The Audit Committee is briefed on the audit findings and the recommended corrective measures. The Audit Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group. The internal auditors report directly to the Audit Committee to ensure independence.

The minutes of the Audit Committee meetings are tabled to the Board for perusal and for action where appropriate.

Relationship with Auditors

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external.

The Audit Committee together with the management and internal auditors review the Company's financial results on a quarterly basis to ensure the completeness, accuracy and adequacy of the information to be disclosed and that the financial results are well deliberated to provide a true and fair view of the Company's financial position.

It is the policy of the Audit Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements. The Audit Committee discusses with the external auditors the nature and scope of the audit, preliminary audit risk assessment and reporting obligations before audit commences. In the course of audit of the Group's financial statements, the external auditors would highlight to the Audit Committee members, matters that require their attention, particularly on audit findings and their views in respect of the integrity of the Company's financial statements, new accounting standards and its financial and disclosure impact, significant adjustments arising from the audit, the going concern assumption, compliance with accounting and financial reporting standards.

The Audit Committee also meets the external auditors at least twice a year without the presence of the management and executive Board members to enable exchange of views on issues requiring attention. In addition, the external auditors are invited to attend annual general meetings of the Company and are available to answer shareholders' questions on the annual audited financial statements of the Company.

The Audit Committee continuously reviews and monitors the suitability and independence of external auditors. During the financial year, the Audit Committee has evaluated the external auditors by considering their qualification and performance, credentials and experience, its audit approach, the audit firm's professional standing and reputation, quality and candor of their communication with the Audit Committee and the Company, as well as their independence, objectivity and professional skepticism.

As part of the annual audit exercise, the Company also obtains assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. In compliance with the requirements of Malaysian Institute of Accountants, the external auditors shall rotate their audit partners assigned to the Group every five (5) years, in order to ensure objectivity, independence and integrity of the audit opinions.

The Audit Committee was satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered and sufficiency of the professional staff assigned to the annual audit for the financial year ended 31 March 2016 and has made recommendations to the Board on their re-appointment and remuneration.

The provision of non-audit services by the external auditors during the financial year did not compromise the external auditors' independence and objectivity as the amount of fees paid for the services was not significant when compared to the total fees paid to the external auditors.

The roles of both the internal and external auditors are further described in the Audit Committee Report.

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

The Board is committed in providing shareholders and investors accurate, useful and timely information about the Company, its businesses and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's annual general meeting remains 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 business and corporate development. As a best practice, the Chairman would at the commencement of the annual general meeting, inform the shareholders of their right to request to vote by poll. In line with the latest amendments to the Listing Requirements, the Board will take the requisite steps to comply with the requirement for poll voting at the coming annual general meeting so as to ensure accurate and efficient outcomes of the voting process. Summary of key matters discussed at the meeting will be published on the Company's website at www.rce.com.my.

Corporate and financial information of the Group as well as the Company's Annual Report and announcements released to Bursa Securities are also made available to the public through the Company's website.

Investor Relations

The Board also encourages and values dialogues with its investors and other stakeholders. The Company conducts briefing and press interviews to provide the investors and members of the media with opportunities to receive information relating to the Group. Personnel of the Company always look forward to holding discussions with analysts and shareholders from time to time.

The Company's website has a section that provides investors with detailed information on the Group's business, commitments and latest developments. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Primary contact for investor relations matters may be directed to the following person:

Mr. Loh Kam Chuin
Chief Executive Officer
Telephone number: 603-4047 0888
Email : IR@rce.com.my

Sustainability of Business

The Board is cognisant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance shall be taken into consideration. To this end, initiatives are undertaken to harness the market's potential for sustainability products and services and to minimise sustainability costs and risks.

The Group ensures that waste is re-used or re-cycled as far as possible with the aim of inculcating environmental awareness in its employees and at the same time develop awareness of people around it. Wastage reduction is an area of priority for the Group and departments practise recycling paper, double-sided printing, minimising colour printing and using electronic communications and documents instead of hard copy printouts where possible.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises the importance of corporate social responsibility ("CSR") as an integral part of business and strongly pursues its belief of caring for and sharing with people, business associates and the community. In this respect, the Group continued its initiative to strive for a balanced approach in achieving its business profitability and the expectation of its stakeholders and the community thereby creating value to our shareholders and enhancing the long term sustainability of the Group. Our involvement in CSR includes activities and interactions with communities, authorities, regulators, non-governmental organisations, shareholders and our workforce.

The Group continued to contribute to local charities, voluntary organisations and support numerous charitable causes, both in cash and in kind. During the financial year, RCE through Yayasan Azman Hashim participated in a project to build homes for eight families whose houses were badly damaged by flood in Kelantan. The re-building was co-ordinated by EPIC, a social enterprise that focuses on providing homes to underprivileged Malaysians. Employees were encouraged to participate in this voluntary job to re-build houses for the flood victims as well as monetary contribution towards the donation.

RCE partnered with National Kidney Foundation organised its 9th year consecutive free health screening test at Ibu Pejabat Polis Wangsa Maju to raise awareness of kidney diseases and their prevention and better health management.

In recognition of employees being the most important asset to drive the organisation to greater success and in acknowledgement of their invaluable contribution to the organisation's growth, the Group always endeavour to safeguard the welfare, healthcare, training and career development of its employees. Appointments and employments in the Group are based on merits while considerations are given to gender, ethnicity and age for the diversity policy of its workforce. During the financial year, RCE had invested in employee development programmes comprising functional training as well as soft skills training to strengthen the skills and knowledge of our employees. The Group held an Arabian night-themed dinner in October 2015 to thank our employees and their spouses for their continued years of service and support to the Group. We have also introduced Townhall gatherings, which provide platform for interaction between employees and senior management, an open door policy that has been practised in RCE.

RCE through Yayasan Azman Hashim, continued to extend study grants to deserving students in the hope to build future generation of exemplary young leaders who possess the ambition to excel in whatever they do. To-date, 15 bright students have benefited from the study grants.

A great deal of effort and resources are channeled into the Group's CSR programmes and the top management is directly involved in the Group's CSR efforts. We look upon the giving back to society in the hope of making a difference in the many lives we touch.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 26 May 2016.

Encik Shahman Azman, Chairman of RCE with the recipients of Amcorp Study Grant

Free health screening test at Ibu Pejabat Polis Daerah Wangsa Maju, Kuala Lumpur

Additional Compliance Information

1. **Material Contracts**

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

2. **Share Buy-Back**

The information on share buy-back during the financial year is set out in Note 29 to the Financial Statements.

3. **Options or Convertible Securities**

Save as disclosed below under the Employees' Share Option Scheme and Employees' Share Scheme, there were no other options or convertible securities issued by the Company during the financial year.

4. **Employees' Share Option Scheme and Employees' Share Scheme**

Employees' Share Option Scheme ("ESOS")

The ESOS implemented on 15 September 2009 was terminated on 31 December 2015. The details of ESOS are as follows:

(a) The total number of options granted, exercised, cancelled and outstanding under the ESOS since its commencement up to its termination are set out below:

	Number of Options	
Description	**Grand Total**	**Directors and Chief Executive**
Granted	36,482,900	8,000,000
Exercised	20,199,333	5,900,000
Cancelled	16,283,567	2,100,000
Outstanding	-	-

Note:
One (1) option entitled the ESOS holder to subscribe for 1.5 new ordinary shares of the Company.

(b) Percentages of options applicable to Directors and senior management under the ESOS since its commencement up to its termination are set out below:

	Percentage	
Directors and Senior Management	**During the financial year**	**Since commencement up to termination**
(i) Aggregate maximum allocation	N/A	50%
(ii) Actual options granted	N/A	9.8%

(c) No options were granted under the ESOS during the financial year ended 31 March 2016.

(d) The options exercised by the Non-Executive Directors during the financial year ended 31 March 2016 are as follows:

Name of Non-Executive Directors	No. of options exercised during the financial year
Shahman Azman	900,000
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	200,000
Shalina Azman	1,200,000

Employees' Share Scheme ("ESS")

Upon termination of the ESOS, the Company had on 31 December 2015 established and implemented an ESS. No options were granted under the ESS since its commencement up to the financial year ended 31 March 2016. The ESS is the only share scheme of the Company in existence at the financial year ended 31 March 2016.

5. Depository Receipt Programme

There was no Depository Receipt Programme sponsored by the Company during the financial year.

6. Non-Audit Fees

The amount of non-audit fee incurred for services rendered by the external auditors and their affiliated Company or firm to the Group for the financial year ended 31 March 2016 was RM125,600.

7. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

8. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

9. Variation in Results

There were no variances of 10% or more between the audited results for the financial year and the unaudited results announced.

10. Utilisation of Proceeds

During the financial year, there were no proceeds raised from any corporate proposal.

11. Recurrent Related Party Transactions

The information on recurrent related party transactions for the financial year is set out in Note 25 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

(i) 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 and the Risk Management Committee reports to the Audit Committee.

(ii) The Risk Management Committee is chaired by Encik Shahman Azman, who is the Non-Executive Chairman of RCE Capital Berhad.

(iii) The operations of the Group are exposed to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity and cashflow risk. The nature and extent of the risks and the measures taken by the Group to minimise those risks are disclosed in the notes to the financial statements.

(iv) A two pronged risk management approach is adopted where:

  (a) Identification and evaluation of key risks and mitigating controls are part of the decision-making process for each significant business transaction; and

  (b) Operational risk management involves:

  - The identification of risks
  - The implementation of mitigating controls
  - The regular self-assessment to determine the changes in risks as well as the effectiveness of internal controls

(v) Result of both risk management approaches are deliberated by the Risk Management Committee and reviewed by the Audit Committee.

Internal Control

(i) The Board has appointed the Audit Committee to examine the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through the review of the internal audit division's work, 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 Meeting. 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.

(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 practises Annual 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 risk management and internal control systems are satisfactory. No significant weaknesses were noted from the review of risk management activities and there were no material losses incurred during the year under review and up to the date of approval of this statement as a result of weaknesses in internal control.

As required by paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control, in accordance with Recommended Practice Guide 5 (Revised 2015) issued by Malaysian Institute of Accountants, for inclusion in the Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that this statement, in all material respect:

(i) has not been prepared 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; or

(ii) is factually inaccurate.

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
Mahadzir bin Azizan	Member	Independent Director
Soo Kim Wai*	Member	Non-Independent Non-Executive Director

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

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2016, 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
Mahadzir bin Azizan	4/4
Soo Kim Wai	4/4

The Company Secretary acts as the Secretary of the Audit Committee. The representative of the internal auditors attended all the meetings held during the financial year. Other senior management personnel and the representatives of the external auditors also attended these meetings upon invitation to brief the Audit Committee on specific issues.

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 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 are accessible to the public on the Company's corporate website at www.rce.com.my.

SUMMARY OF ACTIVITIES

The Audit Committee had carried out the following activities during the financial year:

1. **Financial Results**

   a. Reviewed the quarterly unaudited financial results of the Group through detailed discussions with senior personnel from Group Finance Department before recommending for the Board's approval. Areas of discussion, amongst others, include accounting treatment of significant transactions and the underlying activities that lead to such transactions.

   b. Reviewed the annual financial statements of the Group with the external auditors prior to submission to the Board for their consideration and approval. The review focused particularly on changes of accounting policy, significant matters highlighted including financial reporting issues, significant and unusual events/transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements.

2. **Internal Audit**

   a. Reviewed the annual audit plan for adequacy of scope and coverage on the activities of the Group. Audit areas were discussed together with the audit procedures. 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 resource requirements for the year and assessed the performance of the internal audit function. Ratings on areas such as performance, communication, skills and experience were used to assess the internal audit function.

   c. 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. Internal audit reports in the financial year covered the operations of subsidiary involved in the provision of general loan financing services and compliance review on corporate governance.

   d. Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.

   e. Reviewed the Control Self-Assessment ratings submitted by the respective operations management.

   f. Reviewed the whistle blowing reports received via the whistle blowing channels managed by internal audit function. Whistle blowing channels were via mail, electronic mail, telephone call and sms.

   g. Reviewed the Statement on Risk Management and Internal Control to ensure that it is consistent with their understanding of the state of internal controls of the Group and recommended the same to the Board for inclusion in the Annual Report.

3. **External Audit**

   a. Reviewed with the external auditors:

      - the audit planning memorandum, audit strategy and scope of work for the year;
      - the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditors; and
      - the impact of any changes to the accounting standards and adoption of new accounting standards on the Company's financial statements.

   b. Reviewed the performance of the external auditors and evaluated their suitability and independence before making recommendations to the Board on their re-appointment and remuneration.

   c. Held two (2) discussions with the external auditors without the presence of management and executive board members.

4. **Related Party Transactions**

   a. Reviewed the related party transactions entered into by the Group and ensured that the appropriate disclosures have been made in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   b. Reviewed the recurrent related party transactions of a revenue or trading nature on quarterly basis in accordance with the mandate given by shareholders.

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

5. **Employees' Share Option Scheme ("ESOS")**

   a. Reviewed and verified options allocated and granted under the Company's ESOS were in accordance with the allocation criteria approved by the Options Committee and in compliance with the ByLaws of the ESOS. The Company's ESOS was terminated on 31 December 2015.

6. **Risk Management Committee**

   a. Reviewed the activities of the Risk Management Committee through its minutes.

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 total cost incurred for the internal audit function of the Group for the financial year ended 31 March 2016 was RM160,000.

The internal audit function reports directly to the Audit Committee and assists the 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 and internal controls.

The internal audit function presents its Internal 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 Internal 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.

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.

The emphasis of such audit visits encompass critical areas of the Group such as revenue, cost of sales, expenditure, assets, internal controls, operating performance and financial statements review. Audit reports are issued to highlight any deficiency or findings requiring the management's attention. Such reports also include practical and cost effective recommendations as well as proposed corrective actions to be adopted by the management. The audit reports and management's responses are circulated to the Audit Committee and Chairman for review and comments. Follow-up audits are then carried out to determine whether corrective actions have been taken by the management.

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 2016.

PRINCIPAL ACTIVITIES

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 17 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year other than as disclosed in Note 17 to the financial statements.

FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 March 2016 are as follows:

	The Group RM	The Company RM
Profit for the financial year	39,570,788	113,706,707

In the opinion of the directors, the results 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:	
2016:	
Special interim single-tier dividend of 105% (10.50 sen) per ordinary share of RM0.10 each, declared on 6 August 2015 and paid on 8 October 2015	134,678,383
2015:	
Final single-tier dividend of 15% (1.50 sen) per ordinary shares of RM0.10 each, declared on 2 September 2015 and paid on 8 October 2015	19,239,769

The directors recommend the payment of a final single-tier dividend of 3.50 sen per ordinary share, amounting to RM11,370,284 in respect of the financial year ended 31 March 2016, which is subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"). The financial statements for the current 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 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 30 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up shares capital of the Company was increased from RM133,400,099 to RM136,380,994 by way of the issuance of 29,808,950 ordinary shares of RM0.10 each pursuant to share options exercised.

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

There were no other issues of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 9,840,000 of its ordinary shares of RM0.10 each listed and quoted on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM0.342 per share. The total consideration paid including transaction costs of RM3,381,491 was financed by internally generated funds. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2016, the number of ordinary shares in issue after the share buy-back is 1,299,461,045 ordinary shares of RM0.10 each. Further details are disclosed in Note 29 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") AND EMPLOYEES' SHARE SCHEME ("ESS")

The ESOS is governed by the bylaws which was approved by the shareholders at the Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and was to be in force for a period of ten (10) years from the date of implementation.

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

			Number of options over ordinary shares of RM0.10 each				
Grant date	Expiry date	Exercise price per share* RM	Balance as at 1.4.2015	Granted	Exercised	Cancelled^	Balance as at 31.3.2016
24.3.2010	14.9.2019	0.25	12,507,700	-	(7,109,500)	(5,398,200)	-
11.8.2014	10.8.2016	0.20	17,559,000	-	(12,763,133)	(4,795,867)	-

One (1) option is exercisable into 1.5 new ordinary shares of the Company.

* Adjusted in accordance to Bylaw 11 of ESOS.
^ ESOS terminated on 31 December 2015.

ESOS AND ESS (CONT'D)

The ESOS was terminated and replaced with ESS on 31 December 2015 which were approved by shareholders on 2 September 2015.

The ESS will 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 issued and paid-up ordinary share capital 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 37 to the financial statements.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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.

OTHER STATUTORY INFORMATION (CONT'D)

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

The directors who served on the Board of the Company since the date of the last report are:

Shahman Azman
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan
Dato' Che Md Nawawi Bin Ismail
Tan Bun Poo
Mahadzir bin Azizan
Soo Kim Wai
Shalina Azman

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 of RM0.10 each			
	Balance as at 1.4.2015	**Allotted/ Acquired**	**Sold**	**Balance as at 31.3.2016**
Shares in the Company:				
Direct interest:				
Shahman Azman	-	1,350,000	-	1,350,000
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan	-	300,000	-	300,000
Shalina Azman	-	1,800,000	-	1,800,000
Indirect interest:				
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan	-	375,000	-	375,000

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.4.2015	Allotted/ Acquired	Sold	Balance as at 31.3.2016
Shares in a related company, Amcorp Properties Berhad				
Direct interest:				
Shahman Azman	950,000	-	(300,800)	649,200

	Number of Redeemable Convertible Preference Shares of RM0.50 each			
	Balance as at 1.4.2015	Bought	Converted/ Redeemed	Balance as at 31.3.2016
Shares in a related company, Amcorp Properties Berhad				
Direct interest:				
Shahman Azman	475,000	-	-	475,000

	Number of options over ordinary shares of RM0.10 each				
	Balance as at 1.4.2015	Granted	Exercised	Cancelled	Balance as at 31.3.2016
Options in the Company:					
Shahman Azman	900,000	-	(900,000)	-	-
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan	200,000	-	(200,000)	-	-
Dato' Che Md Nawawi Bin Ismail	200,000	-	-	(200,000)	-
Soo Kim Wai	1,500,000	-	-	(1,500,000)	-
Shalina Azman	1,200,000	-	(1,200,000)	-	-

One (1) option is exercisable into 1.5 new ordinary shares of the Company.

	Number of options over ordinary shares of RM0.50 each			
	Balance as at 1.4.2015	Granted	Exercised	Balance as at 31.3.2016
Options in a related company, Amcorp Properties Berhad				
Shahman Azman	-	480,000	-	480,000

DIRECTORS' INTERESTS (CONT'D)

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 emoluments 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 25 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 ESOS as disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period are disclosed in Note 38 to the financial statements.

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, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the directors

SHAHMAN AZMAN | **SOO KIM WAI**

26 May 2016

Independent Auditors' Report

to the members of RCE Capital Berhad

REPORT ON THE FINANCIAL STATEMENTS

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 2016 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 123.

Directors' Responsibility 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, 1965 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

(b) we have considered the accounts and auditors' reports of the subsidiary companies of which we have not acted as auditors, as shown in Note 17 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 30(c) to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

Deloitte

DELOITTE
AF 0080
Chartered Accountants

SITI HAJAR BINTI OSMAN
Partner - 3061/04/17 (J)
Chartered Accountant

Kuala Lumpur
26 May 2016

Statements of Comprehensive Income

for the financial year ended 31 March 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	162,386,379	131,186,015	137,381,689	1,997,407
Other income		11,852,536	11,546,803	232,041	3,294,400
Interest expense applicable to revenue	6	(47,856,048)	(30,357,603)	-	-
Directors' remuneration	7	(483,140)	(1,350,940)	(297,500)	(308,500)
Staff costs	8	(15,151,726)	(16,071,934)	-	(42,230)
Depreciation of plant and equipment	15	(3,856,829)	(3,004,170)	-	-
Depreciation of investment properties	16	(40,365)	(60,548)	-	-
Other expenses		(52,649,306)	(46,133,740)	(20,916,109)	(1,035,680)
Finance costs	9	(18,443)	(25,315)	(2,634,683)	-
Profit before tax	10	54,183,058	45,728,568	113,765,438	3,905,397
Income tax expense	11	(14,612,270)	(9,523,832)	(58,731)	(795,924)
Total comprehensive income for the financial year		39,570,788	36,204,736	113,706,707	3,109,473
Attributable to:					
Owners of the Company		39,570,788	36,204,736		
Earnings per ordinary share:					
Basic/Diluted (sen)	13	3.08	2.27		

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

Statements of Financial Position

as at 31 March 2016

		The Group		The Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Plant and equipment	15	8,367,394	10,927,243	-	-
Investment properties	16	-	2,482,448	-	-
Investment in subsidiary companies	17	-	-	327,283,211	347,235,398
Goodwill on consolidation	18	47,332,991	47,666,145	-	-
Loans and receivables	19	1,108,332,576	920,162,158	-	-
Other investments	21	2	2	2	2
Available-for-sale ("AFS") financial assets	22	-	-	-	-
Deferred tax assets	23	33,031,010	17,660,468	-	-
Total Non-Current Assets		1,197,063,973	998,898,464	327,283,213	347,235,400
Current Assets					
Loans and receivables	19	152,109,446	149,755,042	-	-
Trade receivables	20	8,267,167	17,884,596	-	-
Other receivables, deposits and prepaid expenses	24	24,541,385	16,817,353	269,169	47
Amounts due from subsidiary companies	25	-	-	800,061	8,359,889
Asset held for sale	26	1,024,461	-	-	-
Deposits with licensed financial institutions	27	153,005,473	40,576,237	-	-
Cash and bank balances	27	14,579,930	11,011,528	629	550
Total Current Assets		353,527,862	236,044,756	1,069,859	8,360,486
Total Assets		1,550,591,835	1,234,943,220	328,353,072	355,595,886

Statements of Financial Position

as at 31 March 2016

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	28	136,380,994	133,400,099	136,380,994	133,400,099
Treasury shares	29	(20,166,035)	(16,784,544)	(20,166,035)	(16,784,544)
Reserves	30	340,321,746	449,598,699	202,793,171	237,934,205
Total Equity		456,536,705	566,214,254	319,008,130	354,549,760
Non-Current Liabilities					
Hire-purchase payables	31	247,276	176,956	-	-
Borrowings	32	511,633,665	336,145,159	-	-
Deferred tax liabilities	23	1,207,525	1,910,020	-	-
Total Non-Current Liabilities		513,088,466	338,232,135	-	-
Current Liabilities					
Payables and accrued expenses	33	44,012,888	27,522,502	644,562	336,464
Amount due to a subsidiary company	25	-	-	8,700,380	700,000
Hire-purchase payables	31	137,181	124,853	-	-
Borrowings	32	517,684,247	295,549,864	-	-
Tax liabilities		19,132,348	7,299,612	-	9,662
Total Current Liabilities		580,966,664	330,496,831	9,344,942	1,046,126
Total Liabilities		1,094,055,130	668,728,966	9,344,942	1,046,126
Total Equity and Liabilities		1,550,591,835	1,234,943,220	328,353,072	355,595,886

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

Statements of Changes in Equity

for the financial year ended 31 March 2016

The Group	Note	Share Capital Ordinary Shares RM	Share Capital RCPS RM	Total Share Capital RM	Treasury Shares RM	Non-Distributable Reserves Share Premium RM	Non-Distributable Reserves Capital Redemption Reserve RM	Non-Distributable Reserves Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2014		117,359,249	46,943,700	164,302,949	(4,580,778)	149,569,380	-	4,784,701	371,173,228	525,527,309	685,249,480
Total comprehensive income		-	-	-	-	-	-	-	36,204,736	36,204,736	36,204,736
Transactions with owners											
Dividends	14	-	-	-	-	-	-	-	(26,444,122)	(26,444,122)	(26,444,122)
Share options granted under ESOS		-	-	-	-	-	-	838,755	-	838,755	838,755
Issuance of shares pursuant to redeemable convertible non-cumulative preference shares ("RCPS") conversion	28	16,040,850	(16,040,850)	-	-	-	-	-	-	-	-
RCPS redemption	28	-	(30,902,850)	(30,902,850)	-	(86,527,979)	-	-	-	(86,527,979)	(117,430,829)
Creation of capital redemption reserve upon RCPS redemption		-	-	-	-	-	30,902,850	-	(30,902,850)	-	-
Cancellation of share options		-	-	-	-	-	-	(238,347)	238,347	-	-
Shares repurchased	29	-	-	-	(12,203,766)	-	-	-	-	-	(12,203,766)
Total transactions with owners		16,040,850	(46,943,700)	(30,902,850)	(12,203,766)	(86,527,979)	30,902,850	600,408	(57,108,625)	(112,133,346)	(155,239,962)
Balance as at 31 March 2015		133,400,099	-	133,400,099	(16,784,544)	63,041,401	30,902,850	5,385,109	350,269,339	449,598,699	566,214,254

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 Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2015		133,400,099	(16,784,544)	63,041,401	30,902,850	5,385,109	350,269,339	449,598,699	566,214,254
Total comprehensive income		-	-	-	-	-	39,570,788	39,570,788	39,570,788
Transactions with owners									
Dividends	14	-	-	-	-	-	(153,918,152)	(153,918,152)	(153,918,152)
Issuance of shares pursuant to ESOS exercised		2,980,895	-	5,070,411	-	(3,186,158)	3,186,158	5,070,411	8,051,306
Cancellation of share options		-	-	-	-	(2,198,951)	2,198,951	-	-
Shares repurchased	29	-	(3,381,491)	-	-	-	-	-	(3,381,491)
Total transactions with owners		2,980,895	(3,381,491)	5,070,411	-	(5,385,109)	(148,533,043)	(148,847,741)	(149,248,337)
Balance as at 31 March 2016		136,380,994	(20,166,035)	68,111,812	30,902,850	-	241,307,084	340,321,746	456,536,705

Statements of Changes in Equity
for the financial year ended 31 March 2016

		Share Capital				Non-Distributable Reserves			Distributable Reserve		
The Company	Note	Ordinary Shares RM	RCPS RM	Total Share Capital RM	Treasury Shares RM	Share Premium RM	Capital Redemption Reserve RM	Share Options RM	Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2014		117,359,249	46,943,700	164,302,949	(4,580,778)	149,569,380	-	4,784,701	192,603,997	346,958,078	506,680,249
Total comprehensive income		-	-	-	-	-	-	-	3,109,473	3,109,473	3,109,473
Transactions with owners											
Dividends	14	-	-	-	-	-	-	-	(26,444,122)	(26,444,122)	(26,444,122)
Share options granted under ESOS		-	-	-	-	-	-	838,755	-	838,755	838,755
Issuance of shares pursuant to RCPS conversion	28	16,040,850	(16,040,850)	-	-	-	-	-	-	-	-
RCPS redemption	28	-	(30,902,850)	(30,902,850)	-	(86,527,979)	-	-	-	(86,527,979)	(117,430,829)
Creation of capital redemption reserve upon RCPS redemption		-	-	-	-	-	30,902,850	-	(30,902,850)	-	-
Cancellation of share options		-	-	-	-	-	-	(238,347)	238,347	-	-
Shares repurchased	29	-	-	-	(12,203,766)	-	-	-	-	-	(12,203,766)
Total transactions with owners		16,040,850	(46,943,700)	(30,902,850)	(12,203,766)	(86,527,979)	30,902,850	600,408	(57,108,625)	(112,133,346)	(155,239,962)
Balance as at 31 March 2015		133,400,099	-	133,400,099	(16,784,544)	63,041,401	30,902,850	5,385,109	138,604,845	237,934,205	354,549,760

				Non-Distributable Reserves			Distributable Reserve		
The Company	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Capital Redemption Reserve RM	Share Options RM	Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2015		133,400,099	(16,784,544)	63,041,401	30,902,850	5,385,109	138,604,845	237,934,205	354,549,760
Total comprehensive income		-	-	-	-	-	113,706,707	113,706,707	113,706,707
Transactions with owners									
Dividends	14	-	-	-	-	-	(153,918,152)	(153,918,152)	(153,918,152)
Issuance of shares pursuant to ESOS exercised		2,980,895	-	5,070,411	-	(3,186,158)	3,186,158	5,070,411	8,051,306
Cancellation of share options		-	-	-	-	(2,198,951)	2,198,951	-	-
Shares repurchased	29	-	(3,381,491)	-	-	-	-	-	(3,381,491)
Total transactions with owners		2,980,895	(3,381,491)	5,070,411	-	(5,385,109)	(148,533,043)	(148,847,741)	(149,248,337)
Balance as at 31 March 2016		136,380,994	(20,166,035)	68,111,812	30,902,850	-	103,778,509	202,793,171	319,008,130

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	54,183,058	45,728,568	113,765,438	3,905,397
Adjustments for:				
Allowances for impairment loss on:				
Receivables, net	30,869,906	23,936,819	-	-
Goodwill on consolidation	333,154	-	-	-
Investment in a subsidiary company	-	-	19,952,187	-
Depreciation of plant and equipment	3,856,829	3,004,170	-	-
Amortisation of discount on medium term notes ("MTNs")	294,956	458,962	-	-
Depreciation of investment properties	40,365	60,548	-	-
Finance costs	18,443	25,315	2,634,683	-
Plant and equipment written off	3,378	55,415	-	-
Loss on early redemption of asset-backed securities ("ABS")	-	7,284,500	-	-
Share options granted under ESOS	-	838,755	-	38,250
Investment income	(2,131,475)	(3,525,748)	-	-
Net (gain)/loss on disposal of:				
Investment property	(1,879,915)	-	-	-
Plant and equipment	(1,058)	40,075	-	-
Dividends income	-	-	(137,000,000)	(900,000)
Interest income on amounts due from subsidiary companies	-	-	(232,041)	(3,258,400)
Operating Profit/(Loss) Before Working Capital Changes	85,587,641	77,907,379	(879,733)	(214,753)
(Increase)/Decrease in:				
Loans and receivables	(218,918,635)	(165,468,942)	-	-
Trade receivables	7,141,336	(143,014)	-	-
Other receivables, deposits and prepaid expenses	(12,165,045)	(4,161,525)	(11,501)	59,760
Amounts due from subsidiary companies	-	-	7,791,869	175,634,707
Increase in:				
Payables and accrued expenses	17,206,525	8,314,180	308,098	3,235
Amount due to a subsidiary company	-	-	8,000,380	700,000
Net Cash (Used In)/Generated From Operations	(121,148,178)	(83,551,922)	15,209,113	176,182,949
Taxes paid	(19,540,911)	(27,516,042)	(403,780)	(984,018)
Taxes refunded	583,809	204,933	77,766	-
Cash (Used In)/Generated From Operating Activities	(140,105,280)	(110,863,031)	14,883,099	175,198,931

	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Net proceeds from disposal of investment property	3,297,537	-	-	-
Investment income received	2,131,475	3,525,748	-	-
Proceeds from disposal of plant and equipment	1,110	179,184	-	-
Dividends received	-	-	137,000,000	900,000
Additions to plant and equipment	(1,060,410)	(3,630,336)	-	-
Acquisition of subsidiary companies, net	-	(16,590,609)	-	(20,000)
Subscription of preference shares in a subsidiary company	-	-	-	(20,000,000)
Net Cash Generated From/(Used in) Investing Activities	4,369,712	(16,516,013)	137,000,000	(19,120,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	700,961,840	363,011,018	-	-
Drawdown of term loans	402,000,000	145,620,261	-	-
Drawdown of other borrowings	18,823,434	35,118,917	-	-
Proceeds from issuance of shares	8,051,306	-	8,051,306	-
Repayment of revolving credits	(502,974,913)	(263,497,945)	-	-
Repayment of term loans	(165,887,803)	(14,991,145)	-	-
Dividends paid	(153,918,152)	(26,444,122)	(153,918,152)	(26,444,122)
Redemption of MTNs	(30,000,000)	(40,000,000)	-	-
Repayment of other borrowings	(21,765,220)	(38,651,413)	-	-
Withdrawal of deposits and cash and bank balances, net:				
Pledged to licensed financial institutions	(17,109,639)	(1,924,609)	-	-
Assigned in favour of the trustees	(230,778)	246,817,160	-	-
Shares repurchased	(3,381,491)	(12,203,766)	(3,381,491)	(12,203,766)
Repayment of hire-purchase payables	(157,352)	(335,391)	-	-
Finance costs paid	(18,443)	(25,315)	(2,634,683)	-
Redemption of ABS	-	(142,284,500)	-	-
Redemption of RCPS	-	(117,430,829)	-	(117,430,829)
Net Cash Generated From/(Used In) Financing Activities	234,392,789	132,778,321	(151,883,020)	(156,078,717)
NET CHANGE IN CASH AND CASH EQUIVALENTS	98,657,221	5,399,277	79	214
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	23,147,154	17,747,877	550	336
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 27)	121,804,375	23,147,154	629	550

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

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 17. There have been no significant changes in the nature of these principal activities during the financial year other than as disclosed in Note 17 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 26 May 2016.

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, 1965 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 119	Employee Benefits – Defined Benefit Plans: Employee Contributions

Amendments to MFRSs classified as "Annual Improvements to MFRSs 2010 – 2012 Cycle"
Amendments to MFRSs classified as "Annual Improvements to MFRSs 2011 – 2013 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.

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[3]
MFRS 15	Revenue from Contracts with Customers[3]
MFRS 16	Leases[4]

Amendments to:

MFRS 10	Consolidated Financial Statements – Investment Entities: Applying the Consolidation Exception[1]
MFRS 12	Disclosure of Interests in Other Entities – Investment Entities: Applying the Consolidation Exception[1]
MFRS 101	Presentation of Financial Statements – Disclosure Initiative[1]
MFRS 107	Statement of Cash Flows – Disclosure Initiative[2]
MFRS 112	Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses[2]
MFRS 116	Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortisation[1]
MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements[1]
MFRS 138	Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation[1]

Amendments to MFRSs classified as "Annual Improvements to MFRSs 2012 – 2014 Cycle"[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] 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 addresses the classification, measurement and recognition of financial assets and financial liabilities. MFRS 9 replaces parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised costs. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instrument.

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 owns credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates accounting mismatch.

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)

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since intial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group anticipated that the application of MFRS 9 in the future may have impact on the amounts reported in respect of the Group's financial assets but not financial liabilities.

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.

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 3.9 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition

Revenue of the Group consists mainly of interest income from loan financing, factoring and confirming activities, income derived from information technology ("IT") support services, dividend income, rental income, investment income and collection income.

Revenue of the Company consists of administrative fees, dividend income from subsidiary companies and investment income.

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) Rental income

Rental income is recognised on an accrual basis.

(e) Administrative fees and IT services

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

(f) Investment income

Investment income is recognised on an accrual basis using the effective interest method.

(g) Collection income

Collection income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Segment Reporting (Cont'd)

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.

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%

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 3.11(d) on Impairment of Other Non-Financial Assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 leases 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.

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 Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties are computed on a straight-line method to write off the cost over its estimated useful life at the annual depreciation rate of 2%.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the assets are recognised in profit or loss in the period of the retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 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.

3.9 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.

3.10 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial Assets (Cont'd)

(a) AFS financial assets (Cont'd)

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.

3.11 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets (Cont'd)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets (Cont'd)

(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.

3.12 Non-Current Assets Classified as Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable, normally expected within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An asset classified as held for sale is not depreciated.

3.13 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.

3.14 Financial Liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Financial Liabilities (Cont'd)

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.

(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 amounts is recognised in profit or loss.

3.15 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.

3.16 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Financial Guarantee Contracts (Cont'd)

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.

3.17 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.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 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.

3.19 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Employee Benefits (Cont'd)

(c) Share-based compensation (Cont'd)

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.

3.20 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").

(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.

3.21 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 and RCPS 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.

Dividends for RCPS are recognised as distributions within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 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 share premium account or distributable retained earnings or both.

3.23 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.2 Key Sources of Estimation Uncertainty (Cont'd)

(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 collectibility 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 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 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.

5. REVENUE

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest income from:				
Loan financing	156,340,752	125,733,363	-	-
Factoring and confirming	2,018,619	2,438,038	-	-
Deposits with licensed financial institutions	242,611	240,104	-	-
	158,601,982	128,411,505	-	-
Collection fee	2,909,459	620,167	-	-
Factoring and confirming fee	568,778	1,314,089	-	-
Rental income	185,170	489,854	-	-
IT support service fee	120,990	350,400	-	-
Administrative fees from a subsidiary company	-	-	381,689	1,097,407
Dividends income from subsidiary companies	-	-	137,000,000	900,000
	162,386,379	131,186,015	137,381,689	1,997,407

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group 2016 RM	The Group 2015 RM
Interest expense on:		
Term loans	30,429,939	13,656,438
Revolving credits	12,046,089	5,982,392
MTNs	4,911,281	7,484,201
Bank overdrafts	236,178	218,069
Bankers' acceptances	230,960	458,756
Trust receipts	1,601	9,690
ABS	-	2,548,057
	47,856,048	30,357,603

7. DIRECTORS' REMUNERATION

	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
Directors of the Company:				
Non-executive directors				
- Fees	257,500	257,500	257,500	257,500
- Other emoluments	196,000	1,044,671	40,000	51,000
- Defined contributions	29,640	48,769	-	-
	483,140	1,350,940	297,500	308,500
Benefits-in-kind	73,291	31,150	-	-
Total directors' remuneration	556,431	1,382,090	297,500	308,500

The directors' remuneration represent amounts paid to the directors in the respective financial years and are disclosed in accordance with Ninth Schedule (1)(o) of the Companies Act, 1965. These have been accrued in profit or loss over one or more financial years.

The number of directors of the Company whose total remuneration during the financial year fell within the following bands are as follows:

	Number of directors 2016	Number of directors 2015
Non-executive directors:		
RM50,000 and below	9	9
RM250,001 - RM300,000	1	-
RM1,100,001 - RM1,150,000	-	1
	10	10

8. STAFF COSTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries	11,356,847	11,586,297	-	-
Defined contributions	1,480,936	1,402,650	-	-
Social security contributions	84,097	80,806	-	-
Share options granted under ESOS	-	838,755	-	38,250
Others	2,229,846	2,163,426	-	3,980
	15,151,726	16,071,934	-	42,230

Staff costs include provisions that are accrued and charged to profit or loss based on expected expenditures.

Included in others are RM490,000 (2015: RM490,000) staff costs payable to a related party as disclosed in Note 25.

9. FINANCE COSTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on hire-purchase payables	18,443	25,315	-	-
Interest expense on amounts due to subsidiary companies	-	-	2,634,683	-
	18,443	25,315	2,634,683	-

10. PROFIT BEFORE TAX

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Bad debts recoveries	5,483,659	4,908,334	-	-
Investment income	2,131,475	3,525,748	-	-
Net gain/(loss) on disposal of:				
Investment property	1,879,915	-	-	-
Plant and equipment	1,058	(40,075)	-	-
Realised gain on foreign exchange, net	7,041	11,107	-	-
Net interest (expense)/income on amounts due (to)/from subsidiary companies	-	-	(2,402,642)	3,258,400
Allowances for impairment loss on:				
Receivables, net	(30,869,906)	(23,936,819)	-	-
Goodwill on consolidation	(333,154)	-	-	-
Investment in a subsidiary company	-	-	(19,952,187)	-

10. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Rental of:				
Premises	(725,487)	(814,038)	-	-
Warehouse	(41,183)	(33,188)	-	-
Disaster recovery centre	(36,000)	(36,000)	-	-
Office equipment	(33,042)	(31,783)	-	-
Amortisation of discount on MTNs	(294,956)	(458,962)	-	-
Auditors' remuneration:				
Statutory audit				
- Current year	(242,200)	(235,000)	(52,000)	(50,000)
Non-statutory audit				
- Current year	(80,000)	(4,400)	(20,000)	(4,400)
Plant and equipment written off	(3,378)	(55,415)	-	-
Loss on early redemption of ABS	-	(7,284,500)	-	-

11. INCOME TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax payable:				
Current year	30,774,537	36,033,400	56,889	808,424
(Over)/Under provision in prior years	(89,230)	(2,080,745)	1,842	(12,500)
	30,685,307	33,952,655	58,731	795,924
Deferred tax (Note 23):				
Current year	(15,942,357)	(28,093,995)	-	-
(Over)/Under provision in prior years	(130,680)	3,665,172	-	-
	(16,073,037)	(24,428,823)	-	-
Income tax expense	14,612,270	9,523,832	58,731	795,924

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	54,183,058	45,728,568	113,765,438	3,905,397
Tax at applicable statutory tax rate of 24% (2015: 25%)	13,003,934	11,432,142	27,303,705	976,349
Tax effects of:				
Expenses not deductible for tax purposes	4,139,304	1,237,580	5,633,184	57,075
Income not subject to tax	(962,013)	(168,315)	(32,880,000)	(225,000)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	466,424	1,106,181	-	-
Realisation of deferred tax assets not recognised previously	(1,815,469)	(6,324,453)	-	-
Effect on deferred tax balances due to reduction in tax rate	-	656,270	-	-
Tax at effective tax rate	14,832,180	7,939,405	56,889	808,424
(Over)/Under provision in prior years	(89,230)	(2,080,745)	1,842	(12,500)
(Over)/Under provision of deferred tax in prior years	(130,680)	3,665,172	-	-
Income tax expense	14,612,270	9,523,832	58,731	795,924

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the year of assessment 2016. The computation of deferred tax as at 31 March 2016 has reflected these changes.

12. SEGMENT INFORMATION

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

(i) Loan financing services

This segment engages in provision of general loan financing.

(ii) Investment holding and management services

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

(iii) Factoring, confirming and industrial hire purchase

This segment engages in provision of factoring, confirming and industrial hire purchase businesses.

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.

12. SEGMENT INFORMATION (CONT'D)

The following tables provide segment information for the reportable segments:

The Group 2016	Loan financing services RM	Investment holding and management services RM	Factoring, confirming and industrial hire purchase RM	Note	Total RM
Revenue					
Total revenue	159,250,211	115,941,260	2,587,397		277,778,868
Inter-segment revenue	-	(115,392,489)	-		(115,392,489)
External revenue	159,250,211	548,771	2,587,397		162,386,379
Results					
Segment results	55,963,568	(98,869)	(1,663,198)		54,201,501
Finance costs	(18,443)	-	-		(18,443)
Profit/(Loss) before tax	55,945,125	(98,869)	(1,663,198)		54,183,058
Income tax expense	(13,373,074)	(1,076,557)	(162,639)		(14,612,270)
Profit/(Loss) for the financial year	42,572,051	(1,175,426)	(1,825,837)		39,570,788
Interest income including investment income	158,424,537	242,611	2,066,309		160,733,457
Interest expense applicable to revenue	47,146,900	230,095	479,053		47,856,048
Depreciation and amortisation	3,675,994	445,797	70,359		4,192,150
Other non-cash expenses	28,397,175	333,168	2,476,095	A	31,206,438
Other material item of income:					
Net gain on disposal of investment property	-	1,879,915	-		1,879,915
Statements of Financial Position					
Capital additions	1,256,241	-	44,169	B	1,300,410
Segment assets	1,483,436,365	53,390,064	13,765,406		1,550,591,835
Segment liabilities	1,084,494,848	6,356,880	3,203,402		1,094,055,130

12. SEGMENT INFORMATION (CONT'D)

The Group 2015	Loan financing services RM	Investment holding and management services RM	Factoring, confirming and industrial hire purchase RM	Note	Total RM
Revenue					
Total revenue	126,353,530	81,886,291	3,752,127		211,991,948
Inter-segment revenue	-	(80,805,933)	-		(80,805,933)
External revenue	126,353,530	1,080,358	3,752,127		131,186,015
Results					
Segment results	52,131,602	(2,443,532)	(3,934,187)		45,753,883
Finance costs	(21,975)	-	(3,340)		(25,315)
Profit/(Loss) before tax	52,109,627	(2,443,532)	(3,937,527)		45,728,568
Income tax expense	(8,321,888)	(1,351,564)	149,620		(9,523,832)
Profit/(Loss) for the financial year	43,787,739	(3,795,096)	(3,787,907)		36,204,736
Interest income including investment income	129,228,686	240,104	2,468,463		131,937,253
Interest expense applicable to revenue	29,492,809	274,163	590,631		30,357,603
Depreciation and amortisation	2,477,766	899,879	146,035		3,523,680
Other non-cash expenses	20,537,942	55,394	3,398,898	A	23,992,234
Statements of Financial Position					
Capital additions	2,989,849	506,354	194,238	B	3,690,441
Segment assets	1,163,022,683	43,112,928	28,807,609		1,234,943,220
Segment liabilities	650,263,219	1,035,644	17,430,103		668,728,966

12. SEGMENT INFORMATION (CONT'D)

Note **Nature of amounts reported in the consolidated financial statements.**

A Other material non-cash expenses consists of the following items as presented in Note 10:

	2016 RM	2015 RM
Allowance for impairment loss on:		
Receivables, net	30,869,906	23,936,819
Goodwill on consolidation	333,154	-
Plant and equipment written off	3,378	55,415
	31,206,438	23,992,234

B Capital additions consists of:

	2016 RM	2015 RM
Plant and equipment (Note 15)	1,300,410	3,690,441

13. EARNINGS PER ORDINARY SHARE ("EPS")

	The Group	
	2016 RM	2015 RM
Profit for the financial year attributable to owners of the Company	39,570,788	36,204,736
Less: Preference share dividends on RCPS	-	(9,388,740)
Profit for the financial year attributable to ordinary equity holders of the Company	39,570,788	26,815,996
Weighted average number of ordinary shares in issue:		
Balance net of treasury shares as at beginning of financial year	1,279,492,095	1,157,190,595
Effects of:		
Issuance of shares pursuant to ESOS exercised	12,868,364	-
Issuance of shares pursuant to RCPS conversion	-	49,143,543
Shares repurchased	(8,303,692)	(23,985,038)
Balance as at end of financial year	1,284,056,767	1,182,349,100
Basic/Diluted EPS (sen)	3.08	2.27

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.

13. EPS (CONT'D)

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 ESOS and RCPS.

ESOS options were anti-dilutive for the previous financial year as the options' exercise price exceeded the average market price of the Company ordinary shares. Accordingly, the options were assumed not to be exercised in the calculation of diluted EPS.

The Group has no dilution in its EPS in the current financial year as there are no dilutive potential ordinary shares.

14. DIVIDENDS

	Dividends recognised in financial year	
	2016 RM	2015 RM
Recognised during the financial year:		
Preference share dividend:		
20% (2.00 sen) per preference share of RM0.10 each under single-tier system, paid on 4 December 2014	-	9,388,740
Final dividend for 2014:		
15% (1.50 sen) per ordinary share of RM0.10 each under single-tier system, paid on 1 October 2014	-	17,055,382
Final dividend for 2015:		
15% (1.50 sen) per ordinary share of RM0.10 each under single-tier system, paid on 8 October 2015	19,239,769	-
Special interim dividend for 2016:		
105% (10.50 sen) per ordinary share of RM0.10 each under single-tier system, paid on 8 October 2015	134,678,383	-
	153,918,152	26,444,122

The directors recommend the payment of a final single-tier dividend of 3.50 sen per ordinary share, amounting to RM11,370,284 in respect of the financial year ended 31 March 2016, which is subject to shareholders' approval at the forthcoming AGM.

The financial statements for the current 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 2017.

15. PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Work-in-progress RM	Total RM
Cost							
Balance as at 1 April 2014	2,116,659	10,638,886	15,843	1,437,297	1,620,107	3,179,811	19,008,603
Additions	16,760	2,529,790	-	-	36,470	1,107,421	3,690,441
Disposals	(108,075)	(61,160)	(15,843)	(397,756)	-	-	(582,834)
Write-off	(21,620)	(2,814,041)	-	-	(161,253)	-	(2,996,914)
Reclassification	-	4,134,399	-	-	-	(4,134,399)	-
Balance as at 31 March 2015/ 1 April 2015	2,003,724	14,427,874	-	1,039,541	1,495,324	152,833	19,119,296
Additions	275,902	249,249	-	262,167	164,505	348,587	1,300,410
Disposals	(45,339)	(175,883)	-	-	-	-	(221,222)
Write-off	(73,321)	(43,652)	-	-	-	-	(116,973)
Reclassification	-	92,525	-	-	-	(92,525)	-
Balance as at 31 March 2016	2,160,966	14,550,113	-	1,301,708	1,659,829	408,895	20,081,511
Accumulated depreciation							
Balance as at 1 April 2014	1,378,024	5,425,297	15,770	689,708	984,158	-	8,492,957
Charge for the financial year	238,610	2,294,281	69	273,586	197,624	-	3,004,170
Disposals	(77,597)	(2,504)	(15,839)	(267,635)	-	-	(363,575)
Write-off	(20,144)	(2,811,230)	-	-	(110,125)	-	(2,941,499)
Balance as at 31 March 2015/ 1 April 2015	1,518,893	4,905,844	-	695,659	1,071,657	-	8,192,053
Charge for the financial year	242,478	3,238,210	-	186,528	189,613	-	3,856,829
Disposals	(45,287)	(175,883)	-	-	-	-	(221,170)
Write-off	(69,944)	(43,651)	-	-	-	-	(113,595)
Balance as at 31 March 2016	1,646,140	7,924,520	-	882,187	1,261,270	-	11,714,117

15. PLANT AND EQUIPMENT (CONT'D)

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Work-in-progress RM	Total RM
Carrying amount							
Balance as at 31 March 2015	484,831	9,522,030	-	343,882	423,667	152,833	10,927,243
Balance as at 31 March 2016	514,826	6,625,593	-	419,521	398,559	408,895	8,367,394

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM1,300,410 (2015: RM3,690,441) as follows:

	The Group 2016 RM	2015 RM
Acquired via:		
Cash payments	1,060,410	3,630,336
Hire-purchase arrangements	240,000	-
Payables	-	60,105
	1,300,410	3,690,441

16. INVESTMENT PROPERTIES

	The Group Leasehold buildings RM
Cost	
Balance as at 31 March 2015/1 April 2015	3,027,390
Disposal	(1,829,190)
Transfer to asset held for sale (Note 26)	(1,198,200)
Balance as at 31 March 2016	-
Accumulated depreciation	
Balance as at 1 April 2014	484,394
Charge for the financial year	60,548
Balance as at 31 March 2015/1 April 2015	544,942
Charge for the financial year	40,365
Disposal	(411,568)
Transfer to asset held for sale (Note 26)	(173,739)
Balance as at 31 March 2016	-

16. INVESTMENT PROPERTIES (CONT'D)

	The Group Leasehold buildings RM
Carrying amount	
Balance as at 31 March 2015	2,482,448
Balance as at 31 March 2016	-
Fair Value	
Balance as at 31 March 2015	5,050,000
Balance as at 31 March 2016	-

The fair value of the investment properties was arrived at by reference to the latest valuations carried out by accredited valuers. The valuation was based on Comparison Method which entailed critical analyses of comparable properties' recent evidence of values in the neighbourhood and adjustments to differences were made. The fair value was estimated based on the highest and best use of the properties in their current use.

During the financial year:

(a) RCE Equity Sdn. Bhd., a subsidiary company has disposed of its investment property to a related party for a total cash consideration of RM3,300,000 as disclosed in Note 25; and

(b) Mezzanine Enterprise Sdn. Bhd., a subsidiary company, entered into a Sale and Purchase Agreement with a third party purchaser for the disposal of its investment property for a total cash consideration of RM1,800,000.

The said disposal is expected to be completed within one year from the date of the Sale and Purchase Agreement. Accordingly, the said investment property has been reclassified as asset held for sale as at the reporting date as disclosed in Note 26.

Details of the Group's investment properties and information about the fair value hierarchy 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
2016				
Investment properties	-	-	-	-
2015				
Investment properties	-	5,050,000	-	5,050,000

16. INVESTMENT PROPERTIES (CONT'D)

The property rental income from the investment properties, which were under operating leases, amounted to RM185,170 (2015: RM227,754). Direct operating expenses arising from the investment properties during the financial year amounted to RM63,488 (2015: RM76,929).

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2016 RM	2015 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)	(214,643)
	327,283,211	347,235,398

Movement in allowance for impairment:

	The Company	
	2016 RM	2015 RM
Balance as at 1 April	214,643	214,643
Charge for the financial year	19,952,187	-
Balance as at 31 March	20,166,830	214,643

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

	Effective Ownership Interest and Voting Interest		
	2016 %	2015 %	Principal Activities
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

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Ownership Interest and Voting Interest		
	2016 %	2015 %	Principal Activities
Indirect subsidiary companies			
EXP Payment Sdn. Bhd.^#	100	100	Processing and administration of payroll collection
RCE Equity Sdn. Bhd. π	100	100	Property investment, provision of financial administrative services, debt management services and trading of securities
RCE Advance Sdn. Bhd. π	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue private debt securities to fund the purchase of such receivables
RCE Commerce Sdn. Bhd. π	100	100	Provision of information technology and financial administrative services
RCE Sales Sdn. Bhd. β	100	100	Provision of financial administrative services
RCE Trading Sdn. Bhd. π	100	100	Provision of financial administrative services
Tresor 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 ABS to fund the purchase of such receivables
Mezzanine Enterprise Sdn. Bhd.*	100	100	Property investment and provision of financial administrative services
RCE Dynamics Sdn. Bhd. π	100	-	In the process of de-registering from the Companies Commission of Malaysia
Al Dzahab Assets Berhad π	100	-	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue ABS 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.
β Held indirectly through RCE Trading Sdn. Bhd.
* Held indirectly through RCE Equity Sdn. Bhd.

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) During the financial year, RCE Dynamics Sdn. Bhd. ("RCED") and Al Dzahab Assets Berhad ("ADA") were incorporated. The issued and paid-up share capital for both companies are RM2 comprising 2 ordinary shares of RM1.00 each. The incorporations have no material financial effect to the Group.

(b) In the previous financial year, the Company acquired 100% equity interest in Strategi Interaksi Sdn. Bhd. ("SISB") comprising a total of 10,000 ordinary shares of RM1.00 each for a total cash consideration of RM20,000 ("Acquisition"). SISB directly owns the entire equity interest of EXP Payment Sdn. Bhd. ("EXPP") comprising 1,800,000 ordinary shares of RM1.00 each ("collectively known as SISB Group").

SISB Group was acquired so as to involve the Group in processing and administration of payroll collection system.

The cost of acquisition consisted of the following:

	The Group 2015 RM
Purchase consideration satisfied by cash	20,000

The acquired subsidiary companies had contributed the following results to the Group:

	The Group 2015 RM
Revenue	620,167
Loss for the financial year	(553,147)

Had the acquisition occurred on 1 April 2014, the Group's revenue and profit for the financial year ended 31 March 2015 would have been RM131,361,484 and RM36,324,744 respectively.

The assets and liabilities arising from the acquisition were as follows:

	The Group 2015 RM
Deposits with licensed financial institution	2,284,605
Cash and bank balances	314,806
Borrowings	(19,170,020)
Payables and accrued expenses	(2,354,901)
Tax liabilities	(43,660)
Fair value of total net liabilities	(18,969,170)
Group's share of net liabilities	(18,969,170)
Goodwill on acquisition (Note 18)	18,989,170
Total cost of acqusition	20,000

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Goodwill arose in the acquisition of SISB Group because the cost of the combination include a control premium. In addition, the consideration paid for the combination effectively include amounts in relation to the benefit of expected synergies, revenue growth and the future market development of SISB Group. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

The cash flow on acquisition was as follows:

	The Group 2015 RM
Purchase consideration satisfied by cash	(20,000)
Cash and cash equivalents of subsidiary companies acquired	2,599,411
Term loan of subsidiary company assumed	(19,170,020)
Net cash flow of the Group	(16,590,609)

18. GOODWILL ON CONSOLIDATION

	The Group	
	2016 RM	2015 RM
Goodwill on consolidation, at cost	47,843,974	28,854,804
Arising from acquisition of subsidiary companies (Note 17)	-	18,989,170
	47,843,974	47,843,974
Less: Allowance for impairment	(510,983)	(177,829)
Carrying amount	47,332,991	47,666,145

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) Loan 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.

18. GOODWILL ON CONSOLIDATION (CONT'D)

Allocation of goodwill to cash-generating units (Cont'd)

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

	The Group	
	2016 RM	2015 RM
Loan financing	28,343,821	28,343,821
Processing and administration of payroll collection	18,989,170	18,989,170
Factoring and confirming	-	333,154
	47,332,991	47,666,145

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) Loan 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 6.20% (2015: 7.28%) 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 6.20% (2015: 7.28%) per annum. No growth rate is assumed in extrapolating the cash flows beyond the five-year period. The directors believes 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.

19. LOANS AND RECEIVABLES

	The Group	
	2016 RM	2015 RM
Loans and receivables, gross	1,364,626,148	1,168,065,398
Less: Allowance for impairment		
- Individual assessment	(58,520,558)	(60,199,534)
- Collective assessment	(45,663,568)	(37,948,664)
	(104,184,126)	(98,148,198)
Loans and receivables, net	1,260,442,022	1,069,917,200
Amount receivable within one year	(152,109,446)	(149,755,042)
Non-current portion	1,108,332,576	920,162,158

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

	The Group	
	2016 RM	2015 RM
Amount receivables:		
Within one to two years	103,862,516	79,144,112
Within two to five years	302,674,955	228,312,494
After five years	701,795,105	612,705,552
	1,108,332,576	920,162,158

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 35.

Included in loans and receivables of the Group are:

(a) RM719,902,754 (2015: RM205,058,333) pledged to financial institutions as securities for borrowings as disclosed in Notes 32(b) and 32(c) respectively; and

(b) RM288,777,287 (2015: RM307,949,827) held in trust for financial institutions for borrowings as disclosed in Note 32(b).

19. LOANS AND RECEIVABLES (CONT'D)

The profile of the loans and receivables is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Performing	953,533,151	768,847,379
1 to 150 days past due but performing	352,572,439	339,018,485
Non-performing	58,520,558	60,199,534
	1,364,626,148	1,168,065,398

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	
	2016	**2015**
	RM	**RM**
Loans and receivables, non-performing	58,520,558	60,199,534
Less: Allowance for impairment		
- Individual assessment	(58,520,558)	(60,199,534)
	-	-

The allowance for impairment consists of:

	The Group	
	2016	**2015**
	RM	**RM**
Performing loans	45,663,568	37,948,664
Non-performing loans	58,520,558	60,199,534
	104,184,126	98,148,198

19. LOANS AND RECEIVABLES (CONT'D)

Movement in allowance for impairment:

	The Group 2016 RM	The Group 2015 RM
Individual assessment:		
Balance as at 1 April	60,199,534	90,568,889
Charge for the financial year	36,078,145	33,522,298
Reversal/Written back	(21,367,913)	(21,172,118)
Reclassified from collective assessment	5,968,677	5,157,682
Written off	(22,357,885)	(47,877,217)
Balance as at 31 March	58,520,558	60,199,534
Collective assessment:		
Balance as at 1 April	37,948,664	34,918,595
Charge for the financial year	13,683,581	8,187,751
Reclassified to individual assessment	(5,968,677)	(5,157,682)
Balance as at 31 March	45,663,568	37,948,664

20. TRADE RECEIVABLES

	The Group 2016 RM	The Group 2015 RM
Confirming receivables	8,851,653	15,330,850
Factoring receivables	5,890,754	6,966,776
	14,742,407	22,297,626
Less: Allowance for impairment	(6,475,240)	(4,413,030)
Trade receivables, net	8,267,167	17,884,596

The credit period granted by the Group ranges from 60 to 150 (2015: 60 to 150) days. The effective interest rate is at 11.63% (2015: 11.53%) per annum.

As at the reporting date, there are significant concentration of credit risk arising from the amounts due from four (4) (2015: three (3)) major customers amounting to 71.76% (2015: 51.70%) 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.

20. TRADE RECEIVABLES (CONT'D)

The ageing of the trade receivables is as follows:

	The Group	
	2016 RM	2015 RM
Performing	8,244,005	13,180,339
Past due but performing:		
Less than 90 days	-	4,373,896
More than 90 days	23,162	330,361
Total past due but performing	23,162	4,704,257
Non-performing	6,475,240	4,413,030
	14,742,407	22,297,626

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.

20. TRADE RECEIVABLES (CONT'D)

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

	Individually impaired	
	2016	2015
	RM	RM
Trade receivables, non-performing	6,475,240	4,413,030
Less: Allowance for impairment	(6,475,240)	(4,413,030)
	-	-

Movement in allowance for impairment:

	The Group	
	2016	2015
	RM	RM
Balance as at 1 April	4,413,030	2,667,158
Charge for the financial year	5,443,244	4,355,579
Written back	(2,967,151)	(956,691)
Written off	(413,883)	(1,653,016)
Balance as at 31 March	6,475,240	4,413,030

21. OTHER INVESTMENTS

	The Group and The Company	
	2016	2015
	RM	RM
Investments, at cost:		
Association memberships	2	2

22. AFS FINANCIAL ASSETS

	The Group	
	2016	2015
	RM	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 2016 and 31 March 2015 respectively.

23. DEFERRED TAX

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

	The Group 2016 RM	The Group 2015 RM
Balance as at 1 April	15,750,448	(8,678,375)
Recognised in profit or loss (Note 11)	16,073,037	24,428,823
Balance as at 31 March	31,823,485	15,750,448

Presented after appropriate offsetting as follows:

	The Group 2016 RM	The Group 2015 RM
Deferred tax assets	33,031,010	17,660,468
Deferred tax liabilities	(1,207,525)	(1,910,020)
	31,823,485	15,750,448

(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	Interest expense applicable to revenue RM	Unused tax losses and unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 April 2014	17,868,732	2,358,304	1,653,094	18,180	21,898,310
Recognised in profit or loss	(1,062,125)	(2,358,304)	(1,632,240)	814,827	(4,237,842)
Balance as at 31 March 2015	16,806,607	-	20,854	833,007	17,660,468
Balance as at 1 April 2015	16,806,607	-	20,854	833,007	17,660,468
Recognised in profit or loss	12,216,294	-	(7,272)	3,161,520	15,370,542
Balance as at 31 March 2016	29,022,901	-	13,582	3,994,527	33,031,010

23. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Plant and equipment RM	Interest receivable RM	Total RM
Balance as at 1 April 2014	(1,308,932)	(29,267,753)	(30,576,685)
Recognised in profit or loss	(601,088)	29,267,753	28,666,665
Balance as at 31 March 2015	(1,910,020)	-	(1,910,020)
Balance as at 1 April 2015	(1,910,020)	-	(1,910,020)
Recognised in profit or loss	702,495	-	702,495
Balance as at 31 March 2016	(1,207,525)	-	(1,207,525)

In the previous financial year, deferred tax liabilities recognised on interest receivable were mainly arising from AFS financial assets held by a subsidiary company.

(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	
	2016 RM	2015 RM
Unused tax losses	20,467,942	26,052,063
Unabsorbed capital allowances	4,847,311	4,884,210
	25,315,253	30,936,273

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	22,212,385	15,285,804	37	47
Prepaid expenses	1,605,662	911,203	11,511	-
Tax recoverable	423,426	318,895	257,621	-
Refundable deposits	299,912	301,451	-	-
	24,541,385	16,817,353	269,169	47

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Included in other receivables of the Group are collections in transit from various cooperatives and corporations of RM17,290,026 (2015: RM11,439,746).

Included in refundable deposits of the Group are RM185,736 (2015: RM207,866) paid in relation to the rental of office premises to related parties.

25. RELATED PARTY TRANSACTIONS

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

	The Company	
	2016 RM	2015 RM
Amounts due from/(to):		
Subsidiary companies	800,061	8,359,889
A subsidiary company	(8,700,380)	(700,000)

The amounts due from subsidiary companies arose mainly from advances given, are unsecured, bear interest rate at 2.78% (2015: 3.04%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

The amount due to a subsidiary company arose mainly from advances received, is unsecured, bear interest rate at 5.57% (2015: nil) 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
Living Development Sdn. Bhd. ("LDSB")	Subsidiary company of Amcorp Properties Berhad, a related company of the Company

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

Name of related parties	Relationship
AmMetLife Insurance Berhad ("ALIB")	A company in which a deemed substantial shareholder of the Company has directorship and indirect interest
AmFunds Management Berhad ("AFMB") (Formerly known as AmInvestment Services Berhad)	A company in which a deemed substantial shareholder of the Company has 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

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

	The Company	
	2016 RM	2015 RM
Direct subsidiary companies:		
Dividends receivable from:		
RCE Marketing Sdn. Bhd.	115,000,000	900,000
RCE Synergy Sdn. Bhd.	22,000,000	-
Administrative fees receivable from:		
RCE Marketing Sdn. Bhd.	381,689	1,097,407
Net interest (expense)/income on amounts due (to)/from:		
RCE Marketing Sdn. Bhd.	(2,404,123)	3,258,171
RCE Factoring Sdn. Bhd.	2,199	229
Indirect subsidiary company:		
Interest expense on amount due to:		
Mezzanine Enterprise Sdn. Bhd.	718	-

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other related parties:				
Disposal of an investment property to LDSB (Note 16 (a))	3,300,000	-	-	-
Interest expense payable to FCSB	1,909,918	24,110	-	-
Rental payable to:				
ALIB	706,735	697,488	-	-
CVSB	36,000	36,000	-	-
Fees payable to CVSB:				
Management fee	720,000	720,000	-	720,000
Staff costs	490,000	490,000	-	-
Internal audit fees	160,000	238,000	20,000	28,000
Insurance premium payable to AIBM	327,135	317,406	-	16,348
Fees payable to AIBB:				
Advisory fee	242,070	-	242,070	-
Arranger fee	-	19,016	-	-
Marketing expenses incurred arising from: Purchase of travel package from HTSB	93,256	65,000	-	-

(c) Compensation of key management personnel

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term employees' benefits	2,982,391	3,410,695	297,500	308,500
Defined contribution plan	368,702	317,298	-	-
	3,351,093	3,727,993	297,500	308,500

26. ASSET HELD FOR SALE

	The Group	
	2016 RM	2015 RM
Balance as at 1 April 2015	-	-
Transfer from investment properties (Note 16)	1,024,461	-
Balance as at 31 March 2016	1,024,461	-

27. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed financial institutions	153,005,473	40,576,237	-	-
Cash and bank balances	14,579,930	11,011,528	629	550
	167,585,403	51,587,765	629	550
Less: Deposits and cash and bank balances				
- Assigned in favour of the trustees	(17,673,425)	(17,442,647)	-	-
- Pledged to licensed financial institutions	(28,107,603)	(10,997,964)	-	-
	(45,781,028)	(28,440,611)	-	-
	121,804,375	23,147,154	629	550

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 12 (2015: 22) days. The information on weighted average effective interest rate is disclosed in Note 35.

28. SHARE CAPITAL

	The Group and The Company			
	2016	2015	2016	2015
	No of shares of RM0.10 each		RM	RM
Authorised:				
Ordinary shares				
Balance as at 1 April/31 March	3,000,000,000	3,000,000,000	300,000,000	300,000,000
RCPS				
Balance as at 1 April/31 March	1,000,000,000	1,000,000,000	100,000,000	100,000,000
	4,000,000,000	4,000,000,000	400,000,000	400,000,000

28. SHARE CAPITAL (CONT'D)

	The Group and The Company			
	2016	2015	2016	2015
	No of shares of RM0.10 each		RM	RM
Issued and fully paid:				
Ordinary shares				
Balance as at 1 April	1,334,000,995	1,173,592,495	133,400,099	117,359,249
Issuance of shares pursuant to:				
ESOS exercised	29,808,950	-	2,980,895	-
RCPS conversion	-	160,408,500	-	16,040,850
Balance as at 31 March	1,363,809,945	1,334,000,995	136,380,994	133,400,099
RCPS				
Balance as at 1 April	-	469,436,998	-	46,943,700
RCPS conversion	-	(160,408,500)	-	(16,040,850)
RCPS redemption	-	(309,028,498)	-	(30,902,850)
Balance as at 31 March	-	-	-	-
	1,363,809,945	1,334,000,995	136,380,994	133,400,099

(a) During the financial year, the issued and paid-up shares capital of the Company was increased from RM133,400,099 to RM136,380,994 by way of the issuance of 29,808,950 ordinary shares of RM0.10 each pursuant to share options exercised.

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

(b) In the previous financial year:

(i) the issued and paid-up shares capital of the Company increased from 1,173,592,495 to 1,334,000,995 ordinary shares by way of the issuance of 160,408,500 new ordinary shares of RM0.10 each pursuant to the conversion of 160,408,500 RCPS of RM0.10 each to ordinary shares; and

(ii) all of the remaining 309,028,498 units of RCPS were fully redeemed.

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.

29. TREASURY SHARES

The shareholders of the Company, by a resolution passed at an annual general meeting held on 2 September 2015, has granted an approval to the Company to buy back its own shares of up to 10% of the issued and paid-up share capital of the Company.

During the financial year, the Company repurchased its issued ordinary shares of RM0.10 each from the open market as summarised below:

	Number of shares	Total consideration RM	Purchase price per share Highest RM	Lowest RM	Average RM
Balance as at 1 April 2015	54,508,900	16,784,544	0.355	0.235	0.306
Shares repurchased during the financial year:					
- April 2015	3,606,200	1,193,990	0.349	0.315	0.329
- May 2015	1,904,100	642,518	0.340	0.325	0.335
- June 2015	2,859,700	993,789	0.350	0.340	0.346
- August 2015	820,000	309,248	0.400	0.375	0.376
- September 2015	620,000	233,635	0.375	0.375	0.375
- February 2016	30,000	8,311	0.275	0.275	0.275
	9,840,000	3,381,491	0.400	0.275	0.342
Balance as at 31 March 2016	64,348,900	20,166,035	0.400	0.235	0.312

The total consideration paid including transaction costs of RM3,381,491 was financed by internally generated funds. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell and/or distribute the treasury shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased have been sold or cancelled during the financial year.

As at the reporting date, the number of ordinary shares in issue after the share buy-back is 1,299,461,045 shares of RM0.10 each.

30. RESERVES

	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
Non-distributable:				
Share premium	68,111,812	63,041,401	68,111,812	63,041,401
Capital redemption reserve	30,902,850	30,902,850	30,902,850	30,902,850
Share options	-	5,385,109	-	5,385,109
	99,014,662	99,329,360	99,014,662	99,329,360
Distributable:				
Retained earnings	241,307,084	350,269,339	103,778,509	138,604,845
	340,321,746	449,598,699	202,793,171	237,934,205

(a) Non-distributable:

(i) Share premium arose from the following:

	The Group and The Company 2016 RM	The Group and The Company 2015 RM
Balance as at 1 April	63,041,401	149,569,380
Issuance of shares pursuant to ESOS exercised	5,070,411	-
RCPS redemption	-	(86,527,979)
Balance as at 31 March	68,111,812	63,041,401

(ii) Capital redemption reserve arose from the following:

	The Group and The Company 2016 RM	The Group and The Company 2015 RM
Balance as at 1 April	30,902,850	-
Creation of capital redemption reserve upon RCPS redemption	-	30,902,850
Balance as at 31 March	30,902,850	30,902,850

30. RESERVES (CONT'D)

(a) Non-distributable: (Cont'd)

(iii) Share options:

The share options 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 share options granted to eligible directors and employees are disclosed in Note 37.

(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.

(c) Supplementary information – Disclosure on realised and unrealised profits

Pursuant to Bursa Malaysia Securities Berhad's directive dated 20 December 2010, further information on the retained earnings in relation to realised and unrealised profits of the Group and the Company is as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings				
- Realised	209,483,599	334,518,891	103,778,509	138,604,845
- Unrealised	31,823,485	15,750,448	-	-
	241,307,084	350,269,339	103,778,509	138,604,845

31. HIRE-PURCHASE PAYABLES

	The Group	
	2016	2015
	RM	RM
Total outstanding	414,372	320,287
Less: Future finance charges	(29,915)	(18,478)
Principal outstanding	384,457	301,809
Less: Amounts due within one year	(137,181)	(124,853)
Non-current portion	247,276	176,956

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

	The Group	
	2016	2015
	RM	RM
Financial years ending 31 March:		
2017	-	92,024
2018	120,345	73,012
2019	61,536	11,920
2020	52,006	-
2021	13,389	-
	247,276	176,956

The interest rates implicit in these hire-purchase arrangements of the Group range from 4.37% to 4.72% (2015: 4.37% to 6.18%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

32. BORROWINGS

	Note	The Group 2016 RM	2015 RM
At amortised cost			
Secured			
Current			
Fixed rate MTNs	(a)	35,710,621	31,239,614
Term loans	(b)	66,363,007	43,620,642
Revolving credits	(c)	407,675,072	199,991,825
Bank overdrafts	(d)	5,486,434	5,208,841
		515,235,134	280,060,922
Non-Current			
Fixed rate MTNs	(a)	-	34,621,721
Term loans	(b)	511,633,665	301,523,438
		511,633,665	336,145,159
		1,026,868,799	616,206,081
Unsecured			
Current			
Revolving credits	(c)	-	9,837,921
Trust receipts	(e)	-	116,125
Bankers' acceptances	(e)	2,449,113	5,534,896
		2,449,113	15,488,942
		1,029,317,912	631,695,023
Disclosed in the statements of financial position as:			
Current		517,684,247	295,549,864
Non-current		511,633,665	336,145,159
		1,029,317,912	631,695,023

32. BORROWINGS (CONT'D)

The maturity profile of the borrowings is as follows:

	The Group	
	2016 RM	2015 RM
On demand or within one year	517,684,247	295,549,864
More than 1 year and less than 2 years	304,028,059	59,335,224
More than 2 years and less than 5 years	149,858,201	276,809,935
More than 5 years	57,747,405	-
	1,029,317,912	631,695,023

(a) Fixed rate MTNs

During the financial year ended 31 March 2007, a subsidiary company, RCE Advance Sdn. Bhd. ("RCEA"), fully issued its RM420 million 5-year fixed rate MTNs for the purpose of financing the working capital of the Group. As at the reporting date, RM40 million (2015: RM60 million) out of the total RM420 million MTNs were subscribed by a subsidiary company, RCE Equity Sdn. Bhd. ("RCEE").

The MTNs were constituted by a trust deed dated 23 November 2005 made between RCEA and the Trustee for the holders of the MTNs.

The main features of the MTNs are as follows:

(i) The maximum issue size of the RM420 million MTNs comprises:

- RM240 million Class A MTNs;
- RM120 million Class B MTNs; and
- RM60 million Class C MTNs.

(ii) The MTNs were issued up to a maximum of six (6) tranches of RM70 million each ("Tranche") with each respective Tranche comprising the following:

Tranches	Class A MTNs issue size RM'000	Class B MTNs issue size RM'000	Class C MTNs issue size RM'000	Total issue size RM'000
A	40,000	20,000	10,000	70,000
B	40,000	20,000	10,000	70,000
C	40,000	20,000	10,000	70,000
D	40,000	20,000	10,000	70,000
E	40,000	20,000	10,000	70,000
F	40,000	20,000	10,000	70,000
Total	240,000	120,000	60,000	420,000

32. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

(iii) Each Tranche of MTNs is sub-divided into twelve (12) series ("Series") which are categorised into Class A MTNs, Class B MTNs and Class C MTNs, based on the different collateralisation ratios. The class and tenure of each Series per Tranche are set out as below:

Series	Tenure Years	Class A MTNs RM'000	Class B MTNs RM'000	Class C MTNs RM'000
1	Three (3)	10,000	-	-
2	Four (4)	5,000	-	-
3	Five (5)	5,000	-	-
4	Six (6)	5,000	-	-
5	Six (6)	-	5,000	-
6	Seven (7)	-	5,000	-
7	Eight (8)	5,000	-	-
8	Eight (8)	-	5,000	-
9	Nine (9)	5,000	-	-
10	Ten (10)	5,000	-	-
11	Ten (10)	-	5,000	-
12	Ten (10)	-	-	10,000
		40,000	20,000	10,000

(iv) All MTNs under Tranche A and Tranche B were issued at par. These have been fully redeemed during the financial year;

(v) The Class A MTNs and Class B MTNs issued under all subsequent Tranches were issued at par, premium or a discount to face value depending on the yield to maturity agreed with the private placement investor(s) at the time of issuance of each Tranche while Class C MTNs issued under all subsequent Tranches were issued at par;

(vi) Each series of the MTNs under Class A MTNs and Class B MTNs bear a fixed coupon rates ranging from 8.25% to 9.00% (2015: 8.05% to 9.00%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

(vii) The Class C MTNs bear an initial fixed coupon rate at 15.00% per annum, but may be reset on the third and/or sixth anniversary from the issuance of the Class C MTNs at a new coupon rate to be determined between the Noteholders of the Class C MTNs and RCEA at the time the coupon rate is to be reset. The coupon payment under the Class C MTNs may be calculated annually but payment is deferred until all Class A MTNs and Class B MTNs have been fully redeemed. The entire deferred Class C MTNs coupon payment will be paid in one lump sum.

32. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

The MTNs are secured against the following:

(i) A third party first legal charge by RCE Marketing Sdn. Bhd. ("RCEM"), the immediate holding company of RCEA, over the entire issued and paid-up share capital of RCEA;

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

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

(iv) An assignment over the present and future rights, titles, benefits and interests in certain bank accounts of RCEA;

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(b) Term loan 1 (Secured)

During the financial year ended 31 March 2009, a term loan of RM9 million was granted to RCE Synergy Sdn. Bhd. ("RCES") to refinance its remaining balance of RM9.5 million from a term loan facility of RM32 million obtained on 30 August 2005. The term loan facility is secured against an irrevocable corporate guarantee by the Company and deposits pledged with the licensed financial institution. During the financial year, the said term loan has been fully repaid. It bore interest rate at 4.15% (2015: 4.15%) per annum for a tenure of seven (7) years from the date of the first disbursement of term loan.

Term loan 2 (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 previous financial year.

Term loan 3 (Secured)

During the financial year ended 31 March 2013, RCEM was granted RM200 million back-to-back loan sale arrangement by another licensed financial institution, of which RM50 million is ear-marked for Revolving credit 4 as disclosed in Note 32(c), for working capital purposes.

Term loans 2 and 3 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 rate ranging from 5.45% to 6.00% (2015: 5.45% to 6.00%) per annum for tenure ranging from three (3) to five (5) years from the date of the first disbursement of the applicable tranche of the term loans.

32. BORROWINGS (CONT'D)

(b) Term loan 4 (Secured)

In the previous financial year, a term loan facility of RM60 million was granted by a related party to RCEM for the purpose of financing its working capital.

The term loan is secured against the rights, titles, benefits, and interests of the eligible loans and receivables and all other security at anytime from time to time, where applicable.

During the financial year, the said term loan has been fully repaid. It bore interest rate at 8.00% (2015: 8.00%) per annum for a tenure of three (3) months from the date of the first drawdown of term loan.

Term loan 5 (Secured)

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

The term loan is secured against the following:

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

(ii) A letter of set off executed by RCEM in the favour of a 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 from the Company.

The said term loan bears interest rate at 6.48% per annum for a tenure of seven (7) years from the date of the first disbursement of term loan.

(c) 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 2012, a revolving credit facility of RM20 million was granted to RCEM for the purpose of financing the working capital of RCEM. The facility limit was then increased from RM20 million to RM30 million in the financial year ended 31 March 2013. During the financial year, the facility limit was revised to RM27.5 million.

32. BORROWINGS (CONT'D)

(c) Revolving credit 3 (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 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 4.85% to 5.00% (2015: 4.85% to 5.05%) per annum.

Revolving credit 4 (Secured)

During the financial year ended 31 March 2013, a revolving credit facility of RM100 million, which is ear-marked from Term loan 3 as disclosed in Note 32(b) was granted to RCEM for the purpose of working capital. During the financial year ended 31 March 2014, the facility limit ear-marked from Term loan 3 was revised to RM50 million.

Revolving credit 5 and 6 (Secured)

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

Revolving credit 4 to 6 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 5 is further secured against an irrevocable corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 4.71% to 5.04% (2015: 4.86%) per annum.

32. BORROWINGS (CONT'D)

(c) Revolving credit 7 (Unsecured)

All revolving credit facilities of RCE Factoring Sdn. Bhd. ("RCEF") amounting to RM12.5 million (2015: RM12.5 million) are secured against a corporate guarantee by the Company. The revolving credits bear interest rate at nil (2015: 5.35% to 5.51%) per annum.

(d) Bank overdraft 1 (Unsecured)

The bank overdraft facilities of RCEF amounting to RM2.2 million (2015: RM2.2 million) is secured against an irrevocable corporate guarantee by the Company.

Bank overdraft 2 (Secured)

The bank overdraft facility of RCES amounting to RM5.5 million is guaranteed by the Company and secured by deposits pledged with the licensed financial institution.

The bank overdraft facilities bear interest rate at 4.15% (2015: 4.15%) per annum.

(e) Others (Unsecured)

All bankers' acceptances, trust receipts and bills payable amounting to RM19 million (2015: RM24 million) are secured against an irrevocable corporate guarantee by the Company.

The bankers' acceptances and trust receipts facilities bear interest at rates ranging from 4.95% to 5.80% (2015: 5.05% to 7.85%) per annum.

33. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Payables	36,076,510	21,894,905	-	-
Accrued expenses	6,758,711	4,665,759	644,562	335,564
Deposits	1,177,667	960,938	-	-
Dividends payable	-	900	-	900
	44,012,888	27,522,502	644,562	336,464

33. PAYABLES AND ACCRUED EXPENSES (CONT'D)

Included in payables of the Group are:

(i) amount payable of RM11,743,982 (2015: RM6,502,658) by a subsidiary company in respect of certain incentive programmes entered into with corporations;

(ii) collections received of RM8,878,108 (2015: RM5,188,152) on behalf of various cooperatives and corporations by subsidiary companies in their capacity as the collection and payment agents; and

(iii) advance payments from customers amounting to RM5,930,965 (2015: RM6,037,492).

34. COMMITMENTS

(a) Capital commitments

	The Group	
	2016 RM	2015 RM
Capital expenditure in respect of plant and equipment not provided for:		
Approved and contracted for	484,543	67,587

(b) Operating lease commitments – as lessor

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

	The Group	
	2016 RM	2015 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	
	2016 RM	2015 RM
Within one year	28,440	32,280
More than 1 year and less than 5 years	71,230	25,160
	99,670	57,440

35. 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) Loan 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(ii) Factoring, confirming and industrial hire purchase:

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 20.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Irrevocable loan commitments issued on behalf of customers	645,161	1,522,093	-	-
Financial guarantee to a trustee for MTNs facility granted to a subsidiary company	-	-	420,000,000	420,000,000
Financial guarantees to licensed financial institutions for borrowing facilities granted to subsidiary companies	-	-	597,700,000	235,200,000
	645,161	1,522,093	1,017,700,000	655,200,000

As at the reporting date, the fair value of the financial guarantees are nil (2015: 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

Collaterals

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

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

(ii) Factoring, confirming and industrial hire purchase - 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 89.65% (2015: 84.03%).

(c) Liquidity risk

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 levels of cash to meet its working capital requirements, apart from striving to maintain available banking facilities at a reasonable level to its overall debt position.

Cash flow forecasting is performed in the operating entities of the Group on an aggregate basis, taking into consideration the Group's debts financing plans, including matching of the maturity profiles of the Group's financial assets and liabilities.

In addition, the Group is pursuing plans to match its assets by converting the current into non-current liabilities in order to meet its short term obligation as and when they fall due.

35. 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 the Company's financial instruments that are exposed to interest rate risk:

				Maturity profile		
The Group	**Note**	**WAEIR %**	**Total RM**	**Within 1 year RM**	**2-5 years RM**	**After 5 years RM**
2016						
Fixed rate						
Loans and receivables	19	14.23	1,260,442,022	152,109,446	406,537,471	701,795,105
Trade receivables	20	11.63	8,267,167	8,267,167	-	-
Hire-purchase payables	31	4.57	384,457	137,181	247,276	-
Fixed rate MTNs	32	10.12	35,710,621	35,710,621	-	-
Term loans (secured)	32	6.03	577,996,672	66,363,007	453,886,260	57,747,405
Floating rate						
Deposits with licensed financial institutions	27	2.89	153,005,473	153,005,473	-	-
Revolving credits	32	4.91	407,675,072	407,675,072	-	-
Other bank borrowings *	32	4.49	7,935,547	7,935,547	-	-
2015						
Fixed rate						
Loans and receivables	19	13.14	1,069,917,200	149,755,042	307,456,606	612,705,552
Trade receivables	20	11.53	17,884,596	17,884,596	-	-
Hire-purchase payables	31	4.61	301,809	124,853	176,956	-
Fixed rate MTNs	32	9.59	65,861,335	31,239,614	34,621,721	-
Term loans (secured)	32	5.76	344,627,728	43,104,290	301,523,438	-
Floating rate						
Deposits with licensed financial institutions	27	3.12	40,576,237	40,576,237	-	-
Term loans (secured)	32	4.15	516,352	516,352	-	-
Revolving credits	32	4.98	209,829,746	209,829,746	-	-
Other bank borrowings *	32	4.76	10,859,862	10,859,862	-	-

* Other bank borrowings comprise trust receipts, bankers' acceptances and bank overdrafts.

35. 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	2-5 years RM	After 5 years RM
2016				
Fixed rate				
Hire-purchase payables	414,372	151,944	262,428	-
Fixed rate MTNs	37,117,724	37,117,724	-	-
Term loans (secured)	648,726,643	90,433,303	497,526,672	60,766,668
Floating rate				
Revolving credits	407,675,072	407,675,072	-	-
Other bank borrowings *	7,935,547	7,935,547	-	-
2015				
Fixed rate				
Hire-purchase payables	320,287	135,313	184,974	-
Fixed rate MTNs	72,332,957	36,042,032	36,290,925	-
Term loans (secured)	362,064,777	50,213,541	311,851,236	-
Floating rate				
Term loans (secured)	520,453	520,453	-	-
Revolving credits	209,829,746	209,829,746	-	-
Other bank borrowings *	10,859,862	10,859,862	-	-

* Other bank borrowings comprise trust receipts, bankers' acceptances and bank overdrafts.

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 RM1,578,658 (2015: RM828,395) arising mainly as a result of a lower/higher interest expense on floating rate borrowings.

35. 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:

		2016		2015	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset					
Loans and receivables	19	1,260,442,022	1,268,657,000	1,069,917,200	1,075,263,876
Financial liabilities					
Borrowings					
- Fixed rate MTNs [including accrued interest of RM826,800 (2015: RM1,272,470)]	32	35,710,621	36,138,484	65,861,335	67,959,332

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

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.

(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) Fixed rate MTNs

The fair values are estimated using discounting technique. The discount rates are based on market rates available to the Group for similar instruments.

(iv) Short term financial instruments

The fair values are estimated to approximate their carrying amounts as the financial instruments are considered short term in nature.

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).

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2016				
Financial asset				
Loans and receivables	-	-	1,268,657,000	1,268,657,000
Financial liabilities				
Borrowings - Fixed rate MTNs	-	36,138,484	-	36,138,484
31 March 2015				
Financial asset				
Loans and receivables	-	-	1,075,263,876	1,075,263,876
Financial liabilities				
Borrowings - Fixed rate MTNs	-	67,959,332	-	67,959,332

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group continue as going concerns while maximising 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 and cash and bank balances. Total equity is calculated as share capital plus reserves as shown in the statements of financial position.

36. CAPITAL MANAGEMENT (CONT'D)

As at the reporting date, the gearing ratio is as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total borrowings	1,029,317,912	631,695,023	-	-
Less: Deposits and cash and bank balances	(167,585,403)	(51,587,765)	(629)	(550)
Net borrowings	861,732,509	580,107,258	(629)	(550)
Total equity	456,536,705	566,214,254	319,008,130	354,549,760
Gearing ratio (times)	1.89	1.02	-	-

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding any treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 March 2016.

37. ESOS AND ESS

The ESOS is governed by the bylaws which was approved by the shareholders at the Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and was to be in force for a period of ten (10) years from the date of implementation.

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

			Number of options over ordinary shares of RM0.10 each				
Grant date	Expiry date	Exercise price per share* RM	Balance as at 1.4.2015	Granted	Exercised	Cancelled^	Balance as at 31.3.2016
24.3.2010	14.9.2019	0.25	12,507,700	-	(7,109,500)	(5,398,200)	-
11.8.2014	10.8.2016	0.20	17,559,000	-	(12,763,133)	(4,795,867)	-

One (1) option is exercisable into 1.5 new ordinary shares of the Company.

* Adjusted in accordance to Bylaw 11 of ESOS.
^ ESOS terminated on 31 December 2015.

37. ESOS AND ESS (CONT'D)

The fair value of share options granted in the previous financial year, 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 were as follows:

		2015
Fair value of share options at grant date, 11 August 2014	(RM)	0.030
Grant date share price	(RM)	0.345
Exercise price	(RM)	0.320
Expected volatility	(%)	12.35
Expected life	(years)	2
Risk free rate	(%)	3.803
Expected dividend yield	(%)	4.348

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.

The ESOS was terminated and replaced with ESS on 31 December 2015 which were approved by shareholders on 2 September 2015.

The ESS will 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 issued and paid-up ordinary share capital 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 day weighted average market price of the Company's shares immediately preceding the date of offer.

38. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 5 November 2015, the Company announced its proposal to undertake:

(i) a capital repayment to the Company's shareholders of RM0.075 for each ordinary share of RM0.10 each in the Company by way of a proposed share capital reduction; 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 after the proposed share capital reduction

(collectively referred to as the "Proposal").

The Proposal was approved by the shareholders at the Extraordinary General Meeting held on 14 January 2016. The share consolidation was completed on 26 April 2016 upon listing of and quotation for 340,952,486 ordinary shares of RM0.10 each based on the issued and paid-up share capital of the Company of 1,363,809,945 ordinary shares of RM0.025 each (including treasury shares).

Meanwhile, the capital repayment was completed upon RM97,459,577 paid to shareholders on 6 May 2016.

Statement by Directors

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 48 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 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 2016 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 30(c), which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the directors

SHAHMAN AZMAN | **SOO KIM WAI**

26 May 2016

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 48 to 123 are, in my opinion, correct and I make this solemnly 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 26th day
of May 2016.

YAP CHOON SENG

Before me

PESURUHJAYA SUMPAH
No : W538
Nama : Woon Mee Chin
MALAYSIA

42A, PERSIARAN ARA KIRI,
LUCKY GARDEN, BANGSAR,
59100, KUALA LUMPUR

COMMISSIONER FOR OATHS

Analysis of Shareholdings
as at 30 June 2016

Authorised Capital	:	RM400,000,000.00
Issued and Paid-Up Capital	:	RM34,095,248.60
Class of Shares	:	340,952,486 ordinary shares of RM0.10 each
Voting Rights	:	One (1) vote per shareholder on show of hands or one (1) vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	430	5.45	12,227	0.00
100 to 1,000	953	12.08	574,725	0.18
1,001 to 10,000	4,631	58.69	18,709,588	5.76
10,001 to 100,000	1,720	21.79	46,240,013	14.23
100,001 to less than 5% of issued shares	154	1.95	52,319,154	16.11
5% and above of issued shares	3	0.04	207,009,554	63.72
Total	**7,891**	**100.00**	**324,865,261**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CEMPAKA EMPAYAR SDN BHD	130,134,554	40.06
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB FOR CEMPAKA EMPAYAR SDN BHD (PB)	56,250,000	17.31
3.	BBL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	20,625,000	6.35
4.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	3,622,900	1.12
5.	YAP PHAIK KWAI	2,500,000	0.77
6.	B-OK SDN BHD	2,250,000	0.69
7.	CIMB GROUP NOMINEES (ASING) SDN BHD - EXEMPT AN FOR DBS BANK LTD (SFS)	2,220,525	0.68
8.	SUMBERAMA SDN BHD	1,539,630	0.47
9.	YONG MOH LIM	1,500,000	0.46
10.	CHOO SHIOW CHARN	1,482,500	0.46
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIEW KON SING @ LIEW KONG	1,375,300	0.42
12.	LIEW SZE FOOK	1,315,000	0.40

THIRTY LARGEST REGISTERED SHAREHOLDERS (Cont'd)

No.	Name of Shareholders	No. of Shares	%
13.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD - EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	795,812	0.25
14.	NG CHEE KWONG	750,775	0.23
15.	AZMAN BIN HASHIM	750,000	0.23
16.	POS AD SDN BHD	641,825	0.20
17.	HONG WENG HWA	601,687	0.19
18.	LOH KAM CHUIN	600,000	0.19
19.	YAP CHOON SENG	600,000	0.19
20.	HONG WENG HWA	562,500	0.17
21.	TAN SOO SIE	538,112	0.17
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE AH ENG @ LEE AH HAI (BKT TINGGI-CL)	500,000	0.15
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR THOMAS LIM NAI KING @ LIM NAIKIENG	500,000	0.15
24.	THONG WENG KIN	500,000	0.15
25.	CHUA TEONG KIM @ SEOW TEONG KIM	499,500	0.15
26.	HONG WENG HWA	487,500	0.15
27.	NG BOO KEAN @ NG BEH KIAN	487,500	0.15
28.	STANCIL A/L J P BENEDICT	452,500	0.14
29.	OON HOOI KHEE	450,000	0.14
30.	SHALINA BINTI AZMAN	450,000	0.14
	TOTAL	**234,983,120**	**72.33**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Cempaka Empayar Sdn Bhd	207,009,554	63.72	-	-
Amcorp Group Berhad	-	-	207,009,554 [(1)]	63.72
Clear Goal Sdn Bhd	-	-	207,009,554 [(1)]	63.72
Tan Sri Azman Hashim	750,000	0.23	207,009,554 [(1)]	63.72

Note:

[(1)] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 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	337,500	0.10	-	-	-
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	75,000	0.02	93,750 [(1)]	0.03	-
Dato' Che Md Nawawi bin Ismail	-	-	-	-	-
Tan Bun Poo	-	-	-	-	-
Mahadzir bin Azizan	-	-	-	-	-
Soo Kim Wai	-	-	-	-	-
Shalina Azman	450,000	0.14	-	-	-
Loh Kam Chuin *(Chief Executive Officer)*	600,000	0.19	-	-	400,000

Note:

[(1)] *Deemed interested by virtue of Section 134(12)(c) of the Companies Act, 1965 through his son's shareholdings.*

Notes:
- On 26 April 2016, the Company completed its share capital reduction and share consolidation exercise as disclosed in Note 38 to the financial statements which had resulted in the reduction of the issued and paid-up share capital of the Company to 340,952,486 ordinary shares of RM0.10 each.
- The analysis of shareholdings is based on the Record of Depositors as at 30 June 2016, net of 16,087,225 treasury shares.

DIRECTORS' SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE SCHEME IN AMCORP PROPERTIES BERHAD, A RELATED COMPANY

Name of Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%	No. of Options Held
Shahman Azman					
- Ordinary Shares	649,200	0.11	-	-	960,000
- Redeemable Convertible Preference Shares	475,000	0.19	-	-	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixty-Second 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 Wednesday, 24 August 2016 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and Auditors thereon.

2. To declare a final single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31 March 2016. **Resolution 1**

3. To approve the payment of Directors' fees of RM336,000 for the financial year ended 31 March 2016. **Resolution 2**

4. To re-elect the following Directors who retire pursuant to Article 106 of the Company's Articles of Association:

   (i) Encik Shahman Azman **Resolution 3**

   (ii) Y. Bhg. Dato' Che Md Nawawi bin Ismail **Resolution 4**

5. To consider and if thought fit, to pass the following resolution:

   "THAT Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

6. To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without modifications:

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT subject always to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association 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 132D of the Companies Act, 1965 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 issued capital 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**

"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 25 July 2016, 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; **Resolution 8**

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 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) 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**

"THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Memorandum and Articles of Association 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 of RM0.10 each 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: **Resolution 9**

(i) the aggregate number of ordinary shares of RM0.10 each 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 issued and paid-up share capital of the Company for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits and the share premium account of the Company based on the audited financial statements for the financial year ended 31 March 2016 of RM103,778,509 and RM68,111,812 respectively;

(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 to be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled;

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."

10. **Retention of Y. Bhg. Dato' Che Md Nawawi bin Ismail as Independent Director**

"THAT pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and subject to the passing of Resolution 4, approval be and is hereby given to Y. Bhg. Dato' Che Md Nawawi bin Ismail, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 10**

11. **Retention of Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan as Independent Director**

"THAT pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and subject to the passing of Resolution 5, approval be and is hereby given to Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 11**

12. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31 March 2016, if approved by the shareholders, will be paid on 15 September 2016 to depositors who are registered in the Record of Depositors at the close of business on 30 August 2016.

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 30 August 2016 in respect of 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
25 July 2016

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 17 August 2016 shall be eligible to attend, speak and vote at the Sixty-Second 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.

Explanatory Notes on Special Business:

(i) Resolution 7 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 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 132D of the Companies Act, 1965 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 issued share capital 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 Annual General Meeting ("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-First AGM of the Company held on 2 September 2015.

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.

(ii) Resolution 8 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution proposed under item 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.

(iii) Resolution 9 - Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution proposed under item 9, if passed, will allow the Company to purchase up to 10% of the issued and paid-up share capital 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.

(iv) Resolution 10 and Resolution 11 – Retention of Y. Bhg. Dato' Che Md Nawawi bin Ismail and Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan as Independent Directors

The Ordinary Resolutions proposed under items 10 and 11, if passed, will allow Y. Bhg. Dato' Che Md Nawawi bin Ismail and Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan to be retained and to continue to act as Independent Directors of the Company. The Board of Directors has assessed the independence of all Independent Directors including Y. Bhg. Dato' Che Md Nawawi and Y. Bhg. Tan Sri Mohd Zaman Khan and is of the view that their retention as Independent Directors of the Company is in the best interest of the Company. Details of the Board's justification and recommendation for the retention of Y. Bhg. Dato' Che Md Nawawi and Y. Bhg. Tan Sri Mohd Zaman Khan as Independent Directors are set out in the Statement on Corporate Governance in the Annual Report 2016 on page 16.

Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and the Proposed Renewal of Share Buy-Back Authority are set out in the Circular/Statement to Shareholders dated 25 July 2016 which is despatched together with the Company's Annual Report 2016.

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-Second 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 Wednesday, 24 August 2016 at 10.00 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 3.5 sen per ordinary share for the financial year ended 31 March 2016.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Encik Shahman Azman as Director.		
4.	To re-elect Y. Bhg. Dato' Che Md Nawawi bin Ismail as Director.		
5.	To re-appoint Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan as Director.		
6.	To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9.	Proposed Renewal of Share Buy-Back Authority.		
10.	Retention of Y. Bhg. Dato' Che Md Nawawi bin Ismail as Independent Director.		
11.	Retention of Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan as Independent Director.		

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 ____________________ 2016.

No. of Shares Held	CDS Account No.

____
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 17 August 2016 shall be eligible to attend, speak and vote at the Sixty-Second 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 and 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

Please fold here

RCE

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