RCE

RCE CAPITAL BERHAD

(2444-M)

Annual Report 2010

member of AMCORP

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Sixth Annual General Meeting of RCE Capital Berhad will be held at Tun Rahah Grand Hall, 1st Floor, Menara Yayasan Tun Razak, 200 Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, 8 September 2010 at 10.30 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a Final Dividend comprising gross dividend of 9% less 25% income tax and single-tier tax exempt dividend of 8.5% for the financial year ended 31 March 2010. **Resolution 2**

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

   (i) Mr. Chew Keng Yong **Resolution 3**
   (ii) Encik Shahman Azman **Resolution 4**

4. To re-elect Y. Bhg. Dato' Ab. Halim bin Mohyiddin who retires pursuant to Article 93 of the Company's Articles of Association. **Resolution 5**

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

   (i) "THAT Y. Bhg. Tan Sri Azman Hashim 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 6**

   (ii) "THAT Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain 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 7**

6. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

7. **Payment of Directors' Fees**

   "THAT the payment of Directors' fees of RM225,000 for the financial year ended 31 March 2010 be and is hereby approved." **Resolution 9**

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

Resolution 10

"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."

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 11

"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 17 August 2010, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company.

AND THAT such authority conferred shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 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."

10. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Companies Act, 1965 ("the 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 12**

(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 2010 of RM217,629,367 and RM58,303,917 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 that 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."

11. **Proposed Offer of Options to Dato' Ab. Halim bin Mohyiddin**

"THAT the Board of Directors of the Company ("Board") be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Ab. Halim bin Mohyiddin, the Independent Non-Executive Director of the Company, options to subscribe for a maximum of 1,600,000 new shares of the Company or such other maximum allowable allocation corresponding to his designation or category as provided in the Bylaws governing and constituting the Company's Employees' Share Option Scheme ("ESOS") at the time of the relevant offer, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the Bylaws governing and constituting the ESOS and the Board be and is hereby authorised to allot and issue from time to time such number of new shares in the Company to Dato' Ab. Halim bin Mohyiddin pursuant to his exercise of options under the ESOS." **Resolution 13**

12. **Proposed Offer of Options to Loh Kam Chuin**

"THAT the Board of Directors of the Company ("Board") be and is hereby authorised at any time, and from time to time, to offer and grant to Loh Kam Chuin, the Chief Executive Officer of the Company, options to subscribe for a maximum of 700,000 new shares of the Company or such other maximum allowable allocation corresponding to his designation or category as provided in the Bylaws governing and constituting the Company's Employees' Share Option Scheme ("ESOS") at the time of the relevant offer, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the Bylaws governing and constituting the ESOS and the Board be and is hereby authorised to allot and issue from time to time such number of new shares in the Company to Loh Kam Chuin pursuant to his exercise of options under the ESOS." **Resolution 14**

Special Resolution

13. **Proposed Amendments to the Articles of Association of the Company**

"THAT the proposed deletions, alterations, modifications, variations and additions to the Articles of Associations of the Company as set out in Appendix I of the Circular to Shareholders dated 17 August 2010 be and are hereby approved." **Resolution 15**

14. 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 Dividend comprising gross dividend of 9% less 25% income tax and single-tier tax exempt dividend of 8.5% for the financial year ended 31 March 2010, if approved by the shareholders, will be paid on 28 September 2010 to depositors who are registered in the Record of Depositors at the close of business on 15 September 2010.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 15 September 2010 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

JOHNSON YAP CHOON SENG (MIA 20766)
SEOW FEI SAN (MAICSA 7009732)
Secretaries

Petaling Jaya
17 August 2010

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend 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 the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under 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.
4. 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.
5. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company at 312, 3rd 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 9 – Payment of Directors' Fees

The Ordinary Resolution proposed under item 7, if passed, will authorise the payment of Directors' fees to the Non-Executive Directors of the Company for their services as Directors during the financial year ended 31 March 2010.

(ii) Resolution 10 – Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 8 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 Fifty-Fifth AGM of the Company held on 20 August 2009.

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 interest of the Company.

(iii) Resolution 11 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution proposed under item 9, 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 the 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 Annual General Meeting of the Company.

(iv) Resolution 12 – Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution proposed under item 10, 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 Annual General Meeting of the Company.

(v) Resolutions 13 and 14 – Proposed Offer of Options to Dato' Ab. Halim bin Mohyiddin and Loh Kam Chuin

The Ordinary Resolutions proposed under item 11 and 12, if passed, will allow the Company to offer and grant to Dato' Ab. Halim bin Mohyiddin and Loh Kam Chuin, options to subscribe new ordinary shares of the Company under the Company's Employees' Share Option Scheme.

(vi) Resolution 15 – Proposed Amendments to the Articles of Association of the Company

The Special Resolution proposed under item 13 is to allow the Company to pay cash dividend electronically by crediting the dividend into each shareholders' bank account in line with the implementation of e-dividend by Bursa Malaysia Securities Berhad and to streamline the Articles of Association of the Company to be in line with Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Companies Act,1965 as well as to update the Articles of Association, where relevant, to render clarity and consistency throughout.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, Proposed Renewal of Share Buy-Back Authority and Proposed Amendments to the Articles of Association of the Company are set out in the Circular to Shareholders dated 17 August 2010 which is despatched together with the Company's 2010 Annual Report.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Azman Hashim
Non-Independent Executive Chairman

Dato' Ab. Halim bin Mohyiddin
Independent Non-Executive Director

Major General (Rtd) Dato' Haji Fauzi bin Hussain
Independent Non-Executive Director

Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan
Independent Non-Executive Director

Dato' Che Md Nawawi bin Ismail
Independent Non-Executive Director

Chew Keng Yong
Independent Non-Executive Director

Soo Kim Wai
Non-Independent Non-Executive Director

Shalina Azman
Non-Independent Non-Executive Director

Shahman 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

312, 3rd Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia
Tel : +603-7803 1126 / 7806 2116
Fax : +603-7806 1387 / 7806 1261
Email : eadvisory@epsilonas.com

BUSINESS ADDRESS

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

AUDITORS

Deloitte KassimChan
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor, Malaysia
Tel : +603-7723 6500
Fax : +603-7726 3986

SHARE REGISTRAR

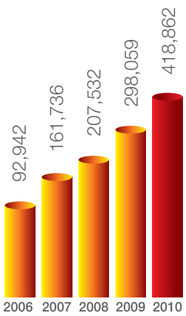
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : +603-2264 3883
Fax : +603-2282 1886

STOCK EXCHANGE LISTING

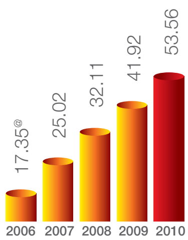
Bursa Malaysia Securities Berhad
Main Market
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

Group Financial Highlights

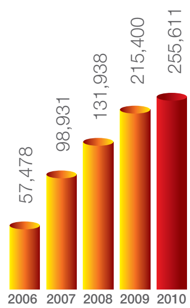
SHAREHOLDERS' FUNDS
(RM'000)



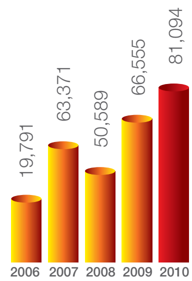
NET ASSETS PER SHARE
(sen)



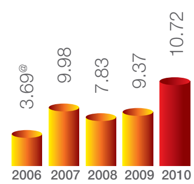
REVENUE
(RM'000)



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(RM'000)



BASIC EARNINGS PER SHARE
(sen)



Consolidated Balance Sheets
As At 31 March (RM'000)

	2006	2007	2008	2009	2010
Plant and equipment	1,344	1,759	3,463	3,745	3,046
Investment properties	1,771	1,735	1,698	2,846	2,786
Goodwill on consolidation	28,344	28,677	28,677	28,677	28,677
Loan receivables - Non current portion	220,284	368,968	609,349	839,444	992,527
Investments	61,170	31,557	31,557	30,387	30,387
Deferred tax assets	6,597	7,892	2,894	2,769	5,372
Current assets	83,119	247,854	298,489	373,375	476,142
Long term and deferred liabilities	(272,993)	(456,715)	(590,916)	(636,783)	(732,073)
Current liabilities	(36,694)	(69,991)	(177,679)	(346,402)	(388,001)
Share capital	46,893	64,634	64,634	71,097	78,207
Shareholders' funds	92,942	161,736	207,532	298,059	418,862
Net assets (NA)	92,942	161,736	207,532	298,059	418,862
NA per share (sen)	17.35@	25.02	32.11	41.92	53.56

Consolidated Income Statements
Financial Years Ended 31 March (RM'000)

	2006	2007	2008	2009	2010
Revenue	57,478	98,931	131,938	215,400	255,611
Profit before tax	23,512	73,760	66,761	92,335	109,989
Profit after tax	22,315	63,371	50,589	66,555	81,094
Net profit attributable to shareholders	19,791	63,371	50,589	66,555	81,094
Earnings per share:					
Basic (sen)	3.69@	9.98	7.83	9.37	10.72

Note:
@ Adjusted for bonus issue

Corporate Structure

RCE

RCE CAPITAL BERHAD

Consumer Financing

- 100% RCE Marketing Sdn Bhd

Commercial Financing

- 100% RCE Factoring Sdn Bhd

Investment Property / REIT

Property

- 100% RCE Equity Sdn Bhd
- 100% Mezzanine Enterprise Sdn Bhd

REIT

- 100% RCE Synergy Sdn Bhd

Profile of Directors

TAN SRI AZMAN HASHIM
Non-Independent Executive Chairman

Y. Bhg. Tan Sri Azman Hashim, a Malaysian, aged 71, was appointed to the Board on 2 December 1988.

Tan Sri Azman, a Chartered Accountant (FCPA), a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh & Co from 1964 to 1971. He then joined the Board of Malayan Banking Berhad ("MBB") from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of MBB, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Azman is the Chairman of Malaysian Investment Banking Association and Malaysia Productivity Corporation. He is the Chairman Emeritus of Pacific Basin Economic Council (PBEC) International and Co-Chairman of Malaysia-Singapore Roundtable. He is the President of the Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and Non-Aligned Movement's (NAM) Business Council, and Treasurer of Malaysia-Australia Foundation. He is a member of the APEC Business Advisory Council, East Asia Business Council, the Trilateral Commission (Asia-Pacific Group), the Malaysian-British and Malaysia-China Business Councils, and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors of AIM Centre for Corporate Social Responsibility. He is the Pro-Chancellor of Open University of Malaysia, a member of the Governing Body of Asian Productivity Organisation and the International Advisory Panel of Bank Negara Malaysia International Centre for Education in Islamic Finance (INCEIF).

Tan Sri Azman is the Chairman of AMMB Holdings Berhad ("AHB") and Chairman of the Board of several subsidiaries of AHB namely, AmInvestment Group Berhad, AMFB Holdings Berhad, AmBank (M) Berhad, AmInvestment Bank Berhad, AmIslamic Bank Berhad, AmProperty Trust Management Berhad, AmLife Insurance Berhad and AmG Insurance Berhad. Apart from the AHB group of companies, he is also the Executive Chairman of Amcorp Group Berhad, and the Chairman of Malaysian South-South Corporation Berhad, MCM Technologies Berhad, Islamic Banking & Finance Institute Malaysia Sdn Bhd and Institute of Bankers Malaysia. He serves as a Director of Pembangunan MasMelayu Berhad and Asian Institute of Finance Berhad. Tan Sri Azman is also involved in several charitable organisations as the Chairman of AmGroup Foundation, ECM Libra Foundation and Perdana Leadership Foundation, and Trustee for Yayasan Azman Hashim, Yayasan Perpaduan Nasional, Malaysian Liver Foundation, Yayasan Tuanku Najihah, Yayasan Canselor Open University Malaysia and Yayasan Wakaf Malaysia.

DATO' AB. HALIM BIN MOHYIDDIN
Independent Non-Executive Director

Y. Bhg. Dato' Ab. Halim bin Mohyiddin, a Malaysian, aged 64, was appointed to the Board on 8 October 2009.

He graduated with a Bachelor of Economics (Accounting) degree from University of Malaya in 1971 and thereafter joined Universiti Kebangsaan Malaysia as a Faculty member of the Faculty of Economics. He obtained his Masters in Business Administration from University of Alberta, Canada in 1973.

Dato' Ab. Halim joined KPMG Malaysia in 1977 and had his early accounting training in both Malaysia and the United States of America. He was made partner of the firm in 1985 and retired in October 2001. During his tenure as partner for 17 years, he was charged with various responsibilities. At the time of his retirement in 2001, he was the partner in charge of the Assurance and Financial Advisory Services Divisions of the firm. He was also looking after the Secured e-Commerce Practice of the firm.

He is a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA) and was the Past President of MICPA. He is a member of the Malaysian Institute of Accountants (MIA).

He also sits on the Board of AMDB Berhad, Amway (Malaysia) Holdings Berhad, Bank Pembangunan Malaysia Berhad, BI Credit & Leasing Berhad, ECM Libra Financial Group Berhad, Digi.Com Berhad, HeiTech Padu Berhad, Idaman Unggul Berhad, Idris Hydraulic (Malaysia) Berhad, KNM Group Berhad, Kumpulan Perangsang Selangor Berhad and Utusan Melayu (Malaysia) Berhad.

MAJOR GENERAL (RTD) DATO' HAJI FAUZI BIN HUSSAIN
Independent Non-Executive Director

Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain, a Malaysian, aged 70, was appointed to the Board on 25 April 2003.

He is a graduate of the Command and Staff College of Indonesia and the Joint Services Staff College of Australia. He has also attended management training courses in South Korea and the United States of America.

Dato' Haji Fauzi has since 1960 served in the Malaysian Army and the Royal Malaysian Air Force and held various positions in the command and staff appointments before retiring in November 1994 as Deputy Chief of Air Force. He was Joint-Chairman of the planning and execution committee of air exercises with Thailand and Indonesia and was also involved in the training and operations along the border of Malaysia and Thailand.

Dato' Haji Fauzi also sits on the Board of Atis Corporation Berhad, Genetec Technology Berhad and MCM Technologies Berhad.

DATUK MOHD ZAMAN KHAN @ HASSAN BIN RAHIM KHAN
Independent Non-Executive Director

Y. Bhg. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan, a Malaysian, aged 67, was appointed to the Board on 26 March 1998.

He graduated from the Royal College of Defense Studies, United Kingdom and also 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 is presently the President (2010 & 2011) of the Malaysian AIDS Council and also Trustee of the Malaysian AIDS Foundation.

Datuk Mohd Zaman Khan also sits on the Board of Tricubes Berhad.

DATO' CHE MD NAWAWI BIN ISMAIL
Independent Non-Executive Director

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 60, was appointed to the Board on 28 February 2006.

Dato' Nawawi holds a Bachelor of Laws degree from the International Islamic University of Malaysia and practised 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 AMDB Berhad and MCM Technologies Berhad.

CHEW KENG YONG
Independent Non-Executive Director

Mr. Chew Keng Yong, a Malaysian, aged 55, was appointed to the Board on 17 April 2001.

Mr. Chew obtained his Diploma in Management from the Malaysian Institute of Management in 1985.

He is the founder and the Group Chief Executive Officer of POS Ad group of companies which is involved in the provision of brand-building solutions.

Mr. Chew is also a Board member of Focus On The Family (Malaysia) Sdn Bhd, a non-profit organisation dedicated to strengthen and enrich families in Malaysia.

SOO KIM WAI
Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, aged 49, 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) and Fellow of the Certified Practising Accountant (CPA), Australia and 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, Mr. Soo also sits on the Board of AMDB Berhad, AMMB Holdings Berhad, AmProperty Trust Management Berhad, Kesas Holdings Berhad and MCM Technologies Berhad.

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 43, 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 a 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 Deputy Chairman of AMDB Berhad and a Director of MCM Technologies Berhad.

SHAHMAN AZMAN
Non-Independent Non-Executive Director

Encik Shahman Azman, a Malaysian, aged 35, was appointed to the Board on 2 June 2008.

Upon 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 listed 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 as Director of Strategic Business Unit on 1 January 2006. He was redesignated as Assistant to Executive Chairman of AMCORP on 1 January 2007.

Encik Shahman is also an Executive Director of AMDB Berhad and sits on the Board of AMCORP and MCM Technologies Berhad.

DETAILS OF MEMBERSHIPS IN BOARD COMMITTEES

COMMITTEES OF THE BOARD			
	Audit Committee	**Nomination & Remuneration Committee**	**Options Committee**
Tan Sri Azman Hashim			**Chairman**
Dato' Ab. Halim bin Mohyiddin	**Chairman**		
Major General (Rtd) Dato' Haji Fauzi bin Hussain	Member	Member	
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	**Chairman**	
Dato' Che Md Nawawi bin Ismail	Member		
Chew Keng Yong	Member	Member	
Soo Kim Wai	Member		Member
Shalina Azman		Member	Member
Shahman Azman			
Loh Kam Chuin *(Chief Executive Officer)*			Member

PROFILE OF CHIEF EXECUTIVE OFFICER

LOH KAM CHUIN
Chief Executive Officer

Mr. Loh Kam Chuin, a Malaysian, aged 43, was appointed as 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 a Manager and was promoted to Senior Manager and later Associate Director of FCSB prior to joining RCE Group. In 2001, he was appointed as a Director of RCE Marketing Sdn Bhd and has since 2006, held the position of Executive Director, Corporate Affairs prior to his current appointment.

Notes:

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

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present to you the Annual Report and Audited Financial Statements of RCE Capital Berhad (the "Group") for the financial year ended 31 March 2010.

ECONOMIC REVIEW

The timely and concerted policy responses by governments across the globe have helped steer the markets back from uncertainty as we recover from the global financial crisis last year. Economies in most countries have begun to stabilize and gradually emerge from recession in the second half of 2009.

Malaysia, being an open, trade-oriented country, was not spared as exports and production declined. The resultant slowdown in the economy was evident in the larger-than-expected contraction of 6.2% in the first quarter of 2009. Swift actions by the Government and Central Bank through fiscal stimulus measures and aggressive interest rate cuts respectively brought about an economic recovery in the second half of 2009. After contracting for the first three quarters, the economy rebounded in the fourth quarter, recording a Gross Domestic Product ("GDP") of +4.5% compared to a contraction of 1.2% in the third quarter. Consequently, we ended the year with a GDP contraction of 1.7%, performing much better than the revised GDP forecast of -4.5% to -5.5% for 2009.

The Malaysian economy is expected to further improve in 2010, with a GDP of 7.0% to 8.0% following the strong performance in the first quarter of 2010 with 10.1% growth, underpinned by the Government's stimulus spending, improved external and domestic demands, access to credit and better consumer confidence.

PERFORMANCE REVIEW

Despite the tough economic conditions in 2009, the Group continues to deliver solid performance for the financial year ended 31 March 2010. Operating profit before tax rose 19.0% from RM92.4 million to RM110.0 million in the current financial year. This was supported by higher revenue of RM255.6 million which grew 18.7% from RM215.4 million a year ago. In line with the improvement in revenue, the Group recorded RM81.1 million in net profit representing an increase of 21.8% compared to RM66.6 million previously. This good performance was driven by higher loan base resulting from enhancements in the Group's products, operations and market penetration.

Basic earnings per share posted positive growth of 14.4% from 9.37 sen to 10.72 sen in the current financial year. After taking into account the effect from the establishment of the Employees' Share Option Scheme ("ESOS") in September 2009, the Group posted a diluted earnings per share of 10.69 sen.

The enlarged equity base resulting mainly from the completion of the share placement of 10% of the paid up capital in August 2009 and to a lesser extent, the ESOS, have reduced the return on average equity to 22.6% compared with 26.3% in the last financial year.

Consumer Financing

Loan base continued to grow, ending the financial year at RM1.2 billion, up 20.0% from RM1.0 billion a year ago despite an increasingly competitive environment. Accordingly, operating profit from consumer financing grew from RM85.8 million to RM114.2 million, representing a 33.1% growth.

Despite intense competition from the increasing number of players, the Group was able to maintain its market share through the introduction of new products, supported by aggressive promotional campaigns. Syariah-compliant financing packages were also launched in July 2009, followed by longer tenure loan products in March 2010.

Apart from enhancement in products and services, growth was also driven by continued expansion in the sales network, supported by attractive incentive schemes.

Commercial Financing

Due to the challenging operating environment in the year under review, the Group has adopted a cautious approach in its SME lending activities. With lower turnover, receivables declined slightly by 6.0% from RM38.2 million to RM35.9 million. This has contributed to a lower revenue of RM4.6 million compared to RM5.3 million in the last financial year.

Notwithstanding that, the Group achieved a higher operating profit of RM0.7 million compared to RM0.1 million previously, attributed to lower allowance for doubtful debts.

CORPORATE DEVELOPMENT

The Group has so far issued eight tranches of bonds totaling RM800 million under its AAA-rated RM1.5 billion Asset-Backed Securities Programme through Tresor Assets Berhad, a trust-owned special purpose vehicle. This programme was set up in late 2007 to fund the expansion of the Group's loan financing business.

During the year, the Group has successfully undertaken two corporate exercises, namely the share placement of up to 10% of the Group's issued and paid-up capital ("Placement") and the establishment of an ESOS. The Placement was completed in August 2009, strengthening the Group's capital base from RM71.1 million to RM78.2 million. The ESOS was implemented in September 2009. As at 31 March 2010, a total of 17.8 million share options have been granted to eligible directors and employees under this 10-year scheme.

INVESTOR RELATIONS ("IR")

The Group is an active participant of the two-year IR Incentive Programme ("IRIP") initiated by Bursa Malaysia and administered by the Malaysian Investor Relations Association. The Group's participation in the IRIP, which is drawing to an end in September 2010, has been rewarding and we will continue to enhance our IR channels through the support we received throughout the programme.

The Group also maintains an active communication with the investing community. Part of our efforts are the regular one-on-one meetings and teleconferences with research analysts and potential investors throughout the year for better understanding of the Group's businesses. Our shareholder base has increased to more than 9,500 shareholders currently from over 8,800 a year earlier.

In line with good corporate governance practices, the Group constantly make timely announcements of its financial results, corporate developments and other required disclosures. The same set of information is also made available through our website (http://www.rce.com.my).

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group has partnered with the National Kidney Foundation ("NKF") since 2007 as part of our long term CSR initiatives. During the year, we have organised several events with NKF and provided financial assistance towards NKF's various kidney awareness and health screening campaigns.

Apart from health awareness, the Group is also active in promoting environmental conservation. Recycling campaigns as well as environmental awareness talks are carried out throughout the year to encourage eco-friendly lifestyle amongst our staff, whether at work or at home.

We are also involved in the various charitable activities conducted by our related companies and business associates, in line with the Group's commitment in contributing to the betterment of the community. The Group has participated in this year's Chinese New Year celebration hosted by Amcorp Group Berhad, our largest shareholder, for the residents of an old folks home.

DIVIDENDS

In view of the Group's strong performance, the Board is pleased to recommend a final dividend of 17.5% consisting of 9.0% less tax of 25% and 8.5% under the single-tier system (tax exempt) (last year: 10.0% less tax of 25%). This amounts to a net payment of approximately RM11.9 million, representing approximately 15% payout of the net profit of RM81.1 million in comparison with 9% in the previous year. The payout is consistent with the Group's dividend policy to strike a balance between delivering sustainable returns to shareholders and maintaining capital strength for future growth.

LOOKING AHEAD

While the recovery of the global economy continues to gather pace, particularly in the Asian region, the outlook for 2010 remains volatile due to recent events in the international financial and economic scene. However, any potential negative effects from this turmoil are unlikely to have any significant impact on emerging economies in Asia.

The strong growth of 10.1% in first quarter of 2010, led by robust external and domestic demand, is a clear indication that the Malaysian economy is on track to the path of recovery. Positive growth in all sectors is expected to continue with the support of policy initiatives, accommodative financing conditions and improved confidence. Various strategic measures under the recently unveiled 10th Malaysian Plan would also provide further boost to a broad-based recovery.

With improved consumer and business sentiments, the Group remains confident of positive growth and better performance in the coming financial year. We will continue to identify "niche" market segments that are not fully served and developed, and tailor our products to tap into these segments.

As in the past, the Group continues to work closely with our business partners to adhere to the new guidelines, namely the Garis Panduan 6 and 7, which were announced by the Co-operative Commission of Malaysia (Suruhanjaya Koperasi Malaysia) last year. We continue to tailor our products and operations with our business partners to be in compliance with the relevant regulations that may be introduced from time to time.

In line with the new accounting requirements, the Group shall be adopting the Financial Reporting Standard 139, issued by the Malaysian Accounting Standards Board (MASB) in its convergence with the International Financial Reporting Standards (IFRS) by 2012. Impact from the adoption of this new standard shall be reflected in the financial year ending 31 March 2011. However, this change will only affect the results presentation and not the Group's business.

ACKNOWLEDGMENT

I would like to extend my appreciation to my fellow Board members for their dedication and guidance, and to our management team and staff for their hard work and commitment to the Group.

I also wish to convey my gratitude to our shareholders, business associates and the regulatory authorities for their continued support and confidence in the Group.

Tan Sri Azman Hashim
Chairman

28 July 2010

Statement on Corporate Governance

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 is committed to uphold 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 corporate governance practices of the Company and the manner in which the Company has complied with the principles and best practices as set out in the Malaysian Code on Corporate Governance (Revised 2007) ("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 ensure that RCE Group's business is properly managed to safeguard the Group's assets and shareholders' investment. The profile of each Director is set out in the Profile of Directors of the Annual Report.

The Board's composition of nine (9) members, comprising an Executive Director, three (3) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors is in compliance with paragraph 15.02 of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"). The independent directors which make up more than half of the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and the decision-making process. 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 Executive Chairman, Y. Bhg. Tan Sri Azman Hashim and the Chief Executive Officer, Mr. Loh Kam Chuin, are separate with clear distinction of responsibility between them. The Executive Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Chief Executive Officer leads the executive managemet and is responsible for the day-to-day running of the business and implementation of Group's policies and decisions. The Executive Chairman has not previously been a Chief Executive Officer of the Company.

The Board has not identified any independent director as the Senior Independent Non-Executive Director. Any concerns relating to the Group may be conveyed by the stakeholders to any of the independent directors.

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 questionnaires to assist the reviewer in his assessment and is spread over the following three (3) key areas:

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

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 is aligned to the organisation's objectives are put in place to ensure orderly management transition in the Group.

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 Committee meetings are planned in advance prior to the commencement of a new year and the schedule is circulated to the Directors 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 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 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.

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 employees 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 Malaysia Securities Berhad. 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 direct access to the advice and services of the Company Secretaries. The Company Secretaries are responsible in ensuring that Board procedures are met and constantly advise the Directors on compliance issues.

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

Name of Director	No. of Meetings Attended
Tan Sri Azman Hashim *(Non-Independent Executive Chairman)*	4/4
Dato' Ab. Halim bin Mohyiddin *(Independent Non-Executive Director)* *(Appointed on 8 October 2009)*	2/2
Major General (Rtd) Dato' Haji Fauzi bin Hussain *(Independent Non-Executive Director)*	4/4
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan *(Independent Non-Executive Director)*	4/4
Dato' Che Md Nawawi bin Ismail *(Independent Non-Executive Director)*	4/4
Chew Keng Yong *(Independent Non-Executive Director)*	3/4
Soo Kim Wai *(Non-Independent Non-Executive Director)*	4/4
Shalina Azman *(Non-Independent Non-Executive Director)*	3/4
Shahman Azman *(Non-Independent Non-Executive Director)*	4/4

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election 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. 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 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 and 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 the Section 129(6) of the Companies Act, 1965.

Directors' Training

The Board acknowledges the importance of continuous 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 Board's 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 Malaysia Securities Berhad.

During the financial year under review, the Company had organised a half-day in-house seminar on *"Tax Budget 2010 Update"* conducted by external consultant for the Directors and senior management. The Directors also continued to attend and participate in various training courses, briefings, conferences, executive workshops and seminars, which they have individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.

Some of the conferences, seminars, forums and trainings attended by the Directors during the financial year ended 31 March 2010 are as follows:

Key Areas	Topics
Corporate Governance & Risk Management	• KPMG Evening Talks - Essential Updates for Directors: - The Changing Equity Guidelines and Listing Requirements of SC & Bursa Malaysia - Evolution and Opportunities - The Changing Corporate Governance Landscape - Evolution or Devolution • Bursa Malaysia Evening Talks on Corporate Governance - CR Overview and Identifying CR Risks and Opportunity for Companies • Corporate Governance Guide - Towards Boardroom Excellence • Corporate Governance Week 2009 - Launch of CG Week & CG Guide - Forum on CG Guide • Updates on Corporate Governance And Financial Reporting
Leadership	• 4th APEC Business Advisory Council (ABAC) Meeting, CEO Summit & Leaders Dialogue • Transaction Leaders Forum • Perdana Leadership Foundation Industry Insights Seminar 2009 – "From the Trenches: Insights and Perspectives of Malaysia's Industry Leaders"

Key Areas	Topics
Directors' Duties & Obligations	• Bursa Malaysia Evening Talks on Corporate Governance – Directors' Duties
Financial, Taxation & Investment	• Financial Institutions Directors' Education Programme • Introduction to Financial Services Education Centre Bhd (FSEC) • Inaugural World Capital Markets Symposium • Bank Negara Malaysia High Level Conference on Financial Stability • FTSE Bursa Malaysia Index Series & Enhancements to the KLCI • Forum on FRS 139 Financial Instruments: Recognition and Measurement • Tax Budget 2010 Update • Institutional Investors Series 2009 • Market Outlook - Green Shoots or Grey Skies? • FRS on Advanced Consolidation Principles • ING Mid Year Market Outlook • Stock Market Mid Year Review and Outlook 2009 • National Accountants Conference 2009 • BDO Tax Seminar 2009 • UBS Global Outlook 2010 by UBS Wealth Management Research • BDO Tax Forum Series - GST: Which Hat Are You Wearing?
Business & Economics	• Brainstorming Session with World Bank Experts – "Strategies Towards Higher Growth and Income" • Briefing for Officials from World Bank's Africa Region for the South-South Experience Exchange between Malaysia and Africa on Special Economic Zones and Competitive Clusters • 2nd APEC Business Advisory Council (ABAC) Meeting representing ABAC Malaysia • 14th East Asia Business Council (EABC) Meeting • 15th East Asia Business Council (EABC) Meeting • Malaysia Productivity Corporation National ICC Convention • New Central Bank Bill • 3rd APEC Business Advisory Council (ABAC) Meeting • 16th East Asia Business Council (EABC) Meeting • The Asian Business Summit Meeting • Taipan 2009 – The Making of Asian Giants • Governance Expectations of International Fund Managers • AML/CFT Trend and Typologies Seminar • MICPA-Bursa Malaysia Business Forum 2009 • Sun Tzu Art of War • Vistage CEO Tea Talk - "Managing The New Normal of Tomorrow" • Latest Issues and Challenges Facing Malaysia

The Nomination & Remuneration Committee has reviewed and is 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

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 Executive Director, the remuneration packages link rewards to individual 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 share option 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 Directors' remuneration for the financial year ended 31 March 2010 are as follows:

- **Aggregate Remuneration**

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	-	225,000	225,000
Other Emoluments	934,000	44,000	978,000
Defined contributions	266,190	-	266,190
Benefits-in-kind	405,399	20,505	425,904

- **Analysis of Remuneration**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	-	7
RM50,001 – RM100,000	-	1
RM1,600,001 – RM1,650,000	1	-

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 of the Listing Requirements. The Board is of the opinion that the disclosure through "band disclosure" is sufficient to meet the objectives of the Code. Separate and detailed disclosure of individual Director's remuneration would not add significantly to the understanding of shareholders and other interested persons in this aspect.

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 Options 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 six (6) Non-Executive Directors, five (5) of whom are independent and is in compliance with the Listing Requirements. The members of the Audit Committee are as follows:

1. Dato' Ab. Halim bin Mohyiddin
   (Independent Non-Executive Director) – Chairman
2. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Non-Executive Director)
3. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan
   (Independent Non-Executive Director)
4. Dato' Che Md Nawawi bin Ismail
   (Independent Non-Executive Director)
5. Chew Keng Yong
   (Independent Non-Executive Director)
6. 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 under review, Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain has stepped down as Chairman of the Audit Committee and remained as a member of the Audit Committee. Y. Bhg. Dato' Ab. Halim bin Mohyiddin took over the role of Chairman of Audit Committee and he is a member of the Malaysian Institute of Accountants.

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

A full Audit Committee Report enumerating its membership, terms of reference 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 and its members are as follows:

1. Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan
   (Independent Non-Executive Director) – Chairman
2. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Non-Executive Director)
3. Chew Keng Yong
   (Independent Non-Executive 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 their duties.

(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 and chief executive officer.

(iv) 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 Group's senior management as the Committee is designated to consider.

The Nomination & Remuneration Committee meets at least once in a financial year and whenever required. During the financial year, two (2) meetings were held during which the Committee:

- undertook an evaluation exercise on the effectiveness, composition and balance of the Board as well as effectiveness of the Committees and contribution from each individual Director of the Company;
- undertook a review of all Directors who are due for re-election/re-appointment at the Company's Fifty-Fifth Annual General Meeting to determine whether or not to recommend their re-election/re-appointment;
- reviewed the training courses attended by the Directors;
- reviewed the annual bonus for the Executive Chairman; and
- reviewed the proposed appointment of Mr. Loh Kam Chuin as Chief Executive Officer of the Group and his remuneration package.

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

Options Committee

The Company, with the approval of its shareholders obtained at the Extraordinary General Meeting held on 20 August 2009, had established the Employees' Share Option Scheme ("Scheme") and the Scheme was implemented on 15 September 2009.

The Options Committee was established on 7 November 2009 to administer the Scheme in accordance to the Bylaws governing and constituting the Scheme as approved by the shareholders. The members of the Options Committee are as follows:

1. Tan Sri Azman Hashim - Chairman
2. Soo Kim Wai
3. Shalina Azman
4. Loh Kam Chuin
5. Lum Sing Fai

The Options Committee meets as and when required. The Options Committee met once during the financial year and was attended by all the members.

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.

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 Internal Control, which provides an overview of the state of internal control within the Group, is set out on pages 36 to 37 of this Annual Report.

Audit Committee

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 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. It is the policy of the Audit Committee to meet the external auditors, Messrs Deloitte KassimChan to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the management at least twice a year and whenever deemed necessary.

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 to provide 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. Shareholders are encouraged to participate in the question and answer session and to raise any questions relating to the proposed resolutions as well as Group's business operations and affairs.

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcements.

Corporate and financial information of the Group are also made available to the public through the Group's website at www.rce.com.my

Investor Relations

The Group values dialogues with its shareholders and investors. Briefings and open discussions with institutional investors, local analysts and fund managers are organised on a regular basis to update the investors on the Group's operations and financial results.

Primary contact for investor relations matters is Mr. Loh Kam Chuin, the Chief Executive Officer. Mr. Loh, aged 43, holds a Bachelor of Business-Banking and Finance from the University of South Australia and has been with the Group since year 1995.

Contact Details
Telephone number: +603-4047 0888
E-mail: IR@rce.com.my

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group acknowledges its social responsibilities towards the community and its various stakeholders. In this respect, the Group continued in its initiative to strive for a balanced approach in achieving its business profitability and the expectation of its stakeholders and the community. The best way for the Group to achieve this is through sustained and focused collaboration with a non-governmental organisation.

The Group is in its third year working with National Kidney Foundation ("NKF"), a non-profit charitable organisation which is dedicated towards promoting the prevention and treatment of kidney diseases through education, training and medical research, by supporting the various events, campaign and activities of NKF in various forms such as donations, sponsorships, staff volunteers and resources. The Group jointly with NKF had organised free health screening programme for the staff and public at Bangunan AmAssurance and government servants in Putrajaya to raise awareness of kidney diseases and their prevention and better health management. In addition, the Group also made cash donation to NKF which went towards providing subsidised dialysis treatment and medication for the needy kidney failure patients.

Health awareness talks are organised regularly together with health service providers to educate the employees on a healthy lifestyle and various preventive measures against diseases. In 2009 when the fear of a H1N1 pandemic was rife, the Group had acted swiftly to help curb the spread of the virus. Among the initiatives taken to protect the employees were advising them on the prevention and management of the spread of the virus as well as circulation of the list of the hospitals which were ready to treat H1N1. Hand sanitizers and face masks were also provided to staff and de-sanitization of office premises were conducted daily.

In an effort to promote environmental awareness, the Group together with Amcorp Group Berhad ("Amcorp") joined in the Earth Hour 2010 initiative by switching off external lighting in Amcorp Mall, Petaling Jaya and other non-essential lights for one hour on 27 March 2010. The Group continued to promote environmental conservation by initiating on-going recycling campaigns such as collecting old newspapers and used batteries and conducting environmental awareness talk to encourage employees to adopt eco-friendly practices at the workplace as well as at home.

As part of the Group's CSR efforts to contribute to the betterment of society, the Group is also involved in various charitable activities organised by its related companies and business associate and encourages its employees to do charitable deeds and extend a helping hand to the disadvantaged. The Group had participated in the event hosted by Amcorp for the old folks from Persatuan Kebajikan Ci Hang Cempaka ("PKCHC") on 22 February 2010 whereby the residents from PKCHC were invited to share the festive joy of Chinese New Year celebration. The residents were treated to lunch and entertained by Chinese acrobatics, art of mask changing and cultural dance performances as well as joining in the yee sang tossing ceremony held at Amcorp Mall. Red packets and goodies bags were distributed to the old folks as well as to the volunteers who helped out in the home. At the same time, the Group also recognises the importance of environmental conservation and hence, conscious effort was made to ensure that disposable cutleries were not used at the event.

The Group strongly believes that its people are key assets that drive the organisation to great successes and acknowledges their invaluable contribution to the organisation's growth. The Group organised various trainings, seminars and workshops to upgrade and enhance the skills and knowledge of its employees. These development opportunities are structured to align with the organisational objectives. Besides that, the Group also encourages a healthy work-life balance by encouraging the staff to engage in various sporting and leisure activities.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 26 May 2010.

Red packets for the old folks of Ci Hang

The residents of Ci Hang enjoying the Chinese acrobatic and cultural dance performance

Free health screening organised jointly with NKF

Distribution of bubur lambuk

Books for the needy children

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**

   There were no share buy-back exercises undertaken by the Company during the financial year.

3. **Options or Convertible Securities**

   There were no options or convertible securities issued by the Company during the financial year, other than the granting of options under Employees' Share Option Scheme ("ESOS") as disclosed in the financial statements.

   The options offered to Non-Executive Directors of the Company under the ESOS in respect of the financial year are as follows:

Name of Non-Executive Directors	No. of Options Offered
Major General (Rtd) Dato' Haji Fauzi bin Hussain	200,000
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	200,000
Dato' Che Md Nawawi bin Ismail	200,000
Chew Keng Yong	200,000
Soo Kim Wai	1,500,000
Shalina Azman	1,200,000
Shahman Azman	900,000

   There were no options exercised during the financial year.

4. **Depository Receipt Programme**

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

5. **Non-Audit Fees**

   The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the Company's auditors, or a firm or corporation affiliated to the auditors' firm for the financial year ended 31 March 2010 was RM71,630.

6. Profit Guarantee

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

7. Imposition of Sanctions and/or Penalties

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

8. Variation in Results

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

9. Utilisation of Proceeds

The proceeds totalling RM189.1 million from the following proposals:

(a) the issuance of 71,097,134 new ordinary shares of RM0.10 each at a premium of RM0.4503 per share in the Company for a cash consideration of RM39.1 million (“Private Placement”); and

(b) the issuance of RM196.9 million out of a total of RM1.5 billion asset-backed securities (“ABS”) by Tresor Assets Berhad backed by loan receivables originated by RCE Marketing Sdn Bhd, a subsidiary company with a net proceeds of RM150.0 million

were utilised as follows:

Description	**Total**
	RM’000
Proceeds - ABS	150,000
- Private Placement	39,125
Total proceeds	189,125
Payment of expenses	(105)
Repayment of borrowings	(189,020)
Balance as at 31 March 2010	-

10. List of Properties and Revaluation Policy

The details of the Group's properties are as follows:

Location	Tenure	Age of Building (Years)	Area (sq. ft.)	Description/ Existing Use	Net Book Value (RM'000)	Date of Acquisition	Date of Valuation	Expiry Date
Unit No. 1502 Level 15 Menara PJ Pusat Perdagangan AMCORP 18 Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan	Leasehold	13	5,511	Office	1,625	31.12.2004	31.03.2010	11.09.2088
Unit 24 Jalan 4/146 Bandar Tasik Selatan 57000 Kuala Lumpur	Leasehold	10	11,520	6-Storey Shop Lot	1,161	05.09.2008	05.09.2008	29.06.2087
					2,786			

The Company has not adopted any revaluation policy.

11. Recurrent Related Party Transactions

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

Statement on Internal Control

The Board of Directors ("Board") is responsible for the Group's system of internal control and for reviewing its adequacy and integrity.

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 it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of RCE Capital Berhad is pleased to disclose that:

(i) there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year; and

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

The Board summarises below the process it has applied in reviewing the adequacy and the integrity of the system of 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 department's work, which focuses on areas of priority as identified by risk analysis and in accordance with audit plan approved by the Audit Committee.

The Group has engaged the services of the internal audit department 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, aged 40, since year 2001. She is a member of MICPA.

(ii) The Group's Risk Management framework is outlined in the Group's Risk Management Policy. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's Risk Management framework. A Risk Management Committee comprising members of senior management monitors the risks faced by the Group. The Risk Management Committee reports to the Audit Committee. The Risk Management Committee is chaired by Puan Shalina Azman, a Director of RCE Capital Berhad.

The operations of the Group are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The nature and extent of the risks and the measures taken by the Group to minimize those risks are disclosed in the notes to the financial statements.

(iii) The framework of the Group's system of internal control and key procedures include:

- A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation.

- Key functions such as accounts, tax, corporate secretarial, treasury, insurance and legal matters are controlled centrally. The Corporate Secretarial Department is headed by the Company Secretary, Mr. Johnson Yap Choon Seng, aged 40, who is also the officer primarily responsible for the financial management of RCE Capital Berhad. He was appointed as the Company Secretary in year 2005. He obtained his Master in Business Administration at National University of Singapore and is a Fellow of the Association of Certified Chartered Accountants. He is also a member of the Malaysian Institute of Accountants.

- The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.

- Policies and procedures are clearly documented in the Standard Operating Procedures of most of the Operating Units in the Group in which their operations must comply.

- Corporate values, which emphasises ethical behavior, quality products and services, are set out in the Group's Employee Handbook.

(iv) The Group also practices Annual Budgeting and monitoring process as follows:

- There is an annual budgeting process for each area of business and approval of the annual budget by the Board.

- Actual performance compared with budget together with explanation of any major variance is reviewed monthly while budget for the current year is reviewed at least semi-annually.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee of RCE consists of:

Name	Designation	Directorship
Dato' Ab. Halim bin Mohyiddin *#	Chairman	Independent Non-Executive Director
Major General (Rtd) Dato' Haji Fauzi bin Hussain *	Member	Independent Non-Executive Director
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	Independent Non-Executive Director
Dato' Che Md Nawawi bin Ismail	Member	Independent Non-Executive Director
Chew Keng Yong	Member	Independent Non-Executive Director
Soo Kim Wai #	Member	Non-Independent Non-Executive Director

Notes:

* *Dato' Ab. Halim bin Mohyiddin was appointed Chairman of the Audit Committee on 8 October 2009 and Major General (Rtd) Dato' Haji Fauzi bin Hussain was redesignated as a member of the Audit Committee.*

\# *Dato' Ab. Halim bin Mohyiddin and Mr. Soo Kim Wai are members of the Malaysian Institute of Accountants.*

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2010, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended
Dato' Ab. Halim bin Mohyiddin *(Appointed on 8 October 2009)*	2/2
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Chew Keng Yong	2/4
Soo Kim Wai	4/4

The representative of the Internal Audit attended all the meetings held during the financial year. Other senior management members and the representatives of the external auditors also attended these meetings upon invitation to brief the Audit Committee on specific issues.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as set out below:

1.0 Composition

1.1 The Audit Committee shall be appointed by the Board of Directors from among their number and shall consist of not less than three (3) members, all of whom must be non-executive directors, with a majority of them being independent directors.

1.2 The Board shall at all times ensures that at least one (1) member of the Audit Committee:

(i) must be a member of the Malaysian Institute of Accountants (MIA); or

(ii) if he or she is not a member of the MIA, he must have at least three (3) years' working experience and:

(a) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(b) he or she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

1.3 In the event of any vacancy in the Audit Committee resulting in the number of members being reduced to below three (3), the Board of Directors shall within three (3) months appoint such number of new members as may be required to make up the minimum number of three (3) members.

1.4 The Chairman of the Audit Committee shall be elected among the members of the Audit Committee and shall be an independent director.

1.5 No alternate director shall be appointed as a member of the Audit Committee.

1.6 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

2.0 Quorum and Procedures of Meetings

2.1 Meetings shall be held not less than four (4) times in a financial year, although additional meetings may be called at any time by the Chairman upon the request of the external or the internal auditors or at the Chairman's discretion.

2.2 The quorum of meetings of the Audit Committee shall consist of not less than three (3) members; the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from among the members present.

2.3 The Company Secretary shall act as Secretary of the Audit Committee.

2.4 The Audit Committee may, as and when deemed necessary, invite other Board members, senior management personnel, a representative of the external auditors and external independent professional advisers to attend the meetings.

2.5 The Audit Committee shall meet with the external auditors, without the executive board members' present, at least twice in a financial year.

2.6 Minutes of each meeting shall be kept and distributed to each member of the Board.

3.0 Authority

3.1 The Audit Committee is authorised by the Board to investigate any matter within its terms of reference. It shall have the authority to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Audit Committee.

3.2 The Audit Committee shall have full and unrestricted access to any information pertaining to the Company and the Group.

3.3 The Audit Committee shall have direct communication channels with the internal and external auditors, and with the management of the Group, and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group whenever deemed necessary.

3.4 The Audit Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, external legal or other independent professional advice it considers necessary.

3.5 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to the Bursa Malaysia Securities Berhad.

4.0 Duties and Responsibilities

The Audit Committee shall review and, where appropriate, report to the Board of Directors the following:

(a) Risk Management and Internal Control

- The adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group
- The Group's risk management policy and implementation of the risk management framework
- The appointment or termination of members of the risk management committee
- The report of the risk management committee

(b) Internal Audit

- The internal audit function will report directly to the Audit Committee

- The adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work
- Any appraisal or assessment of the performance of members of the internal audit function, including the Head of Internal Audit; and approve any appointment or termination of senior staff members of the internal audit function

(c) External Audit

- The external auditors' audit plan and scope of their audits, including any changes to the planned scope of the audit plan
- The external auditors' audit report and their evaluation of the system of internal controls
- The appointment and performance of external auditors, the audit fee and any question of resignation or dismissal including any written explanations before making recommendations to the Board
- The assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work

(d) Audit Reports

- Internal and external audit reports together with management's responses to ensure that appropriate and prompt remedial action is taken by the management on major deficiencies in controls or procedures that are identified, including status of previous audit recommendations
- Findings of internal investigations and related management responses

(e) Financial Reporting

The quarterly results and the year end financial statements of the Company and the Group for recommendation to the Board of Directors for approval, focusing particularly on:

- changes in or implementation of accounting policies and practices
- significant adjustments arising from the audit
- significant and unusual events
- going concern assumption
- compliance with accounting standards and other legal requirements

(f) Related Party Transactions

Any related party transaction and conflict of interest situation that may arise within the Company or the Group.

(g) Allocation of Share Options

Verification on the allocation of share options to ensure compliance with the criteria for allocation of share options pursuant to the share scheme for employees of the Group at the end of each financial year.

(h) Other Functions

Any such other functions as the Audit Committee considers appropriate or as authorised by the Board of Directors.

SUMMARY OF ACTIVITIES

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

- **Financial Results**

  a. Reviewed the quarterly unaudited financial results of the Group prior to recommending them for the approval by the Board.

  b. Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for their consideration and approval. The review was focusing particularly on changes of accounting policy, significant and unusual events and compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements.

- **Internal Audit**

  a. Reviewed the annual audit plan for adequacy of scope and coverage on the activities of the Group.

  b. Reviewed the audit programmes, resource requirements for the year and assessed the performance of 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.

  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 Statement on Internal Control and recommended to the Board for inclusion in the Annual Report.

- **External Audit**

  a. Reviewed with the external auditors:

     - he 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.

  b. Reviewed the performance of the external auditors and made recommendations to the Board on their re-appointment and remuneration.

- **Related Party Transactions**

  a. Reviewed the related party transactions entered into by the Group.

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

As at the end of the financial year, the Audit Committee has yet to verify the allocation of options under the Company's Employees' Share Option Scheme as the offer period of the inaugural grant has not lapsed.

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 functions. The total cost incurred for the internal audit function of the Group for the financial year ended 31 March 2010 was RM110,000.

The scope of internal audit functions performed by the internal audit 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
- 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 statement 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 the Group 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 2010.

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 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 2010 are as follows:

	The Group RM	The Company RM
Profit for the financial year	81,094,235	211,977,464

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 paid, declared and proposed by the Company since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 31 March 2009:	
Final dividend of 10%, less tax of 25% on 782,068,474 ordinary shares, declared on 28 July 2009 and paid on 18 September 2009	5,865,517

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2010 of 17.5% on 782,395,174 ordinary shares will be proposed for shareholders' approval as below:

	RM
9.0%, less 25% tax	5,281,167
8.5% under single-tier system, tax exempt	6,650,359
	11,931,526

DIVIDENDS (CONT'D)

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 2011.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased to RM78,206,847 by way of the issuance of ordinary shares of RM0.10 each through a private placement exercise at an issue price of RM0.5503 per ordinary share for cash, for additional working capital purposes. The newly issued shares rank pari passu in all respects with the existing shares of the Company.

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

SHARE OPTIONS

No share options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company apart from the issue of share options pursuant to the Employees' Share Option Scheme ("ESOS").

The ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and is to be in force for a period of ten (10) years from the date of implementation. The salient features of the ESOS are as disclosed in Note 37 to the financial statements.

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

		ESOS expiring on 14 September 2019 Number of options over ordinary shares of RM0.10 each				
Grant date	Exercise price per share RM	Balance as at 1.4.2009	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2010
24 March 2010	0.59	-	17,843,900	-	-	17,843,900

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted share options in aggregate of less than 1,200,000 share options during the financial year.

SHARE OPTIONS (CONT'D)

Other than the directors' share options disclosed under the Directors' Interests in this report, there were no eligible directors and employees of the Group (excluding dormant subsidiary companies) who were granted 1,200,000 share options and above.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, 17,843,900 share options of the Company are unissued.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets 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 liability of any other person; or

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

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

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

Tan Sri Azman Hashim
Mej. Gen. (Rtd) Dato' Haji Fauzi Bin Hussain
Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan
Dato' Che Md Nawawi Bin Ismail
Chew Keng Yong
Soo Kim Wai
Shalina Azman
Shahman Azman
Dato' Ab. Halim Bin Mohyiddin (Appointed on 8 October 2009)

DIRECTORS' INTERESTS

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.4.2009	Bought	Sold	Balance as at 31.3.2010
Direct interest				
Chew Keng Yong	963,600	1,000,00	-	1,963,600
Indirect interest				
Tan Sri Azman Hashim	294,885,669	29,041,500	-	323,927,169

The following directors are deemed to have interest in the shares of the Company to the extent of the share options granted to them pursuant to the ESOS of the Company:

	ESOS expiring on 14 September 2019 Number of options over ordinary shares of RM0.10 each				
	Balance as at 1.4.2009	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2010
Tan Sri Azman Hashim	-	2,000,000	-	-	2,000,000
Soo Kim Wai	-	1,500,000	-	-	1,500,000
Shalina Azman	-	1,200,000	-	-	1,200,000

DIRECTORS' INTERESTS (CONT'D)

By virtue of his interest being more than 15% of the share capital of the Company, Tan Sri Azman Hashim is deemed to have an interest in all the subsidiary companies to the extent that the Company has an interest.

None of the other directors holding office at the end of the financial year held any 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, none of the directors 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 were no arrangement subsisted to which the Company was 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 except for the share options granted pursuant to the Company's ESOS as disclosed above and in Note 37 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events are disclosed in Note 38 to the financial statements.

AUDITORS

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

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

TAN SRI AZMAN HASHIM **SOO KIM WAI**

Kuala Lumpur
26 May 2010

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 balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 127.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, 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 to any other person for the contents of this report.

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 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 and fair presentation of the financial statements 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 have been properly drawn up in accordance with 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 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) we have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 17 being financial statements 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 purposes 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 or any adverse comment made under Sub-section (3) of Section 174 of the Act.

Deloitte Kassimchan

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

Wu Chih Shan

WU CHIH SHAN
Partner - 1887/03/12 (J)
Chartered Accountant

Petaling Jaya
26 May 2010

Income Statements

For the Financial Year Ended 31 March 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
Revenue	5	255,611,375	215,400,202	28,632,595	7,400,811
Other income		9,098,681	8,888,194	212,998,695	5,688,304
Interest expense applicable to revenue	6	(64,715,753)	(53,914,350)	(3,052,000)	(3,052,000)
Directors' remuneration	7	(3,820,358)	(1,285,740)	(2,620,168)	(175,500)
Staff costs	8	(12,334,046)	(8,197,027)	(275,528)	-
Depreciation of plant and equipment	15	(1,356,741)	(1,432,693)	(10,494)	(10,494)
Depreciation of investment properties	16	(59,930)	(50,203)	-	-
Write back/(Allowance) for impairment loss in short term investments	22	210	(558,960)	-	-
Other expenses		(72,399,054)	(66,462,195)	(21,761,239)	(981,647)
Finance costs	9	(35,189)	(52,318)	(10,625)	(6,739)
Profit before tax	10	109,989,195	92,334,910	213,901,236	8,862,735
Income tax expense	11	(28,894,960)	(25,780,236)	(1,923,772)	(2,752,885)
Profit for the financial year		81,094,235	66,554,674	211,977,464	6,109,850
Attributable to:					
Equity holders of the Company		81,094,235	66,554,674		
Earnings per share attributable to equity holders of the Company:					
Basic (sen)	13	10.72	9.37		
Diluted (sen)	13	10.69	9.37		

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

Balance Sheets

As at 31 March 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
ASSETS					
Non-Current Assets					
Plant and equipment	15	3,045,822	3,745,049	56,992	67,486
Investment properties	16	2,786,166	2,846,096	-	-
Investments in subsidiary companies	17	-	-	330,644,018	64,671,956
Goodwill on consolidation	18	28,676,975	28,676,975	-	-
Loan receivables	19	992,527,064	839,444,445	-	-
Other investments	20	30,387,175	30,387,175	2	2
Deferred tax assets	21	5,371,847	2,769,098	656,675	-
Total Non-Current Assets		1,062,795,049	907,868,838	331,357,687	64,739,444
Current Assets					
Short term investments	22	4,000,000	4,028,333	-	-
Loan receivables	19	146,080,924	112,495,089	-	-
Trade receivables	23	30,789,531	34,209,517	-	-
Other receivables, deposits and prepaid expenses	24	5,560,218	8,580,542	1,390,254	440,012
Amounts due from subsidiary companies	25	-	-	69,050,117	86,211,576
Deposits with licensed financial institutions	26	270,935,391	204,510,821	66,058	54,953
Cash and bank balances	26	18,775,540	9,550,817	5,579	278
Total Current Assets		476,141,604	373,375,119	70,512,008	86,706,819
Total Assets		1,538,936,653	1,281,243,957	401,869,695	151,446,263

Balance Sheets
As at 31 March 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	27	78,206,847	71,097,134	78,206,847	71,097,134
Reserves	28	340,655,490	226,961,415	282,488,598	37,911,294
Total Equity		418,862,337	298,058,549	360,695,445	109,008,428
Non-Current Liabilities					
Hire-purchase payables	29	392,012	486,326	-	12,066
Finance lease payables	30	-	26,965	-	-
Borrowings	31	705,252,716	622,304,328	40,000,000	40,000,000
Deferred tax liabilities	21	26,428,453	13,965,418	13,428	3,977
Total Non-Current Liabilities		732,073,181	636,783,037	40,013,428	40,016,043
Current Liabilities					
Payables and accrued expenses	32	71,004,385	46,079,890	1,148,756	1,100,050
Amount due to a subsidiary company	25	-	-	-	574,338
Hire-purchase payables	29	210,801	197,878	12,066	22,861
Finance lease payables	30	26,965	125,323	-	-
Borrowings	31	314,606,265	298,356,604	-	-
Tax liabilities		2,152,719	1,642,676	-	724,543
Total Current Liabilities		388,001,135	346,402,371	1,160,822	2,421,792
Total Liabilities		1,120,074,316	983,185,408	41,174,250	42,437,835
Total Equity and Liabilities		1,538,936,653	1,281,243,957	401,869,695	151,446,263

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

Statements of Changes in Equity

For the Financial Year Ended 31 March 2010

The Group	Note	Share Capital RM	Non-Distributable Reserves Share Premium RM	Non-Distributable Reserves Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2008		64,633,764	3,553,039	-	139,345,152	142,898,191	207,531,955
Profit for the financial year		-	-	-	66,554,674	66,554,674	66,554,674
Dividends	14	-	-	-	(5,332,285)	(5,332,285)	(5,332,285)
Issuance of private placement shares		6,463,370	22,944,963	-	-	22,944,963	29,408,333
Shares issue expenses		-	(104,128)	-	-	(104,128)	(104,128)
Balance as at 31 March 2009		71,097,134	26,393,874	-	200,567,541	226,961,415	298,058,549
Profit for the financial year		-	-	-	81,094,235	81,094,235	81,094,235
Dividends	14	-	-	-	(5,865,517)	(5,865,517)	(5,865,517)
Issuance of private placement shares		7,109,713	32,015,039	-	-	32,015,039	39,124,752
Shares issue expenses		-	(104,996)	-	-	(104,996)	(104,996)
Share options granted under ESOS	28	-	-	6,555,314	-	6,555,314	6,555,314
Balance as at 31 March 2010		78,206,847	58,303,917	6,555,314	275,796,259	340,655,490	418,862,337

The Company	Note	Share Capital RM	Non-Distributable Reserves Share Premium RM	Non-Distributable Reserves Share Options RM	Distributable Reserve Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2008		64,633,764	3,553,039	-	10,739,855	14,292,894	78,926,658
Profit for the financial year		-	-	-	6,109,850	6,109,850	6,109,850
Dividends	14	-	-	-	(5,332,285)	(5,332,285)	(5,332,285)
Issuance of private placement shares		6,463,370	22,944,963	-	-	22,944,963	29,408,333
Shares issue expenses		-	(104,128)	-	-	(104,128)	(104,128)
Balance as at 31 March 2009		71,097,134	26,393,874	-	11,517,420	37,911,294	109,008,428
Profit for the financial year		-	-	-	211,977,464	211,977,464	211,977,464
Dividends	14	-	-	-	(5,865,517)	(5,865,517)	(5,865,517)
Issuance of private placement shares		7,109,713	32,015,039	-	-	32,015,039	39,124,752
Shares issue expenses		-	(104,996)	-	-	(104,996)	(104,996)
Share options granted under ESOS	28	-	-	6,555,314	-	6,555,314	6,555,314
Balance as at 31 March 2010		78,206,847	58,303,917	6,555,314	217,629,367	282,488,598	360,695,445

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

Cash Flow Statements

For the Financial Year Ended 31 March 2010

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	81,094,235	66,554,674	211,977,464	6,109,850
Adjustments for:				
Income tax expense	28,894,960	25,780,236	1,923,772	2,752,885
Allowance for doubtful debts, net	27,842,359	23,898,710	-	-
Share options granted under ESOS	6,555,314	-	2,626,696	-
Amortisation of discount on medium term notes ("MTNs")	2,238,898	1,614,206	-	-
Loss on early redemption of MTNs	1,755,000	200,000	-	-
Depreciation of plant and equipment	1,356,741	1,432,693	10,494	10,494
Depreciation of investment properties	59,930	50,203	-	-
Finance costs	35,189	52,318	10,625	6,739
Plant and equipment written off	2,848	6,613	-	-
Investments in subsidiary companies written off	-	-	21,336,802	-
Investment income	(4,734,460)	(6,342,366)	(11,934)	(20,258)
Dividend income	(3,156,890)	(2,730,363)	(21,021,246)	-
Gain on disposal of plant and equipment	(185)	-	-	-
(Write back)/Allowance for impairment loss in short term investments	(210)	558,960	-	-
Interest income from amounts due from subsidiary companies	-	-	(4,003,350)	(5,668,046)
Gain on redemption of preference shares in a subsidiary company	-	-	(208,883,409)	-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Waiver of debt due to subsidiary companies	-	-	(100,002)	-
Operating Profit Before Working Capital Changes	141,943,729	111,075,884	3,865,912	3,191,664
Decrease/(Increase) in:				
Short term investments	28,543	-	-	-
Loan receivables	(213,383,398)	(292,019,965)	-	-
Trade receivables	2,292,571	(15,084,275)	-	-
Other receivables, deposits and prepaid expenses	1,733,459	7,588,902	145,131	434,906
Amounts due from/(to) subsidiary companies	-	-	(55,445,034)	(25,682,784)
Increase in:				
Payables and accrued expenses	24,891,614	6,137,564	17,478	222,471
Cash Used In Operations	(42,493,482)	(182,301,890)	(51,416,513)	(21,833,743)
Taxes paid	(17,977,236)	(14,769,970)	(2,760,984)	(2,143,663)
Taxes refunded	739,470	7,935,019	-	-
Net Cash Used In Operating Activities	(59,731,248)	(189,136,841)	(54,177,497)	(23,977,406)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	4,734,460	6,342,366	11,934	20,258
Dividend received	3,156,890	2,730,363	21,021,246	-
Proceeds from disposal of:				
Plant and equipment	21,324	39,293	-	-
Other investments	-	1,170,000	-	-
Additions to plant and equipment	(549,848)	(1,562,673)	-	-
Acquisition of a subsidiary, net	-	(1,194,000)	-	-
Acquisition of other investments	-	(2)	-	(2)
Net Cash Generated From Investing Activities	7,362,826	7,525,347	21,033,180	20,256

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	336,230,195	451,232,487	-	-
Repayment of revolving credits	(354,775,020)	(349,332,487)	-	-
Proceeds from issuance of asset-backed securities ("ABS")	150,000,000	181,000,000	-	-
Redemption of ABS	(54,000,000)	(20,000,000)	-	-
Drawdown of term loans	100,000,000	9,000,000	-	-
Settlement of term loans	(6,693,288)	(11,010,360)	-	-
Redemption of MTNs	(47,175,733)	(75,200,000)	-	-
Issuance of commercial papers	-	3,000,000	-	-
Redemption of bonds and commercial papers, net	(20,000,000)	(14,000,000)	-	-
(Settlement)/Drawdown of other borrowings, net	(8,382,003)	18,433,511	-	-
Issuance of shares	39,124,752	29,408,333	39,124,752	29,408,333
Dividends paid	(5,834,289)	(5,317,951)	(5,834,289)	(5,317,951)
Repayment of:				
Hire-purchase payables	(211,391)	(189,613)	(22,861)	(21,182)
Finance lease payables	(125,323)	(186,864)	-	-
Share issuance expenses	(104,996)	(104,128)	(104,996)	(104,128)
Finance costs paid	(35,189)	(52,318)	(1,883)	(3,562)
Net Cash Generated From Financing Activities	128,017,715	216,680,610	33,160,723	23,961,510
NET CHANGE IN CASH AND CASH EQUIVALENTS	75,649,293	35,069,116	16,406	4,360
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	214,061,638	178,992,522	55,231	50,871
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 26)	289,710,931	214,061,638	71,637	55,231

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

Notes to the Financial Statements
31 March 2010

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 312, 3rd 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 2-01 Block B, AMCORP Tower, AMCORP Trade Centre, No. 18, Jalan Persiaran Barat, 46050, Petaling Jaya, Selangor Darul Ehsan, 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.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 May 2010.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") 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.

There were no new FRSs and Issues Committee ("IC") Interpretations that were issued and effective during the financial year.

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

2.1 Accounting Standards and Interpretations Issued but Not Effective

As at the date of issuance of the financial statements, certain new FRSs and IC Interpretations have been issued but not yet effective until future periods. Those new FRSs and IC Interpretations which are relevant to the operations of the Group and of the Company are as follows:

FRSs/Interpretations		**Effective for financial period beginning on or after**
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowings Costs (Revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments:		
FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
	Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January 2010/ 1 March 2010
FRS 138	Amendments to FRS 138	1 July 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Improvements to FRSs (2009) which includes Amendments to FRSs 8, 107, 108, 110, 116, 117, 118, 119, 123, 127, 132, 134, 136, 138 and 140		1 January 2010

The Group and the Company will adopt the above FRSs and IC Interpretations when they become effective. The adoption of the above FRSs and IC Interpretations will not result in any significant financial impact on the financial statements of the Group and of the Company except for FRS 139, Financial Instruments: Recognition and Measurement. The financial impact of applying FRS 139 on these financial statements upon first adoption of the standard is not disclosed by virtue of the exemption provided under paragraph 103AB of FRS 139.

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.

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, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 3.9 on Goodwill on Consolidation).

If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in income statements any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiary companies are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiary companies. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

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.

The gain or loss on disposal of a subsidiary company, which is the difference between the net disposal proceeds and the Group's share of its net assets as at the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary company, is recognised in the income statements.

Minority interest is that portion of the profit or loss and net assets of a subsidiary company attributable to equity interests that are not owned, directly or indirectly through subsidiary companies by the Group. It is measured at the minority's share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiary companies' equity since that date.

Where losses applicable to the minority in a subsidiary company exceed the minority's interest in the equity of that subsidiary company, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary company subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group have been recovered.

3.3 Revenue Recognition

Revenue of the Group consists mainly of interest income from loan financing, factoring and confirming activities, commission income from provision of financial administrative, debts management and information technology ("IT") support services, dividend income, rental income, investment income and income from trading of securities.

Revenue of the Company consists of management fee, 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 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) Loan financing

Interest income earned is recognised over the installment period using the sum-of-digits method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

(b) Factoring and confirming activities

Interest income from factoring and confirming activities is recognised on accrual basis. Interest income on factoring activities is calculated based on a daily rest method on the balance outstanding whilst interest income from confirming activities is calculated based on a straight line method over the period of the confirming arrangement.

Overdue interest income from confirming activities is recognised upon collection.

(c) Others

Commission income from provision of financial administrative and debts management are recognised upon rendering of services.

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

Rental income is recognised on an accrual basis.

Income from trading of securities is recognised when the risks and rewards of ownership have passed.

Management fees are recognised when services are rendered.

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

IT services are recognised when services are rendered.

3.4 Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. 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, expense, 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 transactions are within the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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 the income statements during the financial period in which they are incurred.

Subsequent to 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 periods and rates are as follows:

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

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

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 income statements 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 balance sheets as borrowings.

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 Company'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 the income statements 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 the income statements 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 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%.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment Properties (Cont'd)

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 income statements in the period of the retirement or disposal.

3.8 Investments

(a) Subsidiary companies

A subsidiary company is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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 the income statements.

(b) Other investment

Non-current investment other than investments in subsidiary companies and investment properties, representing investment in quoted shares is stated at cost less any accumulated impairment losses. Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statements.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Goodwill on Consolidation (Cont'd)

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 Impairment of Non-Financial Assets excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of their non-current 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 estimates 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 the income statements.

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 the income statements.

3.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

(a) Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheets when the Group has become a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

a) Financial instruments recognised on the balance sheets (Cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Short term investments

Short term investments, representing investments in securities held for trading purpose, fixed rate medium term notes and unquoted corporate bonds, are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable.

Investments in quoted shares are stated at the lower of cost and market value on a portfolio basis. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statements.

(ii) Loan receivables

Loan receivables are stated net of unearned interest and allowance made for doubtful debts. Specific allowances are made when the collectibility of receivables becomes uncertain. General allowances are made based on a set percentage of the receivables to cover possible losses, which are not specifically identified. This percentage is reviewed annually in the light of past experiences and prevailing circumstances and an adjustment is made to the overall general allowances, if necessary.

(iii) Receivables

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

(iv) 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

(a) Financial instruments recognised on the balance sheets (Cont'd)

(v) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Equity instruments are recorded at the proceeds received net of direct issue costs.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statements on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(b) Financial instruments not recognised on the balance sheets

There were no financial instruments not recognised on the balance sheets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Borrowing Costs

Borrowing costs are recognised in income statements in the period in which they are incurred.

3.13 Income Taxes

Income taxes in the income statements for the financial year comprise current and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

(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 balance sheets 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 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 balance sheet date. If it is no longer probable that sufficient 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 taxable profits will be available, such reductions will be reversed to the extent of the 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 by the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions

Provisions are made when the Group has 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 balance sheet 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 to the income statements.

3.15 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. 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 makes statutory contributions to statutory approved provident fund, and contributions are charged to the income statements when incurred. Once the contributions have been paid, the Group has no further payment obligations. The post employment benefit scheme is in accordance with local practices in which it operates and is a defined contribution plan.

(c) Share-based compensation

The Company's Employees' Share Option Scheme ("ESOS"), an equity settled, share-based payment compensation plan, allows the Group's eligible directors and employees to acquire ordinary shares of the Company.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employee Benefits (Cont'd)

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

At each balance sheet date, the Group 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 income statements, and a corresponding adjustment to equity over the remaining vesting period.

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

The amount attributable to exercised share options previously recognised in equity shall be transferred to share premium. Where share options have not been exercised by end of the option period and have expired, the amount attributable to these share options shall be transferred to retained earnings.

3.16 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 operates ("the functional currency").

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 balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet 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.

(b) Foreign currency transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statements for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Special Purpose Entities

A special purpose entity ("SPE") is consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity. In this context, control arises through the predetermination of the activities of the SPE.

An indication of control is evaluated by the risks of each party engaging in the transactions with the SPE. Frequently, the entity retains the residual or ownership risks in connection with the transactions and has the rights to the future economic benefits of the SPE.

3.18 Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise contingent liabilities but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiary companies by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

(a) Impairment of goodwill on consolidation

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

(b) Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectibility and aging 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 current creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals with were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(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 taxable profit will be available against which the 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 values of borrowings

The fair values of borrowings are 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 effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

5. REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Loan financing services:				
Interest income *	206,726,154	166,037,096	-	-
Commission income **	30,604,152	40,520,431	-	-
Others	174,884	590,188	-	-
	237,505,190	207,147,715	-	-
Trading of securities	10,051,091	-	-	-
Factoring and confirming	4,646,902	5,270,822	-	-
Dividend income from:				
Investment in real estate investment trust ("REIT")	3,156,890	2,729,963	-	-
Short term investments	-	400	-	-
Subsidiary companies	-	-	21,021,246	-
	3,156,890	2,730,363	21,021,246	-
Rental income	251,302	251,302	-	-
Management fee from a subsidiary company	-	-	7,611,349	7,400,811
	255,611,375	215,400,202	28,632,595	7,400,811

* Comprises interest income from loan financing.

** Comprises commission income from provision of financial administrative and debts management services.

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on:				
ABS	24,773,314	14,860,695	-	-
Fixed rate MTNs	20,207,468	24,746,725	-	-
Term loans	9,869,719	6,672,434	3,052,000	3,052,000
Revolving credits	8,199,949	4,981,080	-	-
Fixed rate serial bonds and underwritten commercial papers	973,644	2,145,678	-	-
Bankers' acceptances	404,461	409,661	-	-
Trust receipts	235,432	95,592	-	-
Bank overdrafts	51,766	2,485	-	-
	64,715,753	53,914,350	3,052,000	3,052,000

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company:				
Non-executive directors				
- Share options granted under ESOS	1,616,428	-	1,616,428	-
- Fees	225,000	136,500	225,000	136,500
- Other emoluments	44,000	39,000	44,000	39,000
	1,885,428	175,500	1,885,428	175,500
Executive directors				
- Other emoluments	934,000	864,000	-	-
- Share options granted under ESOS	734,740	-	734,740	-
- Defined contributions	266,190	246,240	-	-
	3,820,358	1,285,740	2,620,168	175,500
Benefits-in-kind	425,904	385,400	20,505	-
Total directors' remuneration	4,246,262	1,671,140	2,640,673	175,500

7. DIRECTORS' REMUNERATION (CONT'D)

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	
	2010	**2009**
Non-executive directors:		
RM50,000 and below	7	7
RM50,001 - RM100,000	1	-
Executive directors:		
RM1,350,001 - RM1,400,000	-	1
RM1,600,001 - RM1,650,000	1	-
	9	8

8. STAFF COSTS

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Salaries	6,454,038	6,287,318	-	-
Share options granted under ESOS	4,204,146	-	275,528	-
Defined contributions	784,519	788,766	-	-
Social security contributions	56,449	45,245	-	-
Others	834,894	1,075,698	-	-
	12,334,046	8,197,027	275,528	-

9. FINANCE COSTS

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Hire-purchase payables	27,599	31,427	10,625	3,562
Finance lease payables	7,590	20,891	-	-
Amount due to a subsidiary company	-	-	-	3,177
	35,189	52,318	10,625	6,739

10. PROFIT BEFORE TAX

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

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Investment income	4,734,460	6,342,366	11,934	20,258
Dividend income from:				
Investment in REIT	3,156,890	2,729,963	-	-
Short term investments	-	400	-	-
Subsidiary companies	-	-	21,021,246	-
Bad debts recoveries	2,226,398	1,055,865	-	-
Rental income	251,302	251,302	-	-
Realised gain on foreign exchange, net	9,204	24,194	-	-
Gain on disposal of plant and equipment	185	-	-	-
Write back/(Allowance) for impairment loss in short term investments	210	(558,960)	-	-
Gain on redemption of preference shares	-	-	208,883,409	-
Management fee from a subsidiary company	-	-	7,611,349	7,400,811
Interest income from amounts due from subsidiary companies	-	-	4,003,350	5,668,046
Waiver of debt due to subsidiary companies (Note 25)	-	-	100,002	-
Interest expense applicable to revenue (Note 6)	(64,715,753)	(53,914,350)	(3,052,000)	(3,052,000)
Allowance for doubtful debts, net	(27,842,359)	(23,898,710)	-	-
Amortisation of discount on MTNs	(2,238,898)	(1,614,206)	-	-
Loss on early redemption of MTNs	(1,755,000)	(200,000)	-	-
Borrowings' facility fees	(824,740)	(683,186)	(148,000)	(148,000)

10. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Plant and equipment written off	(2,848)	(6,613)	-	-
Rental of:				
Premises	(721,282)	(772,443)	-	-
Motor vehicle	(66,140)	(36,800)	-	-
Disaster recovery centre	(36,000)	(36,000)	-	-
Warehouse	(8,931)	(19,387)	-	-
Office equipment	(13,800)	(13,800)	-	-
Auditors' remuneration:				
Statutory audit				
- Current year	(195,200)	(183,200)	(62,400)	(55,500)
- Under provision in prior years	-	(9,000)	-	-
Non-statutory audit				
- Current year	(4,000)	(3,500)	(4,000)	(3,500)
Investments in subsidiary companies written off	-	-	(21,336,802)	-

11. INCOME TAX EXPENSE

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Income tax payable:				
Current year	17,472,769	10,954,394	2,488,205	2,335,692
Under provision in prior years	1,561,905	1,008,113	82,791	413,216
	19,034,674	11,962,507	2,570,996	2,748,908
Deferred tax (Note 21):				
Current year	9,860,286	11,499,617	(647,224)	3,977
Under provision in prior year	-	2,318,112	-	-
	9,860,286	13,817,729	(647,224)	3,977
	28,894,960	25,780,236	1,923,772	2,752,885

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	109,989,195	92,334,910	213,901,236	8,862,735
Tax at applicable statutory tax rate of 25% (2009: 25%)	27,497,297	22,688,441	53,475,309	2,215,684
Tax at applicable statutory tax rate of 20% (2009: 20%)	-	(100,000)	-	-
Tax effects of:				
Expenses not deductible for tax purposes	1,328,093	1,137,403	5,425,134	132,128
Income not subject to tax	(258,260)	(1,660,503)	(57,054,149)	(5,064)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	189,764	1,128,954	-	-
Deferred tax assets recognised in respect of current year's tax losses and unabsorbed capital allowances	(146,515)	-	(5,313)	-
Realisation of deferred tax assets not recognised previously	(1,277,324)	(740,284)	-	(3,079)
Tax at effective tax rate	27,333,055	22,454,011	1,840,981	2,339,669
Under provision of tax in prior years	1,561,905	1,008,113	82,791	413,216
Under provision of deferred tax in prior year	-	2,318,112	-	-
Income tax charged to income statements	28,894,960	25,780,236	1,923,772	2,752,885

11. INCOME TAX EXPENSE (CONT'D)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profits for the year of assessment 2010. The computation of deferred tax as at 31 March 2010 uses the same statutory tax rate.

Pursuant to Section 2(9) Income Tax Act, 1967, with effect from year of assessment 2010, a company established as a special purpose vehicle for the issuance of asset backed securities will no longer enjoy the preferential tax rate of 20% on its first RM500,000 of chargeable income, notwithstanding that the company's paid up share capital is RM2.5 million or less.

12. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services produced. The operating businesses are organised and managed separately according to the nature of the services, with each segment representing a strategic business unit that serves different markets.

(b) Business segment

The Group comprises the following main business segments:

(i) Loan financing segment

This segment engages in provision of general loan financing.

(ii) Investment holding and management services and others

These segments engage in investment activities and provision of management services.

(iii) Factoring and confirming

This segment engages in provision of factoring and confirming businesses.

(c) Geographical segment

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

(d) Allocation basis and transfer pricing

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

12. SEGMENT INFORMATION (CONT'D)

(d) Allocation basis and transfer pricing (Cont'd)

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

Business Segments:

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

The Group 2010	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	237,323,725	13,640,748	4,646,902	-	-	255,611,375
Inter-segment sales	9,802,386	31,372,595	-	-	(41,174,981)	-
Total revenue	247,126,111	45,013,343	4,646,902	-	(41,174,981)	255,611,375
Results						
Segment results	114,151,508	(4,812,851)	684,969	758	-	110,024,384
Finance costs						(35,189)
Profit before tax						109,989,195
Income tax expense						(28,894,960)
Profit for the financial year						81,094,235
Other Segment Information						
Capital additions	232,762	447,086	1,653	-	-	681,501
Depreciation and amortisation	2,798,013	726,970	130,586	-	-	3,655,569
Non-cash expenses other than depreciation and amortisation	26,717,792	(210)	1,127,415	-	-	27,844,997
Consolidated Balance Sheets						
Segment assets	1,434,904,414	63,904,081	40,128,158	-	-	1,538,936,653
Segment liabilities	1,048,812,307	49,281,506	19,827,784	-	-	1,117,921,597
Unallocated corporate liabilities	2,106,690	46,029	-	-	-	2,152,719
Consolidated total liabilities	1,050,918,997	49,327,535	19,827,784	-	-	1,120,074,316

12. SEGMENT INFORMATION (CONT'D)

Business Segments (Cont'd):

The Group 2009	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	207,027,715	3,101,665	5,270,822	-	-	215,400,202
Inter-segment sales	10,679,211	12,181,526	-	-	(22,860,737)	-
Total revenue	217,706,926	15,283,191	5,270,822	-	(22,860,737)	215,400,202
Results						
Segment results	85,842,945	6,494,620	58,238	(8,575)	-	92,387,228
Finance costs						(52,318)
Profit before tax						92,334,910
Income tax expense						(25,780,236)
Profit for the financial year						66,554,674
Other Segment Information						
Capital additions	936,645	487,432	336,493	-	-	1,760,570
Depreciation and amortisation	2,113,408	916,782	66,912	-	-	3,097,102
Non-cash expenses other than depreciation and amortisation	21,173,173	558,960	2,732,150	-	-	24,464,283
Consolidated Balance Sheets						
Segment assets	1,181,413,243	63,434,266	36,369,705	26,743	-	1,281,243,957
Segment liabilities	888,933,331	66,855,170	24,919,063	835,168	-	981,542,732
Unallocated corporate liabilities	999,308	643,368	-	-	-	1,642,676
Consolidated total liabilities	889,932,639	67,498,538	24,919,063	835,168	-	983,185,408

13. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

	The Group 2010 RM	The Group 2009 RM
Profit for the financial year attributable to equity holders of the Company	81,094,235	66,554,674
Weighted average number of ordinary shares in issue:		
Balance as at beginning of financial year	710,971,340	646,337,640
Effect of private placement of shares	45,580,080	64,102,464
Balance as at end of financial year	756,551,420	710,440,104
Earnings per ordinary share (sen)	10.72	9.37

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

(b) Diluted earnings per ordinary share

	The Group 2010 RM	The Group 2009 RM
Profit for the financial year attributable to equity holders of the Company	81,094,235	66,554,674
Weighted average number of ordinary shares in issue	756,551,420	710,440,104
Effects of dilution	1,952,729	-
Adjusted weighted average number of ordinary shares in issue	758,504,149	710,440,104
Earnings per ordinary share (sen)	10.69	9.37

The diluted earnings per ordinary share of the Group are calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares adjusted for dilutive effects of the share options granted to its eligible directors and employees of the Group.

14. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2010	2009	2010	2009
	RM	RM	RM	RM
Recognised during the financial year:				
Final dividend for 2008: 10%, less tax of 25%, on 710,971,340 ordinary shares, paid on 22 September 2008	-	-	-	5,332,285
Final dividend for 2009: 10%, less tax of 25%, on 782,068,474 ordinary shares, paid on 18 September 2009	-	5,865,517	5,865,517	-
Proposed for approval at AGM (not recognised as at 31 March):				
Final dividend for 2010: 17.5% on 782,395,174 ordinary shares	11,931,526	-	-	-
	11,931,526	5,865,517	5,865,517	5,332,285

At the forthcoming annual general meeting, a final dividend in respect of the financial year ended 31 March 2010 of 17.5% on 782,395,174 ordinary shares will be proposed for shareholders' approval as below:

	RM
9.0%, less tax of 25%	5,281,167
8.5% under single-tier system, tax exempt	6,650,359
	11,931,526

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 2011.

15. PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Computers and IT equipment under finance lease 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 2008	530,402	2,160,011	827,316	225,766	1,380,865	-	413,317	5,537,677
Additions	693,713	777,045	-	15,993	-	273,819	-	1,760,570
Disposals	(94,195)	-	-	-	-	-	-	(94,195)
Write-off	(143,036)	(41,320)	-	(3,974)	-	-	-	(188,330)
Reclassification	89,249	208,180	(208,180)	-	-	324,068	(413,317)	-
Balance as at 31 March 2009	1,076,133	3,103,916	619,136	237,785	1,380,865	597,887	-	7,015,722
Additions	70,984	431,193	-	4,154	144,519	30,651	-	681,501
Disposals	-	(49,467)	-	-	-	-	-	(49,467)
Write-off	-	-	-	(3,974)	-	-	-	(3,974)
Reclassification	-	163,933	(163,933)	-	-	-	-	-
Balance as at 31 March 2010	1,147,117	3,649,575	455,203	237,965	1,525,384	628,538	-	7,643,782
Accumulated depreciation								
Balance as at 1 April 2008	434,524	938,904	305,651	111,001	284,519	-	-	2,074,599
Charge for the financial year	156,688	603,528	263,290	46,543	255,037	107,607	-	1,432,693
Disposals	(54,902)	-	-	-	-	-	-	(54,902)
Write-off	(139,894)	(41,293)	-	(530)	-	-	-	(181,717)
Reclassification	-	208,179	(208,179)	-	-	-	-	-
Balance as at 31 March 2009	396,416	1,709,318	360,762	157,014	539,556	107,607	-	3,270,673
Charge for the financial year	178,245	583,786	146,264	47,125	278,988	122,333	-	1,356,741
Disposals	-	(28,328)	-	-	-	-	-	(28,328)
Write-off	-	-	-	(1,126)	-	-	-	(1,126)
Reclassification	-	163,931	(163,931)	-	-	-	-	-
Balance as at 31 March 2010	574,661	2,428,707	343,095	203,013	818,544	229,940	-	4,597,960
Carrying amount								
Balance as at 31 March 2009	679,717	1,394,598	258,374	80,771	841,309	490,280	-	3,745,049
Balance as at 31 March 2010	572,456	1,220,868	112,108	34,952	706,840	398,598	-	3,045,822

15. PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment RM	Motor vehicle under hire-purchase RM	Total RM
Cost			
Balance as at 31 March 2009/2010	36,328	95,470	131,798
Accumulated depreciation			
Balance as at 1 April 2008	36,328	17,490	53,818
Charge for the financial year	-	10,494	10,494
Balance as at 31 March 2009	36,328	27,984	64,312
Charge for the financial year	-	10,494	10,494
Balance as at 31 March 2010	36,328	38,478	74,806
Carrying amount			
Balance as at 31 March 2009	-	67,486	67,486
Balance as at 31 March 2010	-	56,992	56,992

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM681,501 (2009: RM1,760,570) with the following details:

	The Group 2010 RM	2009 RM
Acquired via:		
Cash payments	549,848	1,562,673
Hire-purchase arrangements	130,000	-
Payables	1,653	197,897
	681,501	1,760,570

16. INVESTMENT PROPERTIES

	The Group Leasehold buildings RM
Cost	
Balance as at 1 April 2008	1,829,190
Acquisition of a subsidiary company	1,198,200
Balance as at 31 March 2009/2010	3,027,390
Accumulated depreciation	
Balance as at 1 April 2008	131,091
Charge for the financial year	50,203
Balance as at 1 April 2009	181,294
Charge for the financial year	59,930
Balance as at 31 March 2010	241,224
Carrying amount	
Balance as at 31 March 2009	2,846,096
Balance as at 31 March 2010	2,786,166
Fair value	
Balance as at 31 March 2009	3,915,123
Balance as at 31 March 2010	3,600,000

The strata titles pertaining to:

(i) the leasehold building under RCE Equity Sdn. Bhd. has been issued during the financial year. The application for consent to transfer from Melawangi Sdn. Bhd., a related party is in progress; and

(ii) the leasehold building under Mezzanine Enterprise Sdn. Bhd. will not be issued by the relevant authority as it is owned by the Land Office.

The property rental income from the investment properties, which are under operating leases, amounted to RM251,302 (2009: RM251,302). Direct operating expenses arising from the investment properties during the financial year amounted to RM76,536 (2009: RM55,890).

17. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2010 RM	2009 RM
Unquoted shares, at cost	326,930,043	64,886,599
Less: Accumulated impairment losses	(214,643)	(214,643)
Add: Equity contribution to subsidiary companies pursuant to ESOS (Note 37)	3,928,618	-
	330,644,018	64,671,956

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

	Effective Equity Interest 2010 %	2009 %	Principal Activities
Direct subsidiary companies			
Effusion.Com Sdn. Bhd.	100	100	Provision of information technology
RCE Enterprise Sdn. Bhd.	-	100	In the process of de-registering from the Companies Commission of Malaysia
RCE Resources Sdn. Bhd.	-	100	In the process of de-registering from the Companies Commission of Malaysia
RCE Factoring Sdn. Bhd.	100	100	Confirming and factoring, 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
Indirect subsidiary companies			
RCE Equity Sdn. Bhd. $^{\pi}$	100	100	Property investment, provision of financial administrative services, debts management services and trading of securities

17. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Equity Interest 2010 %	2009 %	Principal Activities
Indirect subsidiary companies			
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 Management Sdn. Bhd. π	-	100	De-registered from the Companies Commission of Malaysia
RCE Premier 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 Premium Sdn. Bhd. π	-	100	De-registered from the Companies Commission of Malaysia
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

17. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Indirect subsidiary companies			
R & R Music Sdn. Bhd.ß	-	100	De-registered from the Companies Commission of Malaysia
Mezzanine Enterprise Sdn. Bhd. *^	100	100	Property investment, provision of financial administrative services

π Held indirectly through RCE Marketing Sdn. Bhd.
ß Held indirectly through RCE Trading Sdn. Bhd.
* Held indirectly through RCE Equity Sdn. Bhd.
^ Audited by another firm of auditors

18. GOODWILL ON CONSOLIDATION

	The Group 2010 RM	The Group 2009 RM
Goodwill on consolidation:		
Balance as at 1 April/31 March	28,676,975	28,676,975

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; and

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

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

18. GOODWILL ON CONSOLIDATION (CONT'D)

Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management. 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 from the issuance of debts securities by RCEM Group.

19. LOAN RECEIVABLES

	The Group	
	2010 RM	2009 RM
Loan receivables	2,311,442,112	1,946,888,157
Less: Unearned interest income	(1,107,134,414)	(921,373,111)
	1,204,307,698	1,025,515,046
Less: Allowance for doubtful debts	(65,699,710)	(71,072,819)
	1,138,607,988	954,442,227
Less: Prepayments	-	(2,502,693)
	1,138,607,988	951,939,534
Amount receivable within one year	(146,080,924)	(112,495,089)
Non-current portion	992,527,064	839,444,445

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

	The Group	
	2010 RM	2009 RM
Amount receivable:		
Within one to two years	85,843,572	78,074,064
Within two to five years	302,507,210	289,632,001
After five years	604,176,282	471,738,380
	992,527,064	839,444,445

19. LOAN RECEIVABLES (CONT'D)

Loan receivables, which arose from the provision of loan financing to the members of Koperasi Sejati Berhad, Koperasi Belia Nasional Berhad, Koperasi Wawasan Pekerja-Pekerja Berhad and Koperasi Perdana Nasional Malaysia Berhad (collectively referred to as "the Cooperatives"), are governed under Revolving Loan Facility Agreement, Assignment Agreement and the Power of Attorney (collectively referred to as "Security Agreements") between the Cooperatives and the Group.

The loan receivables are repayable over a maximum period of fifteen (15) (2009: fifteen (15)) years. The information on effective interest rate is disclosed in Note 36(a).

The Group received advances from the Cooperatives to finance its loan financing operations in prior years. Pursuant to a Settlement Agreement dated 31 March 2005, it was mutually agreed between the Cooperatives and the Group that the outstanding balance be used as part settlement of amounts outstanding from loan financing granted by the Group to the members of the Cooperatives and accordingly, the said RMnil (2009: RM2,502,693) has been presented in the financial statements as prepayments for the release of loan receivables which have been assigned by the Cooperatives to the Group in accordance with the terms of the Security Agreements.

The loan receivables of the Group of RM265,367,464 (2009: RM242,319,717) are pledged to financial institutions as securities for borrowings as disclosed in Note 31(d) and 31(e) respectively.

20. OTHER INVESTMENTS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Investment, at cost:				
REIT quoted in Malaysia	33,763,526	33,763,526	-	-
Unquoted shares	2	2	2	2
	33,763,528	33,763,528	2	2
Less: Accumulated impairment losses	(3,376,353)	(3,376,353)	-	-
	30,387,175	30,387,175	2	2
Market value of REIT quoted in Malaysia	37,139,879	28,698,997	-	-

Investment in REIT has been pledged as securities for borrowings granted to the Group as disclosed in Note 31(d).

21. DEFERRED TAX

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

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Balance as at 1 April	(11,196,320)	2,621,409	(3,977)	-
Recognised in income statements (Note 11)	(9,860,286)	(13,817,729)	647,224	(3,977)
Balance as at 31 March	(21,056,606)	(11,196,320)	643,247	(3,977)

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax assets	5,371,847	2,769,098	656,675	-
Deferred tax liabilities	(26,428,453)	(13,965,418)	(13,428)	(3,977)
	(21,056,606)	(11,196,320)	643,247	(3,977)

(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:

	Loan receivables RM	Unused tax losses and unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 April 2008	2,671,292	223,000	-	2,894,292
Recognised in income statements	59,418	(184,612)	-	(125,194)
Balance as at 31 March 2009	2,730,710	38,388	-	2,769,098

21. DEFERRED TAX (CONT'D)

Deferred tax assets of the Group (Cont'd):

	Loan receivables RM	Unused tax losses and unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 April 2009	2,730,710	38,388	-	2,769,098
Recognised in income statements	988,067	(24,146)	1,638,828	2,602,749
Balance as at 31 March 2010	3,718,777	14,242	1,638,828	5,371,847

Deferred tax assets of the Company:

	Other temporary differences RM	Total RM
Balance as at 1 April 2008/2009	-	-
Recognised in income statements	656,675	656,675
Balance as at 31 March 2010	656,675	656,675

Deferred tax liabilities of the Group:

	Plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 April 2008	(272,883)	-	(272,883)
Recognised in income statements	(165,513)	(13,527,022)	(13,692,535)
Balance as at 31 March 2009	(438,396)	(13,527,022)	(13,965,418)

21. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group (Cont'd):

	Plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 April 2009	(438,396)	(13,527,022)	(13,965,418)
Recognised in income statements	119,456	(12,582,491)	(12,463,035)
Balance as at 31 March 2010	(318,940)	(26,109,513)	(26,428,453)

Deferred tax liabilities of the Company:

	Plant and equipment RM	Total RM
Balance as at 1 April 2009/2008	(3,977)	(3,977)
Recognised in income statements	(9,451)	(9,451)
Balance as at 31 March 2010	(13,428)	(13,428)

(c) The amount of unused tax losses and unabsorbed capital allowances for which no deferred tax assets are recognised in the balance sheets, are as follows:

	The Group	
	2010 RM	2009 RM
Unused tax losses	50,196,596	46,736,112
Unabsorbed capital allowances	4,163,179	4,199,264
	54,359,775	50,935,376

22. SHORT TERM INVESTMENTS

	The Group	
	2010 RM	2009 RM
Investments in securities held for trading purpose, at cost:		
Unquoted corporate bonds	8,000,000	8,000,000
Quoted shares in Malaysia	-	28,543
	8,000,000	8,028,543
Less: Accumulated impairment losses	(4,000,000)	(4,000,210)
	4,000,000	4,028,333
Market value of quoted shares in Malaysia	-	28,333

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.

During the current financial year, there was no coupon payment received in respect of the unquoted corporate bonds.

23. TRADE RECEIVABLES

	The Group	
	2010 RM	2009 RM
Factoring receivables	23,706,741	9,460,541
Confirming receivables	12,205,962	24,819,295
IT support services fee receivable	16,538	-
Commission receivables	-	3,941,976
	35,929,241	38,221,812
Less: Allowance for doubtful debts	(5,139,710)	(4,012,295)
	30,789,531	34,209,517

The credit period granted by the Group ranges from 30 to 150 (2009: 30 to 150) days. 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.

As at the balance sheet date, there are significant concentration of credit risk arising from the amounts due from five (5) (2009: eleven (11)) major customers amounting to 59.38% (2009: 50.40%) of the total factoring and confirming receivables.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	2,413,502	3,825,381	54,071	54,071
Less: Allowance for doubtful debts	(54,071)	(54,071)	(54,071)	(54,071)
	2,359,431	3,771,310	-	-
Tax recoverable	1,617,966	2,904,831	1,095,373	-
Prepaid expenses	1,301,024	1,615,233	294,881	440,012
Refundable deposits	281,797	289,168	-	-
	5,560,218	8,580,542	1,390,254	440,012

Included in other receivables of the Group are:

(i) collections in transit from various co-operatives of RM2,202,664 (2009: RM2,917,659); and

(ii) collections paid on behalf of various co-operatives by subsidiary companies in their capacity as the collections and payments agent for those co-operatives of RMnil (2009: RM638,522).

25. RELATED PARTY TRANSACTIONS

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

	The Company	
	2010 RM	2009 RM
Amounts due from subsidiary companies	69,050,117	86,211,576
Amount due to a subsidiary company	-	574,338

The amounts due from/(to) subsidiary companies are unsecured, bear interest at 7.63% (2009: 7.13% to 7.63%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

25. RELATED PARTY TRANSACTIONS (CONT'D)

(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
AMDB Berhad ("AMDB") Corporateview Sdn. Bhd. ("CVSB") Fulcrum Capital Sdn. Bhd. ("FCSB")	Subsidiary companies of Amcorp Group Berhad, a substantial shareholder of the Company
Triple Esteem Sdn. Bhd. ("TESB")	A company in which the wife of a director of the Company is a controlling shareholder
AmAssurance Berhad ("AMAB") AmInvestment Services Bhd. ("AISB") AmInvestment Bank Berhad ("AIBB") Harpers Travel (M) Sdn. Bhd. ("HTSB") MCM Consulting Sdn. Bhd. ("MCMC") MCM Systems Sdn. Bhd. ("MCMS") Sykt Kompleks Damai Sdn. Bhd. ("SKDSB") Distrepark Sdn. Bhd. ("Distrepark")	Companies in which a director of the Company has substantial financial interest
Arab-Malaysian (CSL) Sdn. Bhd. ("AMSB")	Companies in which a director of the Company has an indirect financial interest

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

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

	The Company	
	2010	2009
	RM	RM
Direct subsidiary companies:		
Waiver of debts due to:		
RCE Enterprise Sdn. Bhd.	100,000	-
RCE Resources Sdn. Bhd.	2	-
Dividend receivable from:		
RCE Resources Sdn. Bhd.	19,221,246	-
RCE Marketing Sdn. Bhd.	1,800,000	-
Gain on redemption of preference shares from RCE Enterprise Sdn. Bhd.	208,883,409	-
Management fees receivable from RCE Marketing Sdn. Bhd.	7,611,349	-
Interest income on amounts due from:		
RCE Marketing Sdn. Bhd.	3,752,649	-
RCE Synergy Sdn. Bhd. (net of interest expense of RM8,742 (2009: RM3,177))	190,085	106,556
RCE Factoring Sdn. Bhd.	51,874	-
RCE Enterprise Sdn. Bhd.	-	4,447,462
RCE Resources Sdn. Bhd.	-	203,988
Indirect subsidiary companies:		
Management fee receivable from RCE Marketing Sdn. Bhd.	-	7,400,811
Interest income on amount due from RCE Marketing Sdn. Bhd.	-	906,863

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

	The Group	
	2010	2009
	RM	RM
Other related parties:		
Arranger fee payable to AIBB	2,518,205	2,643,021
Rental payable to:		
AMAB	617,136	257,140
TESB	99,996	99,996
AMSB	58,869	-
CVSB	36,000	36,000
Distrepark	7,271	36,800
SKDSB	-	359,996
Staff costs payable to CVSB	490,000	502,000
Air tickets purchase from HTSB	280,681	321,356
Service charges payable to AIBB	251,527	256,141
Insurance premium payable to AMAB	199,941	189,785
Internal audit fees payable to CVSB	110,000	98,000
IT related services fees payable to:		
MCMC	-	652,865
MCMS	-	659,220
Rental receivable from FCSB	(3,600)	(3,600)

(c) Compensation of key management personnel

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Share options granted under ESOS	3,356,292	-	2,626,695	-
Short term employees' benefits	2,851,621	2,611,466	20,505	-
Defined contributions	453,444	400,032	-	-
	6,661,357	3,011,498	2,647,200	-

25. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel (Cont'd)

Executive director of the Group and of the Company have been granted the following number of share options under the ESOS:

	Number of share options	
	2010	2009
Balance as at 31 March	2,000,000	-

The share options were granted on the same terms and conditions as those offered to other eligible directors and employees of the Group as disclosed in Note 37.

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits with licensed financial institutions	270,935,391	204,510,821	66,058	54,953
Cash and bank balances	18,775,540	9,550,817	5,579	278
	289,710,931	214,061,638	71,637	55,231

Included in the above cash and cash equivalents of the Group are deposits and cash and bank balances assigned in favour of the trustees and pledged to licensed financial institutions as follows:

	The Group	
	2010 RM	2009 RM
Assigned in favour of the trustees	255,646,049	183,931,635
Pledged to licensed financial institutions	9,464,081	1,991,601
	265,110,130	185,923,236

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 18 (2009: 37) days. The information on weighted average effective interest rate is disclosed in Note 36(a).

27. SHARE CAPITAL

	The Group and The Company 2010 RM	2009 RM
Authorised:		
Ordinary shares of RM0.10 each		
Balance as at 1 April/31 March	200,000,000	200,000,000
Issued and fully paid:		
Ordinary shares of RM0.10 each		
Balance as at 1 April	71,097,134	64,633,764
Issued during the financial year:		
Private placement	7,109,713	6,463,370
Balance as at 31 March	78,206,847	71,097,134

(a) During the financial year, the issued and paid-up share capital of the Company was increased from RM71,097,134 to RM78,206,847 by way of the issuance of 71,097,134 ordinary shares of RM0.10 each through a private placement exercise at an issue price of RM0.5503 per ordinary share for cash, for additional working capital purposes.

(b) The holders of ordinary 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.

28. RESERVES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-distributable:				
Share premium	58,303,917	26,393,874	58,303,917	26,393,874
Share options	6,555,314	-	6,555,314	-
	64,859,231	26,393,874	64,859,231	26,393,874
Distributable:				
Retained earnings	275,796,259	200,567,541	217,629,367	11,517,420
	340,655,490	226,961,415	282,488,598	37,911,294

28. RESERVES (CONT'D)

(a) Non-distributable:

(i) Share premium arose from the following:

	The Group and The Company 2010 RM	2009 RM
Balance as at 1 April	26,393,874	3,553,039
Private placement of 71,097,134 new ordinary shares of RM0.10 each at a premium of RM0.4503 per share (2009: 64,633,700 new ordinary shares of RM0.10 each at a premium of RM0.355 per share)	32,015,039	22,944,963
Shares issue expenses	(104,996)	(104,128)
Balance as at 31 March	58,303,917	26,393,874

(ii) 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.

Malaysian companies presently adopt the full imputation tax system. The Government has introduced the single-tier tax system under the Finance Act 2007 for companies effective from the year of assessment 2008. Under the single-tier tax system, the Company shall not deduct tax on dividend paid, credited or distributed to its shareholders and such dividend will be exempted.

28. RESERVES (CONT'D)

(b) Distributable (Cont'd):

Retained earnings (Cont'd):

There is a transitional period of six (6) years from 1 January 2008 to 31 December 2013 to allow companies with balance in the Section 108 of the Income Tax Act, 1967 ("S108") account to pay franked dividends in cash to their ordinary shareholders. Such companies also have an irrevocable option to disregard the S108 balance and opt to pay dividends under the single-tier system. This change in tax law also provides for the S108 balance to be locked in as at 31 December 2007. The Company has not opted to switch over to the new system on 1 January 2008.

Based on the prevailing tax rate applicable to dividends and if distributed as cash dividends for the coming financial year, the Company has sufficient S108 tax credit to frank the payment of RM5,558,175 (2009: RM11,423,691) out of its retained earnings as at the financial year end.

29. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Total outstanding	642,647	730,889	12,336	37,080
Less: Future finance charges	(39,834)	(46,685)	(270)	(2,153)
Principal outstanding	602,813	684,204	12,066	34,927
Less: Amounts due within one year	(210,801)	(197,878)	(12,066)	(22,861)
Non-current portion	392,012	486,326	-	12,066

29. HIRE-PURCHASE PAYABLES (CONT'D)

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

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Financial years ending 31 March:				
2011	-	193,935	-	12,066
2012	206,605	189,000	-	-
2013	104,703	86,327	-	-
2014	36,244	17,064	-	-
2015	20,022	-	-	-
2016	20,899	-	-	-
2017	3,539	-	-	-
	392,012	486,326	-	12,066

The interest rates implicit in these hire-purchase arrangements of the Group and of the Company ranges from 2.65% to 7.65% (2009: 2.65% to 7.65%) and at 7.65% (2009: 7.65%) per annum respectively. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

30. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2010 RM	2009 RM	2010 RM	2009 RM
Amount payables under finance lease:				
Within one year	27,513	132,913	26,965	125,323
In the second to fifth years inclusive	-	27,513	-	26,965
	27,513	160,426	26,965	152,288
Less: Future finance charges	(548)	(8,138)	-	-
Present value of finance lease payables	26,965	152,288	26,965	152,288
Less: Amounts due within 12 months (shown under current liabilities)			(26,965)	(125,323)
Non-current portion			-	26,965

30. FINANCE LEASE PAYABLES (CONT'D)

The non-current portion of the finance lease payables is payable as follows:

	The Group	
	2010	2009
	RM	RM
Financial year ending 31 March 2011	-	26,965

The interest rates implicit in these finance lease arrangements of the Group range from 7.29% to 9.63% (2009: 7.29% to 9.63%) per annum. The Group's finance lease payables are secured by a charge over the leased assets.

31. BORROWINGS

		The Group		The Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Secured:					
Fixed rate MTNs	(a)	225,473,477	268,655,312	-	-
Fixed rate serial bonds	(b)	-	15,000,000	-	-
Underwritten commercial papers	(b)	4,000,000	9,000,000	-	-
ABS	(c)	441,000,000	345,000,000	-	-
Term loans	(d)	102,046,968	8,740,256	-	-
Revolving credits	(e)	147,700,000	171,900,000	-	-
Bank overdraft	(f)	-	5,005,640	-	-
		920,220,445	823,301,208	-	-
Unsecured:					
Term loans	(d)	80,000,000	80,000,000	40,000,000	40,000,000
Trust receipts	(g)	1,259,361	4,880,745	-	-
Bankers' acceptances	(g)	11,724,000	11,478,979	-	-
Revolving credits	(e)	6,655,175	1,000,000	-	-
		99,638,536	97,359,724	40,000,000	40,000,000
		1,019,858,981	920,660,932	40,000,000	40,000,000
Less: Amounts due within one year		(314,606,265)	(298,356,604)	-	-
Non-current portion		705,252,716	622,304,328	40,000,000	40,000,000

31. BORROWINGS (CONT'D)

The non-current portion of the borrowings is repayable as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Financial years ending 31 March:				
2011	-	107,119,454	-	-
2012	149,258,905	113,088,947	40,000,000	40,000,000
2013	152,786,182	111,418,925	-	-
2014	102,014,956	75,610,722	-	-
2015	123,588,729	92,253,957	-	-
2016	76,515,112	69,836,693	-	-
2017	66,422,165	39,975,630	-	-
2018	29,111,111	13,000,000	-	-
2019	5,555,556	-	-	-
	705,252,716	622,304,328	40,000,000	40,000,000

(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, out of which RM70 million MTNs were taken up by a subsidiary company within the Group, RCE Equity Sdn. Bhd.

The MTNs were constituted by a trust deed dated 23 November 2006 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.

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

(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

(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 were issued at par;

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

(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 6.25% 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 shall 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.

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, title, benefit and interest under the eligible receivables purchased by RCEA;

(iv) An assignment over the present and future rights, title, benefit and interest in certain bank accounts of RCEA;

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

31. BORROWINGS (CONT'D)

(b) Fixed rate serial bonds and underwritten commercial papers

A subsidiary, RCE Premier Sdn. Bhd. ("RCEP"), fully issued its RM45 million 5-year fixed rate serial bonds ("Bonds") and RM45 million out of a total of RM50 million 7-year underwritten commercial papers ("CPs") for the purpose of financing the working capital of the Group.

The Bonds and the CPs were constituted by a trust deed dated 7 September 2004 made between RCEP and the trustee for the holders of the Bonds and CPs.

The main features of the RM45 million Bonds are as follows:

(i) The Bonds were issued at their nominal value in four (4) tranches with their respective maturity below:

Tranche	Nominal value RM'000	Maturity date
1	10,000	20 October 2006
2	10,000	20 October 2007
3	10,000	20 October 2008
4	15,000	20 October 2009
	45,000	

(ii) Each tranche of the Bonds bears a fixed coupon rates ranging from 6.60% to 8.00% per annum, payable semi-annually in arrears with the last coupon payment to be made on the last respective maturity date;

(iii) Each tranche of the Bonds shall be redeemed at its nominal value on maturity date together with interest accrued to the date of redemption; and

(iv) During the financial year, all tranches of the Bonds have been fully redeemed.

The main features of the CPs of up to RM50 million are as follows:

(i) The CPs are negotiable non-interest bearing promissory notes issued at discount to its nominal value with a tenure of seven (7) years from the date of its first issuance;

31. BORROWINGS (CONT'D)

(b) Fixed rate serial bonds and underwritten commercial papers (Cont'd)

(ii) The CPs shall be issued for tenures of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months, at the option of RCEP subject to the amount available pursuant to its reduction schedule below:

Reduction date (from the first issue date)	Reduction amount RM'000	CP limit RM'000
Fourth year	12,500	37,500
Fifth year	12,500	25,000
Sixth year	12,500	12,500
Seventh year	12,500	-

(iii) Upon maturity of each of the CPs issued for tenures of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months, RCEP has an option to redeem the CPs or to rollover the CPs previously issued;

(iv) The frequency of interest or equivalent payment is dependent on the frequency of issuance of CPs by RCEP for maturities of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months at a discounted basis, which shall be payable in arrears upon the respective maturity dates of the CPs;

(v) The existing CPs issued bear interest rate at 5.75% (2009: 6.25%) per annum; and

(vi) The entire amount of RM4 million (2009: RM9 million) of the CPs issued as at 31 March 2010 is classified as current liabilities based on management's expectation of the amount of the CPs to be redeemed upon their maturity during the twelve (12) months after the financial year end.

The Bonds and CPs are secured against the following:

(i) A third party first legal charge by RCEM over the entire issued and paid-up share capital of RCEP;

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

(iii) An assignment of the rights, title, benefit and interest under the eligible receivables purchased by RCEP;

31. BORROWINGS (CONT'D)

(b) Fixed rate serial bonds and underwritten commercial papers (Cont'd)

(iv) An assignment over the present and future rights, title, benefit and interest in certain bank accounts of RCEP;

(v) An undertaking from RCEM; and

(vi) An irrevocable corporate guarantee from the Company.

(c) ABS

Tresor Assets Berhad ("TAB") was incorporated on 31 May 2007 as a special purpose vehicle for the sole purpose of undertaking the ABS Programme amounting up to RM1.5 billion which involves the purchase of the loan receivables from RCEM from time to time meeting certain pre-determined eligibility criteria. The purchase of the loan receivables were funded by the proceeds from the issuance of ABS by TAB.

In relation to the ABS programme, Revolving Credit 1 and 2 respectively were granted by a financial institution to finance the origination and/or acquisition of the loan receivables to reach an economically meaningful amount of approximately RM100 million before they are sold at any time and from time to time throughout the facility availability period of 5.5 years to TAB.

During the financial year, TAB further issued the fifth and sixth (2009: third and fourth) tranches of ABS amounting to RM100 million each.

The ABS is constituted by a trust deed dated 15 November 2007 made between TAB and the trustee of the holders of the ABS.

The main features of the ABS are as follows:

(i) The maximum issue size of the RM1.5 billion ABS consists of a multiple series of Senior and Subordinated Bonds;

(ii) The six ABS tranches of RM100 million each (except for ABS Tranche E of RM96.9 million) issued at par have a maturity tenor ranging from one (1) to ten (10) years;

(iii) Each series of Senior Bonds bear fixed coupon rates ranging from 4.30% to 9.05% (2009: 4.30% to 7.80%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

31. BORROWINGS (CONT'D)

(c) ABS (Cont'd)

(iv) The Subordinated Bonds issued under Tranches A to F bear a variable coupon rates and the coupon payment on the Subordinated Bonds shall be accrued on a semi-annual basis and payable in full or in part upon the full redemption of all Senior Bonds in Tranches A to F.

The ABS are secured against the following:

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

(ii) An assignment of First and Second Master Sale and Purchase Agreements;

(iii) An assignment of Servicing Agreement;

(iv) An assignment of Transaction Administration Agreement;

(v) An assignment of Administration Agreement; and

(vi) An assignment of Rights to Members' Agreement.

(d) Term loan 1 (Unsecured)

On 9 September 2005 and 8 January 2007, two (2) unsecured term loans of RM40 million each were granted to RCEM and the Company respectively pursuant to a Primary Collateralised Loan Obligation Transaction Facility Agreements ("Facility Agreements") entered into by RCEM and the Company, with a third party and a financial institution. The said term loans bear interest rate at 7.13% and 7.63% (2009: 7.13% and 7.63%) per annum respectively, has a maturity period not exceeding five (5) years commencing from the date of drawdown of the facility and is repayable in one lump sum upon maturity.

Term loan 2 (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 guaranteed by the Company and secured by a memorandum of deposit over the AmFirst REIT held by RCES as disclosed in Note 20. The said term loan bears interest rates at ranging from 6.30% to 6.55% (2009: 6.30%) per annum.

31. BORROWINGS (CONT'D)

(d) Term loan 3 (Secured)

During the financial year, a term loan facility of RM100 million was granted to RCEM for the purpose of financing the working capital of RCEM.

The term loan 3 is secured against the following:

(i) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Cooperative;

(ii) An assignment of the loan 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 from the Company.

The said term loan bears interest rate at 7.60% (2009: nil) per annum for a tenure of nine (9) (2009: nil) years from the date of the disbursement of term loan.

(e) Revolving credit 1, 2 and 3 (Secured)

During the financial year ended 31 March 2008, two (2) revolving credit facilities amounting to RM150 million (Revolving credit 1 and 2) were granted to RCEM in conjunction with the ABS exercise as mentioned in Note 31(c).

In addition, in the previous financial year, RCEM obtained another revolving credit facility of RM30 million (Revolving credit 3) from another financial institution for the purpose of financing the working capital of RCEM.

All of the facilities are secured against the following:

(i) An assignment of rights, title, benefit, and interest of receivables under the agreement entered into between RCEM with Cooperative;

(ii) An assignment of the loan receivables;

(iii) An irrevocable undertaking by RCEM;

31. BORROWINGS (CONT'D)

(e) Revolving credit 1, 2 and 3 (Secured) (Cont'd)

(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 credit bears interest at rates ranging from 3.70% to 6.80% (2009: 5.50% to 6.50%) per annum.

Revolving credit 4 (Unsecured)

During the financial year, an additional revolving credit facility of RM6 million was granted to RCE Factoring Sdn. Bhd. ("RCEF") for working capital purposes of which RM4 million was converted from bankers' acceptances, trust receipts and bills payable facilities as disclosed in Note 31(f) below.

All revolving credit facilities of RCEF amounting to RM10 million (2009: RM4 million) are secured by corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 3.51% to 4.27% (2009: 3.61% to 5.75%) per annum.

(f) Bank overdraft 1, 2 and 3 (Secured)

The bank overdraft facility of RCEF amounting to RM1.7 million (2009: RM1.7 million) (Bank overdraft 1) is secured by an irrevocable corporate guarantee by the Company.

The bank overdraft facility of RCE Commerce Sdn. Bhd. ("RCEC") of RM500,000 (2009: RM500,000) (Bank overdraft 2) is secured by the following:

(i) A negative pledge not to encumber or dispose of RCEC's assets; and

(ii) An irrevocable corporate guarantee by the Company.

The bank overdraft facility of RCES amounting to RM5.5 million (Bank overdraft 3) is guaranteed by the Company and secured by a memorandum of deposit over the AmFirst REIT held by RCES as disclosed in Note 20.

The overdraft facilities bear interest at rates ranging from 6.55% to 7.80% (2009: 5.96% to 8.75%) per annum.

31. BORROWINGS (CONT'D)

(g) Others (Unsecured)

Bankers' acceptances, trust receipts and bills payable facilities of RM4 million which were granted to RCEF in January 2008 were converted into a revolving credit facility.

All bankers' acceptances, trust receipts and bills payable amounting to RM24 million (2009: RM28 million) are secured by an irrevocable corporate guarantee by the Company.

The bankers' acceptances and trust receipts facilities bear interest at rates ranging from 3.41% to 7.10% (2009: 4.10% to 8.75%) per annum.

32. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Payables	51,183,159	27,859,063	33,500	33,500
Accrued interest expense on:				
ABS	7,964,055	5,012,554	-	-
Fixed rate MTNs	3,588,638	3,892,868	-	-
Term loans	705,216	763,421	543,507	526,784
Fixed rate serial bonds	-	532,603	-	-
Revolving credits	228,192	447,187	-	-
Other borrowings	26,992	66,205	-	-
	12,513,093	10,714,838	543,507	526,784
Dividend payable	57,851	26,623	57,851	26,623
Other accrued expenses	7,250,282	7,479,366	513,898	513,143
	71,004,385	46,079,890	1,148,756	1,100,050

Included in payables of the Group are:

(i) deferred income held by subsidiary companies in respect of strategic alliance arrangements entered into with a co-operative of RM11,795,405 (2009: RM8,467,606); and

(ii) collections received of RM2,202,880 (2009: RM2,387,953) on behalf of various co-operatives by a subsidiary in its capacity as the collection and payment agent.

33. CAPITAL COMMITMENTS

	The Group	
	2010	2009
	RM	RM
Capital expenditure in respect of purchase of plant and equipment:		
Approved but not contracted for	-	100,000

34. CONTINGENT LIABILITIES

	The Company	
	2010	2009
	RM	RM
Corporate guarantee issued in favour of a trustee in respect of MTNs facility granted to a subsidiary company	420,000,000	420,000,000
Corporate guarantee to licensed financial institutions in respect of borrowing facilities granted to subsidiary companies	334,200,000	232,200,000
Corporate guarantee issued in favour of a trustee in respect of:		
(i) 5-year fixed rate serial bonds; and	45,000,000	45,000,000
(ii) 7-year underwritten commercial papers granted to a subsidiary company	50,000,000	50,000,000
	849,200,000	747,200,000

Included in the above facilities are amount outstanding of RM501,446,012 (2009: RM497,511,447). Out of these amounts, total unsecured letters of credit amounted to RM2,587,030 (2009: RM1,850,515) which were not recognised in the financial statements.

35. ACQUISITION OF A SUBSIDIARY COMPANY

On 5 September 2008, the Group acquired the entire issued and paid-up ordinary share capital of Mezzanine Enterprise Sdn. Bhd., a company incorporated in Malaysia and involved in the investment holding for a cash consideration of RM1.

35. ACQUISITION OF A SUBSIDIARY COMPANY (CONT'D)

The acquired subsidiary company has contributed the following results to the Group in the previous financial year:

	2009 RM
Revenue	-
Loss for the financial year	10,370

Had the acquisition occurred on 1 April 2008, the Group's results for the financial year ended 31 March 2009 would have been as follows:

	2009 RM
Revenue	215,400,202
Profit for the financial year	66,554,674

The assets and liabilities arising from the acquisition in the previous financial year are as follows:

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Investment property	1,198,200	1,167,299
Other receivables, deposits and prepaid expenses	2,400	2,400
Cash and bank balances	4,200	4,200
Payables and accrued expenses	(6,600)	(6,600)
Fair value of total net assets	1,198,200	1,167,299
Group's share of net assets	1,198,200	
Goodwill on acquisition	-	
Total cost of acquisition	1,198,200	

35. ACQUISITION OF A SUBSIDIARY COMPANY (CONT'D)

The cash outflow on acquisition is as follows:

	RM
Purchase consideration satisfied by cash	1
Purchase consideration satisfied by debt settlement, via cash	1,198,199
Total cash outflow of the Group	1,198,200
Cash and cash equivalents of subsidiary company acquired	(4,200)
Net cash outflow of the Group on acquisition	1,194,000

There were no acquisitions in the financial year ended 31 March 2010.

36. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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.

(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.

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk (Cont'd)

The following table sets out the weighted average effective interest rates ("WAEIR"), carrying amounts and the remaining maturities as at the balance sheet date of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Total RM	Maturity profile: Within 1 year RM	2-5 years RM	After 5 years RM
The Group						
2010						
Fixed rate						
Loan receivables	19	15.47	1,138,607,988	146,080,924	388,350,782	604,176,282
Trade receivables	23	12.19	30,789,531	30,789,531	-	-
Hire-purchase payables	29	3.07	602,813	210,801	367,574	24,438
Finance lease payables	30	8.26	26,965	26,965	-	-
Term loans (unsecured)	31	9.64	80,000,000	40,000,000	40,000,000	-
Fixed rate MTNs	31	9.78	225,473,477	9,962,937	152,568,727	62,941,813
ABS	31	7.16	441,000,000	81,000,000	285,000,000	75,000,000
Floating rate						
Deposits with licensed financial institutions	26	2.10	270,935,391	270,935,391	-	-
Term loan (secured)	31	7.52	102,046,968	12,304,793	50,080,044	39,662,131
Underwritten commercial papers	31	5.75	4,000,000	4,000,000	-	-
Revolving credits	31	4.55	154,355,175	154,355,175	-	-
Other bank borrowings *	31	4.26	12,983,361	12,983,361	-	-
The Group						
2009						
Fixed rate						
Loan receivables	19	16.07	951,939,534	112,495,089	367,706,065	471,738,380
Trade receivables	23	8.68	34,209,517	34,209,517	-	-
Hire-purchase payables	29	3.95	684,204	197,878	486,326	-
Finance lease payables	30	8.39	152,288	125,323	26,965	-
Term loans (unsecured)	31	9.64	80,000,000	-	80,000,000	-
Fixed rate MTNs	31	9.37	268,655,312	24,953,138	132,899,159	110,803,015
Fixed rate serial bonds	31	8.00	15,000,000	15,000,000	-	-
ABS	31	7.15	345,000,000	54,000,000	189,000,000	102,000,000

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk (Cont'd)

	Note	WAEIR %	Total RM	Maturity profile: Within 1 year RM	2-5 years RM	After 5 years RM
The Group						
2009						
Floating rate						
Deposits with licensed financial institutions	26	2.16	204,510,821	204,510,821	-	-
Term loan (secured)	31	6.30	8,740,256	1,138,100	5,338,888	2,263,268
Underwritten commercial papers	31	6.25	9,000,000	9,000,000	-	-
Revolving credits	31	5.67	172,900,000	172,900,000	-	-
Bank overdraft	31	6.55	5,005,640	5,005,640	-	-
Other bank borrowings *	31	6.00	16,359,724	16,359,724	-	-
The Company						
2010						
Fixed rate						
Hire-purchase payable	29	7.65	12,066	12,066	-	-
Term loan (unsecured)	31	9.01	40,000,000	-	40,000,000	-
Floating rate						
Deposits with licensed financial institutions	26	1.16	66,058	66,058	-	-
The Company						
2009						
Fixed rate						
Hire-purchase payable	29	7.65	34,927	22,861	12,066	-
Term loan (unsecured)	31	9.01	40,000,000	-	40,000,000	-
Floating rate						
Deposits with licensed financial institutions	26	0.99	54,953	54,953	-	-

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk

(i) Loan financing services:

The Group is exposed to credit risk or the risk of counterparties defaulting from its loan receivables. 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 loan 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.

(ii) Factoring and confirming:

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

The information on significant concentration of credit risk are disclosed in Note 23.

The credit risk of the Group's other financial assets which comprise cash and cash equivalents, short term and other investments arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

(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. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(d) Fair values

(i) Financial assets

The Group and the Company's principal financial assets are cash and cash equivalents, receivables, amounts due from subsidiary companies and short term and other investments.

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

(i) Financial assets (Cont'd)

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

(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 payables, amount due to a subsidiary, hire-purchase and finance lease payables and borrowings.

Borrowings are recorded at the proceeds received. Finance charges, including premium payable on settlement, are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximate their fair values except for the following:

		2010		2009	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset					
Other investment					
- AmFirst REIT	20	30,387,173	37,139,879	30,387,173	28,698,997
Financial liabilities					
Fixed rate MTNs (including accrued interest of RM3,588,638 (2009: RM3,892,868))	31	229,062,115	236,193,531	272,548,180	279,446,158
Fixed rate serial bonds (including accrued interest of RMnil (2009:RM532,603))	31	-	-	15,532,603	15,616,088

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

		2010		2009	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities					
ABS (including accrued interest of RM7,964,055 (2009: RM5,012,554))	31	448,964,055	439,748,835	350,012,554	370,189,799

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

(i) Other investment - AmFirst REIT

The fair value of quoted investment in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the balance sheet date.

(ii) Short term investment - Quoted investment in Malaysia

The fair value of quoted investment in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Short term investment - Unquoted corporate bonds in Malaysia

It is not practical to estimate the fair value of investment in unquoted corporate bonds due to the lack of quoted market price.

(iv) Fixed rate MTNs and fixed rate serial bonds

The fair values of the fixed rate MTNs and fixed rate serial bonds have been estimated using discounting technique. The discount rates are based on market rates available to the Group for similar instruments.

(v) ABS

The fair value of the ABS has been estimated using discounting technique. The discount rates are based on latest tranche's yield to maturity.

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

(vi) Short term financial instruments

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

37. ESOS

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

The salient features of the ESOS are as follows:

(a) The maximum number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at the time of the offer, of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management;

(b) Not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company;

(c) Allocation of the shares are extended to eligible directors and employees who are employed by or on the payroll of subsidiary companies of the Company which are not dormant;

(d) The eligible directors and employees must have attained the age of 18 years and appointed or confirmed in service by the Group, subject to a minimum period as determined from time to time by the Options Committee, provided always that the selection of any eligible directors and employees is at the discretion of the Options Committee, which shall be final and binding;

(e) The exercise price is determined at a discount of not more than 10% from the weighted average market price ("WAMP") (calculated as the average of highest and lowest price) for the 5 (five) market days immediately preceding the date of offer and is not lower than the par value of the ordinary shares of the Company; and

(f) The new shares allotted and issued upon any exercise of option, rank pari passu in all respects with the existing ordinary shares of the Company and shall carry no dividends, rights, allotments and any other distribution which may be declared, made or paid prior to the allotment date of the new shares.

37. ESOS (CONT'D)

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

		ESOS expiring on 14 September 2019 Number of options over ordinary shares of RM0.10 each				
Grant date	**Exercise price per share RM**	**Balance as at 1.4.2009**	**Granted**	**Exercised**	**Cancelled/ Lapsed**	**Balance as at 31.3.2010**
24 March 2010	0.59	-	17,843,900	-	-	17,843,900

As at the balance sheet date, there were no share options exercised during the financial year. Share options outstanding at the end of the financial year amounting to 17,843,900 are exercisable towards the expiry date of the ESOS.

The fair value of share options granted during the financial year, determined using the Trinomial valuation model, taking 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 assumptions are as follows:

		2010
Fair value of share options at grant date, 24 March 2010	(RM)	0.367
Weighted average share price	(RM)	0.655
Weighted average exercise price	(RM)	0.590
Expected volatility	(%)	47.964
Expected life	(years)	10
Risk free rate	(%)	4.409
Expected dividend yield	(%)	1.507

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. 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.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

(a) the issued and paid-up share capital of the Company was increased from RM71,097,134 to RM78,206,847 by way of the issuance of 71,097,134 ordinary shares of RM0.10 each through a private placement exercise at an issue price of RM0.5503 per ordinary share for cash, for additional working capital purposes as disclosed in Note 27; and

(b) the Company has implemented its ESOS for eligible directors and employees of the Group (excluding dormant subsidiary companies) as disclosed in Note 37.

Statement by Directors

The directors of RCE CAPITAL BERHAD state that, in their opinion, the financial statements of the Group and of the Company, which comprise the balance sheets as at 31 March 2010, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 127, are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results of their business and the cash flows of the Group and of the Company for the financial year ended on that date.

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

TAN SRI AZMAN HASHIM **SOO KIM WAI**

Kuala Lumpur
26 May 2010

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 financial statements of the Group and of the Company, which comprise the balance sheets as at 31 March 2010, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 127 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 2010.

YAP CHOON SENG

PESURUHJAYA SUMPAH
No. W 350
SHAFIE B. DAUD
MALAYSIA

Before me

COMMISSIONER FOR OATHS

38A, JALAN TUN MOHD FUAD 1
TAMAN TUN DR. ISMAIL
60000 KUALA LUMPUR.

Analysis of Shareholdings

As at 20 July 2010

Authorised Capital	: RM200,000,000.00
Issued and Paid-Up Capital	: RM78,239,517.40
Class of Shares	: 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	163	1.68	7,589	0.00
100 to 1,000	619	6.37	482,684	0.06
1,001 to 10,000	5,367	55.26	31,751,476	4.06
10,001 to 100,000	3,123	32.16	104,277,953	13.33
100,001 to less than 5% of issued shares	438	4.51	278,986,103	35.66
5% and above of issued shares	2	0.02	366,889,369	46.89
Total	**9,712**	**100.00**	**782,395,174**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd *- AmcorpGroup Berhad for Cempaka Empayar Sdn Bhd*	294,885,669	37.69
2.	Aras Kreatif Sdn Bhd	72,003,700	9.20
3.	AMSEC Nominees (Tempatan) Sdn Bhd *- Fulcrum Asset Management Sdn Bhd for Cempaka Empayar Sdn Bhd*	29,041,500	3.71
4.	ECML Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Magnitud Ekuiti Sdn Bhd*	21,767,994	2.78
5.	ECML Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Mutiara Arca Sdn Bhd*	21,329,140	2.73
6.	Infotech Mark Sdn Bhd	18,000,000	2.30
7.	SBB Nominees (Tempatan) Sdn Bhd *- Kumpulan Wang Persaraan (Diperbadankan)*	10,172,400	1.30
8.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (HBFS-I Clt Acct)*	7,000,000	0.89
9.	Citigroup Nominees (Asing) Sdn Bhd *- UBS AG Singapore for Tan Ah Ee*	4,130,666	0.53
10.	Soo Ngik Gee @ Soo Yeh Joo	4,015,900	0.51

No.	Name of Shareholders	No. of Shares	%
11.	Mayban Nominees (Tempatan) Sdn Bhd *- Malaysian Trustees Berhad for AMB Smallcap Trust Fund*	3,371,000	0.43
12.	Mayban Nominees (Tempatan) Sdn Bhd *- Mayban Trustees Berhad for CIMB-Principal Small Cap Fund*	3,355,100	0.43
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *- Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd*	3,281,000	0.42
14.	Universal Trustee (Malaysia) Berhad *- CIMB-Principal Balanced Income Fund*	3,095,000	0.40
15.	HSBC Nominees (Tempatan) Sdn Bhd *- HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust*	2,888,000	0.37
16.	Koh Sew Ping	2,670,200	0.34
17.	Chow Soi Wah	2,320,000	0.30
18.	Yam Chee Kong	2,156,200	0.28
19.	Blue Ribbon International Limited	2,150,082	0.27
20.	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Dimensional Emerging Markets Value Fund*	2,137,200	0.27
21.	Ho Chu Chai	2,074,500	0.27
22.	Yong Moh Lim	2,033,500	0.26
23.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse Securities (Europe) Limited*	2,000,000	0.26
24.	Liew Sze Fook	2,000,000	0.26
25.	Mayban Nominees (Tempatan) Sdn Bhd *- Mayban Trustees Berhad for MAAKL-HDBS Flexi Fund*	1,833,000	0.23
26.	HSBC Nominees (Asing) Sdn Bhd *- Nomura BK Lux for TMA Asian Small To Mid Cap Equity Fund*	1,696,000	0.22
27.	AMSEC Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Teng Swee Lan @ Fong Swee Lan*	1,535,000	0.20
28.	Tai Weng Looi @ Annie Tai	1,500,000	0.19
29.	See Thoo Su Jean	1,465,600	0.19
30.	Chua Teong Kim @ Seow Teong Kim	1,462,000	0.19
		527,370,351	**67.42**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Cempaka Empayar Sdn Bhd	323,927,169	41.40	-	-
Aras Kreatif Sdn Bhd	72,003,700	9.20	-	-
Amcorp Group Berhad	-	-	323,927,169 (1)	41.40
Clear Goal Sdn Bhd	-	-	323,927,169 (1)	41.40
Tan Sri Azman Hashim	-	-	323,927,169 (1)	41.40
Mohamed Zamrus bin Ghazali	-	-	72,003,700 (2)	9.20
Norsiha binti Othman	-	-	72,003,700 (2)	9.20

Notes:

(1) *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*

(2) *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Aras Kreatif Sdn Bhd.*

DIRECTORS' SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE OPTION SCHEME OF THE COMPANY

Name of Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%	No. of Options Held
Tan Sri Azman Hashim	-	-	323,927,169 *	41.40	2,000,000
Major General (Rtd) Dato' Haji Fauzi bin Hussain	-	-	-	-	200,000
Datuk Mohd Zaman Khan @ Hassan bin Rahim Khan	-	-	-	-	200,000
Dato' Che Md Nawawi bin Ismail	-	-	-	-	200,000
Chew Keng Yong	1,963,600	0.25	-	-	200,000
Soo Kim Wai	-	-	-	-	1,500,000
Shalina Azman	-	-	-	-	1,200,000
Shahman Azman	-	-	-	-	900,000

Note:

* *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*

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 ______________________________

____

of ____

or failing him/her, ____

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 Fifty-Sixth Annual General Meeting of the Company to be held at Tun Rahah Grand Hall,1st Floor, Menara Yayasan Tun Razak, 200 Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, 8 September 2010 at 10.30 a.m. and at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a Final Dividend comprising gross dividend of 9% less 25% income tax and single-tier tax exempt dividend of 8.5% for the financial year ended 31 March 2010.		
3.	To re-elect Mr. Chew Keng Yong as Director.		
4.	To re-elect Encik Shahman Azman as Director.		
5.	To re-elect Y. Bhg. Dato' Ab. Halim bin Mohyiddin as Director.		
6.	To re-appoint Y. Bhg. Tan Sri Azman Hashim as Director.		
7.	To re-appoint Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain as Director.		
8.	To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	To approve the payment of Directors' fees.		
10.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
12.	Proposed Renewal of Share Buy-Back Authority.		
13.	Proposed Offer of Options to Dato' Ab. Halim bin Mohyiddin.		
14.	Proposed Offer of Options to Loh Kam Chuin.		
15.	Proposed Amendments to the Articles of Association of the Company.		

Please indicate with an "X" in the space 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 ____________________ 2010.

Number of Shares Held	CDS Account No.

____

Signature of Shareholder/Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend 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 the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industries (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.
4. 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.
5. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company at 312, 3rd 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 at any adjournment thereof.

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Stamp

The Company Secretary
RCE CAPITAL BERHAD
312, 3rd Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan

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