RCE

RCE CAPITAL BERHAD

(2444-M)

ANNUAL REPORT 2011

member of

AMCORP

Contents

Corporate Information

BOARD OF DIRECTORS

Tan Sri Azman Hashim
Executive Chairman

Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan
Independent Director

Dato' Ab. Halim bin Mohyiddin
Independent Director

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

Dato' Che Md Nawawi bin Ismail
Independent Director

Chew Keng Yong
Independent 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

12th & 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

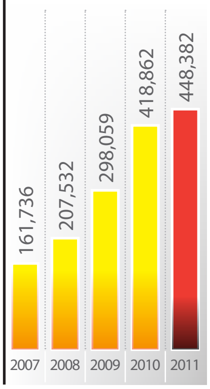
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : +603-2264 3883
Fax : +603-2282 1886

STOCK EXCHANGE LISTING

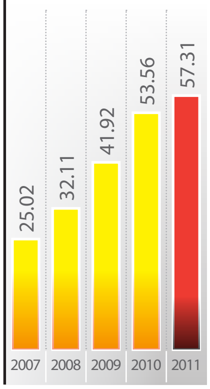
Bursa Malaysia Securities Berhad
Main Market
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

Group Financial Highlights

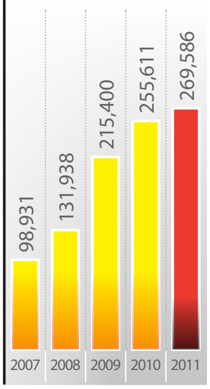
Shareholders' Funds
(RM'000)



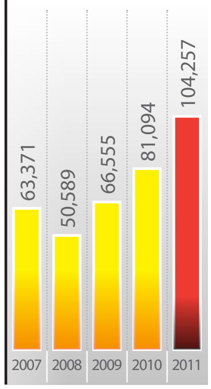
Net Assets per Share
(sen)



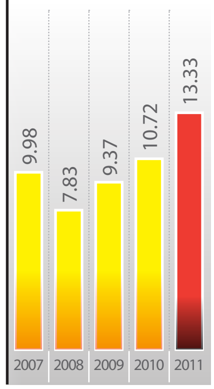
Revenue
(RM'000)



Net Profit Attributable to Shareholders
(RM'000)



Basic Earnings per Share
(sen)



PROFITABILITY (RM'000)

	2007	2008	2009	2010	2011
Revenue	98,931	131,938	215,400	255,611	269,586
Profit before tax	73,760	66,761	92,335	109,989	140,099
Net profit attributable to					
equity holders of the Company	63,371	50,589	66,555	81,094	104,257
Earnings per share:					
Basic (sen)	9.98	7.83	9.37	10.72	13.33
Diluted (sen)	9.98	7.83	9.37	10.69	13.33

KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA (RM'000)

	2007	2008	2009	2010	2011
Loans and receivables	414,636	681,086	951,940	1,138,608	1,085,754
Borrowings					
(net of pledged cash and cash equivalents)	388,747	631,524	735,574	767,578	679,390
Share capital	64,634	64,634	71,097	78,207	78,240
Shareholders' funds / Net assets (NA)	161,736	207,532	298,059	418,862	448,382
NA per share (sen)	25.02	32.11	41.92	53.56	57.31

Corporate Structure

RCE CAPITAL BERHAD

Consumer Financing

- 100% RCE Marketing Sdn Bhd

Commercial Financing

- 100% RCE Factoring Sdn Bhd

Investment Property

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

Profile of Directors

TAN SRI AZMAN HASHIM
Executive Chairman

Y. Bhg. Tan Sri Azman Hashim, a Malaysian, aged 72, 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, Institute of Bankers Malaysia, East-Asia Business Council and Chairman Emeritus of the 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, the Trilateral Commission (Asia-Pacific Group) and the Malaysian-British and Malaysia-China Business Councils. 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, Open University of Malaysia and Member, Governing Body of Asian Productivity Organisation and the International Advisory Panel, 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 Chairman of Malaysian South-South Corporation Berhad and MCM Technologies Berhad. He serves as a Director of Pembangunan MasMelayu Berhad, AmFamily Takaful Berhad and the 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 and Yayasan Canselor Open University Malaysia.

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

Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan, a Malaysian, aged 68, 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 currently the President (2010 & 2011) of the Malaysian AIDS Council and Trustee for the Malaysian AIDS Foundation.

Tan Sri Mohd Zaman Khan also sits on the Board of Tricubes Berhad and Digistar Corporation Berhad.

DATO' AB. HALIM BIN MOHYIDDIN
Independent Director

Y. Bhg. Dato' Ab. Halim bin Mohyiddin, a Malaysian, aged 65, was appointed to the Board on 8 October 2009.

He graduated with a Bachelor of Economics in Accounting 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. Prior to his retirement in October 2001, he was the Partner in charge of the Assurance and Financial Advisory Services Divisions. 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 President of MICPA from 2004 to 2007. He is a member of the Malaysian Institute of Accountants (MIA).

He also sits on the Board of Amcorp Properties Berhad, Amway (Malaysia) Holdings Berhad, Digi.Com Berhad, ECM Libra Financial Group Berhad, HeiTech Padu Berhad, Idaman Unggul Berhad, Idris Hydraulic (Malaysia) Berhad, KNM Group Berhad, Kumpulan Perangsang Selangor Berhad, Tahan Malaysia Berhad and Utusan Melayu (Malaysia) Berhad.

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

Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain, a Malaysian, aged 71, 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 and MCM Technologies Berhad.

DATO' CHE MD NAWAWI BIN ISMAIL
Independent Director

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 61, was appointed to the Board on 28 February 2006.

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

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

CHEW KENG YONG
Independent Director

Mr. Chew Keng Yong, a Malaysian, aged 56, was appointed to the Board on 17 April 2001.

Mr. Chew obtained his Diploma in Management from the Malaysian Institute of Management in 1985 and is a Fellow of the Malaysian Institute of Management.

He is the founder and the Executive Chairman of Pos Ad group of companies which is involved in the provision of brand-building solutions. He is also Chairman of IACT College.

He 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 50, was appointed to the Board on 11 August 1997.

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

He joined Amcorp Group Berhad ("AMCORP") in 1989 as Senior Manager, Finance and has since held various positions. He was appointed as a Director of AMCORP on 13 March 1996 and subsequently as Managing Director on 1 January 1999. Before joining AMCORP, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1989.

Apart from AMCORP, Mr. Soo also sits on the Board of Amcorp Properties 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 44, 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 Amcorp Properties Berhad and a Director of MCM Technologies Berhad.

SHAHMAN AZMAN
Non-Independent Non-Executive Director

Encik Shahman Azman, a Malaysian, aged 36, 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 subsidiary of AMCORP, as General Manager of Corporate Planning and Strategy. His last held position in MCM Technologies Berhad was Chief Investment Officer.

Encik Shahman later joined the Company as Director of Corporate Affairs on 1 April 2004 and was promoted to Director of Strategic Business Unit on 1 January 2006. He was redesignated as Assistant to Executive Chairman of AMCORP on 1 January 2007.

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

PROFILE OF CHIEF EXECUTIVE OFFICER

LOH KAM CHUIN
Chief Executive Officer

Mr. Loh Kam Chuin, a Malaysian, aged 44, was appointed as Chief Executive Officer on 1 March 2010.

Mr. Loh holds a Bachelor in 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 post of Executive Director Corporate Affairs prior to his current appointment.

DETAILS OF MEMBERSHIPS IN BOARD COMMITTEES

COMMITTEES OF THE BOARD			
	Audit Committee	**Nomination & Remuneration Committee**	**Options Committee**
Tan Sri Azman Hashim			**Chairman**
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	**Chairman**	
Dato' Ab. Halim bin Mohyiddin	**Chairman**		
Major General (Rtd) Dato' Haji Fauzi bin Hussain	Member	Member	
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

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 Directors and/or major shareholders of the Company.

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

None of the Directors and the Chief Executive Officer have been convicted for offences within the past 10 years.

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 2011.

ECONOMIC REVIEW

Economies across the world rebounded in 2010, with most major economies showing positive Gross Domestic Product ("GDP") growth. This worldwide recovery ensued after the world had witnessed one of the worst recessions in decades inflicted by the US Sub-Prime crisis. The recovery had begun with most economies recording healthy growth rates in the second half of 2009, particularly in the Asian region, and the momentum carried on well throughout 2010. Amidst global concerns that could seriously hamper economic activities, such as natural catastrophes in Japan, the rising oil prices resulting from political unrest in the Middle East and the weakening of the US Dollar, economic growth in 2011 is still expected to continue, albeit at a more moderate pace.

Elsewhere, there is a worrying sovereign debt crisis looming in the European region, most notably in Portugal, Ireland, Italy, Greece and Spain. This is expected to have a contagion effect on the entire European region, compounded by political instability and the growing unemployment rate in some of the countries in the region. Concern about rising government deficits and debt levels across the globe together with a wave of downgrading of European government debt caused alarm in global financial markets. Although Malaysia has so far remained largely unaffected by the events that have unfurled in Europe, we remain wary but will be ready to cope if the ill-effects of the debt crisis in Europe spill over to the Asian region.

Back home, the Malaysian economy had significantly outperformed its forecasted GDP growth rate of 4.5% to 5.5% by registering a GDP growth of 7.2% at the end of 2010, fuelled by strong domestic demand and sustained private sector activity, supported by the Government's proactive stimulus packages and accommodative monetary policies.

Following the strong performance in 2010, and amidst the global uncertainties, a slightly slower growth of 5-6% is projected for the Malaysian economy in 2011, with domestic demand being the key growth driver.

To ensure that the Malaysian economy is always on a strong footing, the Government has initiated several plans to boost economic activity, such as the Economic Transformation Plan, a 10-year plan revealed in September 2010 to restructure the economy and elevate Malaysia to developed-nation status through investments in selected sectors, and the 10th Malaysia Plan ("10MP"), which is a five-year roadmap that aims to make Malaysia a high-income economy. The 10MP targets a GDP growth rate of 6% per annum and also identifies 12 key economic areas with potential to raise per capita income. These Government initiatives are expected to bring some further upside to growth via a surge in private investments.

PERFORMANCE REVIEW

Riding on the wave of economic recovery in 2010, the Group continued its growth momentum by registering healthy growth rates in the financial year ended 31 March 2011. Although our loans and receivables declined 4.6% from RM1.14 billion to RM1.09 billion, pre-tax profit rose 27.4% from RM110.0 million to RM140.1 million, mainly contributed by higher revenue of 5.5% from RM255.6 million to RM269.6 million and a 23.7% reduction in other expenses from RM72.4 million to RM55.3 million.

Basic earnings per share posted positive growth of 24.3% from 10.72 sen to 13.33 sen as a result of the Group's continued improvement in performance.

The Group expects that it will be able to maintain its profitability in the next financial year. The Group will also look into other value added services to complement its existing products and services. As part of its continuous efforts to improve its financial performance, the Group has recently streamlined its business by divesting its investment in the AmFirst Real Estate Investment Trust ("AmFirst REIT"), proceeds from which will be injected as working capital for the Group.

CONSUMER FINANCING

The consumer financing business under RCE Marketing Sdn Bhd ("RCEM") continues to be the major contributor of the Group's growth in revenue and earnings. Despite an increasingly competitive environment, operating profit from consumer financing grew from RM114.2 million to RM136.5 million, representing a 19.5% growth. The growth is mainly driven by the introduction of the Syariah-based financing products and continued enhancement to the sales network.

This growth is despite the recent changes in industry regulations that had temporarily affected our consumer financing business. Although the Group has coped well with the changes, it will continue to explore other areas earmarked for potential growth to complement its existing consumer financing business.

COMMERCIAL FINANCING

The Group's commercial financing business under RCE Factoring Sdn Bhd posted a commendable financial performance in tandem with the recovering economic fundamentals. With higher turnover, receivables increased by 14.7% from RM35.9 million to RM41.2 million. This has contributed to higher revenue of RM6.5 million compared to RM4.7 million in the last financial year.

Net profit climbed 394.0% year-on-year to RM2.4 million due to higher net interest income and commission income, coupled with lower allowance for impairment on advances and financing.

Moving towards 2012, the Group expects emerging headwinds such as further normalization in monetary policy and inflation threats to slow down business growth. However, Malaysia's strategic transformation programs are expected to open up opportunities to the financial sector and would spur business activities for the Group's commercial financing division.

CORPORATE DEVELOPMENT

The Group has so far issued nine tranches of bonds totalling RM900 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.

As part of the Group's cost savings initiatives, we have obtained bondholders' approval to use the monies in the sinking fund account for the early redemption of the outstanding bonds in each tranche. Arising from this, the balance of the first RM100 million has been fully redeemed.

INVESTOR RELATIONS ("IR")

The Group's financial results and corporate developments have been promptly announced in line with the objectives of ensuring transparency and good corporate governance practices. Further updates of the Group's businesses and operations are also actively communicated with analysts, fund managers and potential investors via one-on-one meetings as well as teleconferences.

In addition to the above, the timely dissemination of information on the Group is made available through our website (http://www.rce.com.my). Meanwhile, a dedicated e-mail address (IR@rce.com.my) is also available, providing contact point on any issue of concern.

The Group's commitment to IR is evidenced by the growth in its shareholder base from 9,442 shareholders in 2009 to more than 9,900 shareholders currently.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In undertaking its CSR initiatives, the Group has continued to strive for a balanced approach in achieving its business profitability and the expectation of its stakeholders and the community.

The Group has partnered with National Kidney Foundation ("NKF") since 2007 and actively provides financial and other assistance towards NKF's various events, campaigns and activities. The Group, jointly with NKF, had organized a free health screening campaign from 12 to 14 April 2010 in Kota Kinabalu to promote a healthier lifestyle among the people. Another free health screening campaign was held in partnership with NKF on 25 March 2011, this time at the Department of Civil Aviation in Putrajaya.

In keeping to its commitment to create awareness among the public on health and social issues, the Group, in partnership with Koperasi Wawasan Pekerja-Pekerja (KOWAJA) Berhad, had organized a blood donation campaign in Kuching on 24 July 2010. The Group has also donated RM5,000 to Persatuan Bekas Polis Malaysia (PBPM) for the purchase of an automatic wheelchair.

These activities have enabled the Group to continuously reach out to the community as a part of our responsibility in giving back to the community that we live in.

DIVIDENDS

In view of the Group's strong performance, the Board is pleased to recommend a final dividend of 15% on ordinary shares, tax exempt under the single-tier tax system. This amounts to a net payment of approximately RM11.7 million, representing approximately 11.3% payout of the net profit of RM104.3 million which is in line with the Group's policy to strike a balance between delivering sustainable returns to shareholders and maintaining capital strength for future growth.

LOOKING AHEAD

The cooperative financing sector has seen many new entries eager to serve this segment that has often been described as "niche" market segment. In addition to existing major players, new entries have created significant impact on the operating environment for the Group.

We will continue to work closely with the relevant authorities to provide and equip our business partners with technical, technological, financial and management skills required to fulfill regulatory compliance.

The Group will also be identifying and assisting other small and new cooperatives to enable them to build viable business models and sustainable income levels to boost community development and contribute towards building more progressive and productive cooperatives.

In commercial financing, the Group will be looking at expanding our products to provide leasing facilities, mortgages and floorstock facilities.

The environment ahead will no doubt be challenging, but this only serves as a motivating factor for the Group to further capitalize on its strengths and gain new ground.

ACKNOWLEDGMENT

I would like to express 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 extended to the Group and such confidence is very much appreciated.

TAN SRI AZMAN HASHIM
Chairman

4 August 2011

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 ensures that RCE Group's business is properly managed to safeguard the Group's assets and shareholders' investment. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Board's composition of nine (9) members, comprising an Executive Director, three (3) Non-Independent Non-Executive Directors and five (5) Independent 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 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 the Executive Chairman and Chief Executive Officer 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 management and is responsible for the day-to-day running of the business and implementation of Group's policies and decisions.

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

Name of Director	No. of Meetings Attended
Tan Sri Azman Hashim	4/4
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Dato' Ab. Halim bin Mohyiddin	3/4
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Chew Keng Yong	4/4
Soo Kim Wai	4/4
Shalina Azman	3/4
Shahman Azman	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 over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of 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 in-house seminars on "Leadership Versus Management" and "Budget 2011 – Transformation Toward a Developed and High Income Nation" conducted by external consultants for the Directors and senior management. The Directors also continued to attend and participate in various training programmes, briefings, conferences, 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, workshops and trainings attended by the Directors during the financial year ended 31 March 2011 are as follows:

Key Areas	Topics
Corporate Governance & Risk Management	• Developing an Anti-Money Laundering Risk Averse Culture Without Affecting Profitability • Securities Commission-Bursa Malaysia Corporate Governance Week 2010: - Corporate Governance Roundtable: Towards Corporate Governance Excellence - Engagement verses Activism: Achieving the Right Balance? - The Changing Landscape of Shareholders Activism: The Roles We Play - Independent Directors: Actual verses Perceived Independence - Views from the Boardroom: Challenges Directors Face - CG Best Practices - Corporate Integrity Systems Malaysia - Beyond Governance, Enter Sustainability - Statement on Risk Management and Internal Control - Stoking the Fire of Corporate Governance • Developing High Impact Board • Going Forward: Risk & Reform - Implications for Audit Committee Oversight • IBM IT Risk Management Seminar
Directors' Duties & Obligations	• Securities Commission-Bursa Malaysia Corporate Governance Week 2010 - Boardroom Ethics - Board Role, Directors Duties and Blind Spots, Biases and Other Pathologies in the Boardroom
Leadership	• Perdana Leadership Foundation CEO Forum 2010 • 4th APEC Business Advisory Council (ABAC) Meeting, APEC CEO Summit and ABAC Dialogue with Leaders representing Malaysia • Leadership versus Management
Financial , Taxation & Investment	• Capitalising on Malaysia's Islamic Asset Management Opportunity • International Conference on Financial Crime and Terrorism Financing • Asian Institute of Finance/Institute Bank-Bank Malaysia Roundtable Forum: The Experience of Managing Risks during the Global Financial Crisis - the Malaysian Banks Experience • Budget 2011 - Rising Above the Competition • Budget 2011 - Transformation Toward a Developed and High Income Nation • Basel II and The Global Financial Crisis • Off-Balance Sheet Items, Offshore Accounts & Derivatives • Bank Negara Malaysia/ Financial Institutions Directors' Education Programme – Module 1 • Bank Negara Malaysia/ Financial Institutions Directors' Education Programme – Module 2 • Bank Negara Malaysia/ Financial Institutions Directors' Education Programme – Module 3 • Bank Negara Malaysia/ Financial Institutions Directors' Education Programme – Module 4

Key Areas	Topics
Education & Environment	• Impact of Technology on the Future of Higher Education • Malaysia Productivity Corporation Convention on Quality Environment • Biotechnology Forum 2011 - Biotechnology in Malaysia, a Homecoming (Harmonising Past and Present Knowledge for Future Direction)
Business & Economics	• Malaysia Japan Economic Association (MAJECA) - Business Mission to Japan • 2nd APEC Business Advisory Council (ABAC) Meeting representing ABAC Malaysia • 17th East Asia Business Council (EABC) Meeting • 3rd APEC Business Advisory Council (ABAC) Meeting • Malaysian Investment Banking Association - Workshop on "Enhancing Competency and Abilities in Regulatory Compliance" • Malaysian Institute of Management - Malaysia Productivity Corporation Launching of Management Capability Index (MCI) Report 2010 • 29th MAJECA-JAMECA Joint Conference • Malaysia Productivity Corporation Conference on Competitiveness 2010 - "Driving Innovation for Competitiveness" • 1st APEC Business Advisory Council (ABAC) Meeting • East Asia Business Council (EABC) Symposium on Expanding Trade & Investment Linkages in East Asia – Building Business without Borders • 19th East Asia Business Council Meeting • Meeting with Minister of Trade & Industry and corporate figures to discuss Strategies To Enhance Domestic Investment • ABAC Malaysia Roundtable Discussion with Government Agencies on Strategies to Promote Entrepreneurship and Microenterprises • How Sustainable Our Business • Leading in an Evolving Environment • Economic Transformation Programme (ETP) • Improving Business Acumen and Decision Making • Nielsen Media Presentation 2010

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 remuneration of the Directors of the Company for the financial year ended 31 March 2011 are as follows:

- **Aggregate Remuneration**

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	–	240,000	240,000
Other Emoluments	934,000	50,000	984,000
Defined contributions	266,190	–	266,190
Benefits-in-kind	475,895	–	475,895

- **Analysis of Remuneration**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	–	8
RM1,650,001 – RM1,700,000	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 of Directors' remuneration 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.

WHISTLE BLOWING POLICY

The Group in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concerns raised will be investigated and a report and update is provided to the Audit Committee.

BOARD COMMITTEES

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

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

3. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Director)

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

5. Chew Keng Yong
   (Independent 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.

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

2. Major General (Rtd) Dato' Haji Fauzi bin Hussain
   (Independent Director)

3. Chew Keng Yong
   (Independent Director)

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

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

(a) Appointment and Evaluation

(i) To consider and recommend candidates for directorship to the Board and membership to Board Committees based on the following broad criteria:
- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- for independent non-executive directors, the ability to discharge 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 Chief Executive and 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, the Nomination & Remuneration Committee held two (2) meetings 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 and the Chief Executive Officer of the Company;
- undertook a review of all Directors who are due for re-election/reappointment at the Company's Fifty-Sixth 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 annual increment and bonus for the Chief Executive Officer.

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

Options Committee

The Options Committee is established to administer the Company's Employees' Share Option Scheme ("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.

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 27 to 28 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 and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

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 as well as the Company's announcements to Bursa Malaysia are also made available to the public through the Company's website at www.rce.com.my. In addition, investors may raise queries regarding RCE Group via email to corporate@rce.com.my.

Investor Relations

The Group values dialogues with its investors. Occasionally, briefings and open discussions with institutional/prospective investors, local analysts and fund managers are held to update 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 44, holds a Bachelor in 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

The Group recognises the importance of corporate social responsibility as an integral part of business and strongly pursue its belief of caring for and sharing with people, business associates and the community. In this respect, the Group continued its initiative to strive for a balanced approach in achieving its business profitability and the expectation of its stakeholders and the community thereby creating value to our shareholders and enhancing the long term sustainability of the Group.

The Group is now into its fourth year of collaboration with National Kidney Foundation ("NKF") in support of the various events, programmes and activities organised by NKF in various forms such as donations, sponsorships, staff volunteers and resources. The Group jointly with NKF held a 3-day free health screening for the public at Wisma Pertanian in Kota Kinabalu and a similar free health screening was held in Putrajaya for both the government servants and public to raise awareness of kidney diseases and their prevention and better health management. Cash donations collected during the event was channeled to NKF which went towards providing subsidised dialysis treatment and medication for the needy kidney failure patients. Additionally, collection of old newspapers campaign was conducted where the old newspapers collected are then sent to the Community Recycle for Charity ("CRC") via NKF. CRC serves the needy community through its environment-friendly practices of recycling and the funds collected by CRC will be used to help the needy community.

The Group also participated in the "100 years 100 good deeds" campaign undertaken by Amcorp Group Berhad ("Amcorp"), a major shareholder, in conjunction with Amcorp's 100 years anniversary. The campaign encompassed a broad spectrum of activities from helping the orphans to providing educational assistance and supporting national events, environmental protection, providing much needed support to disaster victims, fund raising for several NGOs as well as initiate talks and recycling campaigns to promote awareness.

In support of National Blood Bank's call for blood donation, the Group had organised blood donation campaigns at Boulevard Shopping Mall, Kuching and Amcorp Mall, Petaling Jaya in July and August 2010 respectively.

As part of the Group's CSR efforts, the Group together with Amcorp organises and support a number of community services. The Group encourages its employees and business associates to extend a helping hand to the less fortunate as well as to victims of natural disasters such as the flood in Perlis and the earthquake and tsunami in Japan. Visits to orphanages and homes of the less fortunate provide comfort and words of wisdom.

The Group continues to play its part in preserving the environment and reducing the carbon footprint to ensure sustainability of the world's natural resources. Additionally, the Group also promote a culture of waste minimisation and resource optimization. Various recycling campaigns such as paper and plastic recycling campaigns, collection of old magazines and used books were carried out to encourage staff to adopt the habit to reduce, reuse and recycle as much as possible, both at home and at work.

In conjunction with Earth Hour 2011 on 26 March 2011, the Group continued to show its support by encouraging its employees to switch off all non-essential lights in office and home for one hour. Talks by experts to raise awareness of environmental issues were also conducted for employees.

In recognition of employees being the most important asset to drive the organisation to great successes and acknowledges their invaluable contribution to the organisation's growth, the Group always endeavoured to safeguard the welfare, healthcare, training and career development for its employees. On-going in house training is conducted from time to time to equip employees with the necessary skills and knowledge. Health awareness talks are held regularly together with health service providers to educate the employees on healthy lifestyle and various preventive measures against diseases. To promote healthy lifestyle and work-life balance among staff, various recreational and sporting activities were organised and sponsored. Some of the activities carried out were futsal, marathon-run for a cause, SkyTrex adventure, treasure hunt, mount climbing and eco-friendly gift exchange among staff during year end party. Training on City Survival by a well known experienced trainer was conducted strictly for female employees on the preventive measures so as to avoid confronting a would-be attacker.

A great deal of effort and resources are channeled into the Group's CSR programmes and the top management are directly involved in the Group's CSR efforts. The Group looks upon the giving back to society in the hope of making a difference in the many lives it touches.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 25 May 2011.

Deeparaya celebration for the visually impaired folks at the Malaysian Association for the Blind

Staff participants at the NKF World Kidney Day Run

Donation to children from "Our Family Home" orphanage

NKF LifeCheck health screening

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**

   During the financial year, there were 326,700 options exercised in relation to the Employees' Share Option Scheme.

   There were no convertible securities exercised during the financial year as the Company has not issued any convertible securities.

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 2011 was RM45,138.

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 RM209.0 million from the issuance of RM283.8 million out of a total of RM1.5 billion asset-backed securities ("ABS") by Tresor Assets Berhad backed by loans and receivables originated by RCE Marketing Sdn Bhd, a subsidiary company with a net proceeds of RM209.0 million were utilised as follows:

Description	Total
	RM'000
Proceeds - ABS	209,000
Repayment of borrowings	(184,883)
Working capital	(24,117)
Balance as at 31 March 2011	–

10. List of Properties and Revaluation Policy

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

Location	Tenure	Age of Building (Year)	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	14	5,511	Office	1,588	31.12.2004	31.03.2010	11.09.2088
Unit 24 Jalan 4/146 Bandar Tasik Selatan 57000 Kuala Lumpur	Leasehold	11	11,520	6-Storey Shop Lot	1,112	05.09.2008	05.09.2008	29.06.2087
					2,700			

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 41, 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 41, 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 Director
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	Member	Independent Director
Major General (Rtd) Dato' Haji Fauzi bin Hussain	Member	Independent Director
Dato' Che Md Nawawi bin Ismail	Member	Independent Director
Chew Keng Yong	Member	Independent Director
Soo Kim Wai *	Member	Non-Independent Non-Executive Director

Note:

** 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 2011, 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	3/4
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	4/4
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Chew Keng Yong	4/4
Soo Kim Wai	4/4

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

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 or she 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 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 Board's approval.

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 recommend to the Board for inclusion in the Annual Report.

  g. Reviewed and approved the Internal Audit Charter.

- **External Audit**

  a. Reviewed with the external auditors:

     - the audit planning memorandum, audit strategy and scope of work for the year.
     - the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditors.

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

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

- **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.

- **Others**

  a. Reviewed and verified that options allocated and granted during the year under the Company's Employees' Share Option Scheme ("ESOS") were in accordance with the allocation criteria approved by the Options Committee and in compliance with the Bylaws of the ESOS.

INTERNAL AUDIT FUNCTION

The Company engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The total cost incurred for the internal audit function of the Group for the financial year ended 31 March 2011 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 2011.

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 2011 are as follows:

	The Group RM	The Company RM
Profit for the financial year	104,256,541	8,084,525

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 other than as disclosed in the financial statements.

DIVIDENDS

Dividends paid since the end of the previous financial year are as follows:

In respect of financial year ended 31 March 2010:

	RM
Final dividend of 17.5% on 782,395,174 ordinary shares, declared on 16 August 2010 and paid on 28 September 2010	
- 9.0% less 25% tax	5,281,167
- 8.5% single-tier, tax exempt	6,650,359
	11,931,526

At the forthcoming annual general meeting, a final single-tier dividend in respect of the financial year ended 31 March 2011 of 15% on 782,395,174 ordinary shares amounting to RM11,735,928 will be proposed for shareholders' approval. 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 2012.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as 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 RM78,239,517 by way of the issuance of 326,700 ordinary shares of RM0.10 each pursuant to the Employees' Share Option Scheme ("ESOS") at an exercise price of RM0.59 per ordinary share for cash. The newly issued shares rank pari passu in all respects with the existing shares of the Company.

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

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 disclosed in Note 38 to the financial statements.

There are no share options granted since the end of the previous financial year.

The movements of 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 1.4.2010	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2011
24 March 2010	0.59	17,843,900	–	(326,700)	(1,248,300)	16,268,900

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

OTHER FINANCIAL INFORMATION (CONT'D)

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
Dato' Ab. Halim Bin Mohyiddin
Major General (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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.4.2010	**Bought**	**Sold**	**Balance as at 31.3.2011**
Direct interest				
Chew Keng Yong	1,963,600	3,150,000	–	5,113,600
Indirect interest				
Tan Sri Azman Hashim	323,927,169	–	–	323,927,169
Chew Keng Yong	–	2,558,200	–	2,558,200

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 in office at the end of the financial year had any interest in shares in the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 26 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 other than the share options granted pursuant to the Company's ESOS as disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, 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
9 June 2011

Independent Auditors' Report
to the Members of RCE Capital Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **RCE CAPITAL BERHAD** which comprise the statements of financial position of the Group and of the Company as of 31 March 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 122.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit 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 towards 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements 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 2011 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report
to the Members of RCE Capital Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 29(c) is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Deloitte Kassimchan

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

NG YEE HONG
Partner – 2886/04/13 (J)
Chartered Accountant

Petaling Jaya
9 June 2011

Statements of Comprehensive Income

For the Financial Year Ended 31 March 2011

	Note	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Revenue	5	269,585,585	255,611,375	10,315,159	28,632,595
Other income		15,523,491	9,098,681	5,124,639	212,998,695
Interest expense applicable to revenue	6	(74,613,722)	(64,715,753)	(3,052,000)	(3,052,000)
Directors' remuneration	7	(1,490,190)	(3,820,358)	(290,000)	(2,620,168)
Staff costs	8	(12,225,997)	(12,334,046)	–	(275,528)
Depreciation of plant and equipment	15	(1,318,608)	(1,356,741)	(10,494)	(10,494)
Depreciation of investment properties	16	(59,930)	(59,930)	–	–
Write back for impairment loss in other investments	10	–	210	–	–
Other expenses		(55,272,532)	(72,399,054)	(187,729)	(21,761,239)
Finance costs	9	(29,346)	(35,189)	(123,721)	(10,625)
Profit before tax	10	140,098,751	109,989,195	11,775,854	213,901,236
Income tax expense	11	(35,842,210)	(28,894,960)	(3,691,329)	(1,923,772)
Profit for the financial year		104,256,541	81,094,235	8,084,525	211,977,464
Other comprehensive income:					
AFS financial assets:					
- Unrealised net gain on revaluation		2,025,811	–	–	–
Other comprehensive income for the financial year, net of tax		2,025,811	–	–	–
Total comprehensive income for the financial year		106,282,352	81,094,235	8,084,525	211,977,464
Attributable to:					
Equity holders of the Company		104,256,541	81,094,235		
Earnings per share attributable to equity holders of the Company:					
Basic (sen)	13	13.33	10.72		
Diluted (sen)	13	13.33	10.69		

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

Statements of Financial Position

As at 31 March 2011

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	15	2,679,264	3,045,822	46,498	56,992
Investment properties	16	2,699,792	2,786,166	–	–
Investments in subsidiary companies	17	–	–	330,065,410	330,644,018
Goodwill on consolidation	18	28,676,975	28,676,975	–	–
Loans and receivables	19	973,163,790	992,527,064	–	–
Other investments	20	2	30,387,175	2	2
AFS financial assets	21	39,165,690	–	–	–
Deferred tax assets	22	33,783,308	5,371,847	–	656,675
Total Non-Current Assets		1,080,168,821	1,062,795,049	330,111,910	331,357,687
Current Assets					
AFS financial assets	21	–	–	–	–
Short term investments	23	–	4,000,000	–	–
Loans and receivables	19	112,590,590	146,080,924	–	–
Trade receivables	24	37,414,220	30,789,531	–	–
Other receivables, deposits and prepaid expenses	25	28,549,587	5,330,487	215,435	1,131,254
Amounts due from subsidiary companies	26	–	–	72,503,588	69,050,117
Deposits with licensed financial institutions	27	512,150,091	270,935,391	81,920	66,058
Cash and bank balances	27	2,388,030	18,775,540	1,668	5,579
Total Current Assets		693,092,518	475,911,873	72,802,611	70,253,008
Total Assets		1,773,261,339	1,538,706,922	402,914,521	401,610,695

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	28	78,239,517	78,206,847	78,239,517	78,206,847
Reserves	29	370,142,137	340,655,490	278,343,091	282,488,598
Total Equity		448,381,654	418,862,337	356,582,608	360,695,445
Non-Current Liabilities					
Hire-purchase payables	30	580,213	392,012	–	–
Borrowings	31	737,379,061	705,252,716	–	40,000,000
Deferred tax liabilities	22	52,417,561	26,428,453	7,613	13,428
Total Non-Current Liabilities		790,376,835	732,073,181	7,613	40,013,428
Current Liabilities					
Payables and accrued expenses	32	89,290,973	58,486,621	373,252	605,249
Amount due to a subsidiary company	26	–	–	5,518,541	–
Hire-purchase payables	30	172,779	210,801	–	12,066
Finance lease payables	33	–	26,965	–	–
Borrowings	31	444,715,423	326,805,796	40,432,507	284,507
Tax liabilities		323,675	2,241,221	–	–
Total Current Liabilities		534,502,850	387,771,404	46,324,300	901,822
Total Liabilities		1,324,879,685	1,119,844,585	46,331,913	40,915,250
Total Equity and Liabilities		1,773,261,339	1,538,706,922	402,914,521	401,610,695

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

Statements of Changes in Equity

For the Financial Year Ended 31 March 2011

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 2009		71,097,134	26,393,874	–	200,567,541	226,961,415	298,058,549
Total comprehensive income		–	–	–	81,094,235	81,094,235	81,094,235
Transactions with owners							
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		–	–	6,555,314	–	6,555,314	6,555,314
Total transactions with owners		7,109,713	31,910,043	6,555,314	(5,865,517)	32,599,840	39,709,553
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 Group	Note	Share Capital RM	Non-Distributable Reserves: Share Premium RM	Non-Distributable Reserves: Share Options RM	Non-Distributable Reserves: AFS RM	Distributable Reserve: Retained Earnings RM	Total Reserves RM	Total RM
Balance as at 1 April 2010		78,206,847	58,303,917	6,555,314	–	275,796,259	340,655,490	418,862,337
Effects of adopting FRS 139		–	–	–	6,752,706	(71,776,967)	(65,024,261)	(65,024,261)
Restated as at 1 April 2010	2.1	78,206,847	58,303,917	6,555,314	6,752,706	204,019,292	275,631,229	353,838,076
Total comprehensive income		–	–	–	2,025,811	104,256,541	106,282,352	106,282,352
Transactions with owners								
Dividends	14	–	–	–	–	(11,931,526)	(11,931,526)	(11,931,526)
Issuance of shares pursuant to ESOS exercised		32,670	280,102	(120,020)	–	–	160,082	192,752
Cancellation of share options		–	–	(458,588)	–	458,588	–	–
Total transactions with owners		32,670	280,102	(578,608)	–	(11,472,938)	(11,771,444)	(11,738,774)
Balance as at 31 March 2011		78,239,517	58,584,019	5,976,706	8,778,517	296,802,895	370,142,137	448,381,654

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 2009		71,097,134	26,393,874	–	11,517,420	37,911,294	109,008,428
Total comprehensive income		–	–	–	211,977,464	211,977,464	211,977,464
Transactions with owners							
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		–	–	6,555,314	–	6,555,314	6,555,314
Total transactions with owners		7,109,713	31,910,043	6,555,314	(5,865,517)	32,599,840	39,709,553
Balance as at 31 March 2010		78,206,847	58,303,917	6,555,314	217,629,367	282,488,598	360,695,445
Balance as at 1 April 2010		78,206,847	58,303,917	6,555,314	217,629,367	282,488,598	360,695,445
Total comprehensive income		–	–	–	8,084,525	8,084,525	8,084,525
Transactions with owners							
Dividends	14	–	–	–	(11,931,526)	(11,931,526)	(11,931,526)
Issuance of shares pursuant to ESOS exercised		32,670	280,102	(120,020)	–	160,082	192,752
Cancellation of share options		–	–	(458,588)	–	(458,588)	(458,588)
Total transactions with owners		32,670	280,102	(578,608)	(11,931,526)	(12,230,032)	(12,197,362)
Balance as at 31 March 2011		78,239,517	58,584,019	5,976,706	213,782,366	278,343,091	356,582,608

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

Statements of Cash Flows
For the Financial Year Ended 31 March 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	104,256,541	81,094,235	8,084,525	211,977,464
Adjustments for:				
Income tax expense	35,842,210	28,894,960	3,691,329	1,923,772
Allowance for impairment loss on receivables, net	27,194,130	27,842,359	–	–
Depreciation of plant and equipment	1,318,608	1,356,741	10,494	10,494
Amortisation of discount on medium term notes (“MTNs”)	1,238,664	2,238,898	–	–
Loss on early redemption of MTNs	210,500	1,755,000	–	–
Depreciation of investment properties	59,930	59,930	–	–
Finance costs	29,346	35,189	123,721	10,625
Allowance for impairment loss in investment properties	26,444	–	–	–
Share options granted under ESOS	–	6,555,314	–	2,626,696
Plant and equipment written off	–	2,848	–	–
Investments in subsidiary companies written off	–	–	–	21,336,802
Investment income	(10,431,601)	(4,734,460)	(2,968)	(11,934)
Dividend income	(6,073,695)	(3,156,890)	(2,700,000)	(21,021,246)
Capital repayment from investment in real estate investment trust (“REIT”)	(61,293)	–	–	–
Gain on disposal of plant and equipment	(55,078)	(185)	–	–
Write back for impairment loss in other investments	–	(210)	–	–
Interest income from amounts due from subsidiary companies	–	–	(5,121,671)	(4,003,350)
Gain on redemption of preference shares in a subsidiary company	–	–	–	(208,883,409)
Waiver of debt due to subsidiary companies	–	–	–	(100,002)
Operating Profit Before Working Capital Changes	153,554,706	141,943,729	4,085,430	3,865,912

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
(Increase)/Decrease in:				
AFS financial assets	–	28,543	–	–
Loans and receivables	(34,430,508)	(213,383,398)	–	–
Trade receivables	(6,878,722)	2,292,571	–	–
Other receivables, deposits and prepaid expenses	(13,043,434)	1,733,459	150,087	145,131
Amounts due from subsidiary companies	–	–	6,388,290	(55,445,034)
Increase in:				
Payables and accrued expenses	864,278	24,891,614	(241,367)	17,478
Cash Generated From/(Used In) Operations	100,066,320	(42,493,482)	10,382,440	(51,416,513)
Taxes paid	(28,126,122)	(17,977,236)	(2,631,666)	(2,760,984)
Taxes refunded	1,323,283	739,470	1,179,929	–
Net Cash Generated From/(Used In) Operating Activities	73,263,481	(59,731,248)	8,930,703	(54,177,497)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	10,431,601	4,734,460	2,968	11,934
Dividend received	6,073,695	3,156,890	2,700,000	21,021,246
Proceeds from disposal of plant and equipment	375,808	21,324	–	–
Capital repayment from investment in REIT	61,293	–	–	–
Additions to plant and equipment	(691,280)	(549,848)	–	–
Net Cash Generated From Investing Activities	16,251,117	7,362,826	2,702,968	21,033,180

Statements of Cash Flows

For the Financial Year Ended 31 March 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	325,430,207	336,230,195	–	–
Repayment of revolving credits	(251,583,135)	(354,775,020)	–	–
Proceeds from issuance of asset-backed securities ("ABS")	209,000,000	150,000,000	–	–
Redemption of ABS	(81,000,000)	(54,000,000)	–	–
Drawdown of term loans	–	100,000,000	–	–
Settlement of term loans	(52,278,210)	(6,693,288)	–	–
Redemption of MTNs	(20,210,501)	(47,175,733)	–	–
Redemption of bonds and commercial papers, net	(4,000,000)	(20,000,000)	–	–
Drawdown of other borrowings	92,716,236	55,176,728	–	–
Settlement of other borrowings	(70,544,969)	(63,558,731)	–	–
Issuance of shares	192,752	39,124,752	312,772	39,124,752
Dividends paid	(11,922,156)	(5,834,289)	(11,922,156)	(5,834,289)
Repayment of:				
Hire-purchase payables	(431,321)	(211,391)	(12,066)	(22,861)
Finance lease payables	(26,965)	(125,323)	–	–
Finance costs paid	(29,346)	(35,189)	(270)	(1,883)
Share issuance expenses	–	(104,996)	–	(104,996)
Net Cash Generated From/(Used in) Financing Activities	135,312,592	128,017,715	(11,621,720)	33,160,723
NET CHANGE IN CASH AND CASH EQUIVALENTS	224,827,190	75,649,293	11,951	16,406
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	289,710,931	214,061,638	71,637	55,231
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 27)	514,538,121	289,710,931	83,588	71,637

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

Notes to the Financial Statements

31 March 2011

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 9 June 2011.

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.

2.1 Changes in Accounting Policies

As at the date of issuance of the financial statements, certain new and revised FRSs, Amendments and IC Interpretations which are relevant to the operations of the Group and of the Company are as follows:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowings Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments:	
FRS 2	Share-based Payment: Vesting Conditions and Cancellations
FRS 7	Financial Instruments: Disclosures
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 132	Financial Instruments: Presentation
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Shares Transactions

Improvements to FRSs (2009) which include Amendments to FRSs 8, 107, 108, 110, 116, 117, 118, 119, 123, 127, 134, 136, 138 and 140

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

2.1 Changes in Accounting Policies (Cont'd)

The adoption of the above has not resulted in significant financial impact on the financial statements of the Group and of the Company, other than the effects and changes as disclosed below:

(a) FRS 7: Financial Instruments: Disclosures

FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit, liquidity and market risks, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group and the Company's financial statements for the financial year ended 31 March 2011.

(b) FRS 8: Operating Segments

FRS 8 replaces FRS114_{2004}: Segment Reporting and requires a "management approach", under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segment reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. The reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS114_{2004}. As this is a disclosure standard, there will be no impact on the financial position and results of the Group.

(c) FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented in a single line labelled as total comprehensive income.

The standard also introduces the statement of comprehensive income; presenting all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classifications of items in the financial statements.

The revised FRS101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 37 on Capital Management).

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

2.1 Changes in Accounting Policies (Cont'd)

(d) FRS 139: Financial Instruments: Recognition and Measurement

FRS139 establishes principle for recognising and measuring financial assets and liabilities. The Group and the Company have adopted FRS139 prospectively on 1 April 2010 in accordance with the transitional provisions. The effects arising from the adoption of this standard have been accounted for by adjusting the opening balance of retained earnings and reserve as at 1 April 2010. Comparatives are not restated. The details of changes in accounting policies arising from the adoption of FRS139 are set out below.

(i) Effective interest method

The effective interest method is used in calculating the amortised cost of the financial assets or liabilities and the allocation of interest income/(expense) over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts)/(payments) through the expected life of the financial assets or liabilities, or (where appropriate), a shorter period, to the net carrying amount on initial recognition.

(ii) AFS financial assets

Prior to 1 April 2010, other investments representing investment in quoted shares are stated at cost less any accumulated impairment losses. Upon the adoption of FRS 139, these investments are designated as AFS financial assets. The adjustments to the previous carrying amounts are recognised as adjustments to the opening balance of AFS reserve as at 1 April 2010.

(iii) Impairment of financial assets

Prior to 1 April 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 April 2010, the Group has remeasured the allowance of impairment losses as at that date in accordance with FRS139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

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

2.1 Changes in Accounting Policies (Cont'd)

In line with the transitional provisions under Para 103AA of FRS139, the changes of the above accounting policies arising from the initial adoption of FRS139 have been applied prospectively and resulted in the following adjustments against the opening balances:

	As at 1 April 2010 RM	Effects of adoption of FRS 139 RM	Restated as at 1 April 2010 RM
Effects on:			
Loans and receivables	1,138,607,988	(60,688,417)	1,077,919,571
Other investments	30,387,175	(30,387,173)	2
AFS financial assets	–	37,139,879	37,139,879
Deferred tax assets	5,371,847	23,612,217	28,984,064
Short term investments	4,000,000	(4,000,000)	–
Trade receivables	30,789,531	344,398	31,133,929
Deferred tax liabilities	26,428,453	13,983	26,442,436
Payables and accrued expenses	58,486,621	31,031,182	89,517,803
Effects on:			
Retained earnings	275,796,259	(71,776,967)	204,019,292
Effects on:			
AFS reserve	–	6,752,706	6,752,706

2.2 Accounting Standards, Amendments and Interpretations Issued but Not Effective

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

		Effective for annual periods beginning on or after
FRS3	Business Combinations (Revised)	1 July 2010
Amendments:		
FRS2	Share-based Payment	1 July 2010
FRS127	Consolidated and Separate Financial Statements	1 July 2010
FRS138	Intangible Assets	1 July 2010
FRS7	Improving Disclosures about Financial Instruments	1 January 2011
FRS124	Related Party Disclosures	1 January 2012
Improvements to FRSs (2010) which include Amendments to FRSs 3, 7, 101, 132, 134 and 139		1 January 2011

The Group and the Company will adopt the above FRSs, Amendments and IC Interpretations when they become effective. The adoption will not result in any significant financial impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

3.2 Basis of Consolidation

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

Under the acquisition method of accounting, 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 profit or loss 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 company'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.

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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

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, debt 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) Interest income

Interest income is recognised using the effective interest method.

(b) Overdue interest income

Overdue interest income is recognised upon collection.

(c) Debt management services

Fees from debt management services are recognised upon rendering of services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

(d) Dividend income

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

(e) Rental income

Rental income is recognised on an accrual basis.

(f) Trading of securities

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

(g) Management fees and IT services

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

(h) Investment income

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

3.4 Segment Reporting

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

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

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

Segment information is disclosed in Note 12.

3. 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 profit or loss 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 reporting date, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.11(d) on Impairment of Other Non-Financial Assets).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases and Hire-Purchase

(a) Classification

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

(b) Finance lease and hire-purchase

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

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

(c) Operating lease

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

3.7 Investment Properties

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Investment in Subsidiary Companies

A subsidiary company is an entity 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 profit or loss.

3.9 Goodwill on Consolidation

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

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

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

3.10 Financial Assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial Assets (Cont'd)

(a) AFS financial assets

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

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

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

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

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

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets

(a) AFS financial assets

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

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

(b) Loans and receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency, significant financial difficulties of the debtor, default or significant delay in payments.

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

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

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

(i) Collective assessment allowance

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

(ii) Individual assessment allowance

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

(c) Receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets (Cont'd)

(d) Other non-financial assets

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

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

3.12 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.

3.13 Financial Liabilities

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial Liabilities (Cont'd)

(b) Other financial liabilities

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

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

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

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

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

3.14 Borrowing Costs

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

3.15 Financial Guarantee Contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income Taxes

(a) Current tax

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

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

(b) Deferred tax

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

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient 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 at the reporting date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(c) Share-based compensation

The Company's 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.

At each reporting 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 profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

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

The 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.

3.19 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").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Foreign Currencies (Cont'd)

(b) Foreign currency transactions and balances

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

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

3.20 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.

3.21 Share Capital and Share Issuance Expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs and classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.22 Contingencies

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of goodwill on consolidation

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

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired based on the evaluation of 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 creditworthiness and the past collection history of each customer.

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

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that 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 value of borrowings

The fair value of borrowings is estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Loan financing services:				
Interest income *	256,511,776	206,726,154	–	–
Commission income **	–	30,604,152	–	–
Others	205,800	174,884	–	–
	256,717,576	237,505,190	–	–
Factoring and confirming	6,533,092	4,646,902	–	–
Dividend income from:				
AFS financial assets - Investment in REIT (quoted in Malaysia)	6,073,695	3,156,890	–	–
Subsidiary companies	–	–	2,700,000	21,021,246
	6,073,695	3,156,890	2,700,000	21,021,246
Rental income (Note 16)	261,222	251,302	–	–
Trading of securities	–	10,051,091	–	–
Management fee from a subsidiary company	–	–	7,615,159	7,611,349
	269,585,585	255,611,375	10,315,159	28,632,595

* Comprises interest income from loan financing.
** Comprises commission income from provision of financial administrative and debt management services.

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
ABS	35,120,072	24,773,314	–	–
Fixed rate MTNs	17,480,080	20,207,468	–	–
Term loans	11,763,108	9,869,719	3,052,000	3,052,000
Revolving credits	9,120,261	8,199,949	–	–
Bankers' acceptances	485,319	404,461	–	–
Bank overdrafts	328,380	51,766	–	–
Trust receipts	269,814	235,432	–	–
Fixed rate serial bonds and underwritten commercial papers	46,688	973,644	–	–
	74,613,722	64,715,753	3,052,000	3,052,000

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company:				
Non-executive directors				
- Fees	240,000	225,000	240,000	225,000
- Other emoluments	50,000	44,000	50,000	44,000
- Share options granted under ESOS	–	1,616,428	–	1,616,428
	290,000	1,885,428	290,000	1,885,428
Executive directors				
- Other emoluments	934,000	934,000	–	–
- Defined contributions	266,190	266,190	–	–
- Share options granted under ESOS	–	734,740	–	734,740
	1,490,190	3,820,358	290,000	2,620,168
Benefits-in-kind	475,895	425,904	–	20,505
Total directors' remuneration	1,966,085	4,246,262	290,000	2,640,673

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	
	2011	2010
Non-executive directors:		
RM50,000 and below	8	7
RM50,001 - RM100,000	–	1
Executive directors:		
RM1,600,001 - RM1,650,000	–	1
RM1,650,001 - RM1,700,000	1	–
	9	9

8. STAFF COSTS

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries	9,790,194	6,454,038	–	–
Defined contributions	1,251,286	784,519	–	–
Social security contributions	64,063	56,449	–	–
Share options granted under ESOS	–	4,204,146	–	275,528
Others	1,120,454	834,894	–	–
	12,225,997	12,334,046	–	275,528

9. FINANCE COSTS

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
Hire-purchase payables	28,798	27,599	270	10,625
Finance lease payables	548	7,590	–	–
Amount due to a subsidiary company	–	–	123,451	–
	29,346	35,189	123,721	10,625

10. PROFIT BEFORE TAX

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Investment income	10,431,601	4,734,460	2,968	11,934
Bad debts recoveries	2,324,057	2,226,398	–	–
Capital repayment from investment in REIT	61,293	–	–	–
Gain on disposal of plant and equipment	55,078	185	–	–
Realised gain on foreign exchange, net	21,843	9,204	–	–
Write back for impairment loss in other investments	–	210	–	–
Interest income on amounts due from subsidiary companies	–	–	5,121,671	4,003,350
Gain on redemption of preference shares	–	–	–	208,883,409
Waiver of debt due to subsidiary companies (Note 26)	–	–	–	100,002

10. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for impairment loss on receivables, net	(27,194,130)	(27,842,359)	–	–
Amortisation of discount on MTNs	(1,238,664)	(2,238,898)	–	–
Rental of:				
Premises	(713,532)	(721,282)	–	–
Motor vehicle	(67,800)	(66,140)	–	–
Disaster recovery centre	(36,000)	(36,000)	–	–
Warehouse	(7,149)	(8,931)	–	–
Office equipment	(13,800)	(13,800)	–	–
Borrowings' facility fees	(555,467)	(824,740)	(148,000)	(148,000)
Auditors' remuneration:				
Statutory audit				
- Current year	(221,400)	(195,200)	(35,700)	(62,400)
- Under provision in prior year	(6,700)	–	(6,700)	–
Non-statutory audit				
- Current year	(4,200)	(4,000)	(4,200)	(4,000)
Loss on early redemption of MTNs	(210,500)	(1,755,000)	–	–
Allowance for impairment loss in investment properties	(26,444)	–	–	–
Share options granted under ESOS	–	(6,555,314)	–	(2,626,696)
Plant and equipment written off	–	(2,848)	–	–
Investments in subsidiary companies written off	–	–	–	(21,336,802)

11. INCOME TAX EXPENSE

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax payable:				
Current year	14,239,972	17,472,769	2,985,084	2,488,205
Under provision in prior years	426,357	1,561,905	55,385	82,791
	14,666,329	19,034,674	3,040,469	2,570,996
Deferred tax (Note 22):				
Current year	20,404,483	9,860,286	(5,815)	(647,224)
Under provision in prior year	771,398	–	656,675	–
	21,175,881	9,860,286	650,860	(647,224)
	35,842,210	28,894,960	3,691,329	1,923,772

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	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax	140,098,751	109,989,195	11,775,854	213,901,236
Tax at applicable statutory tax rate of 25% (2010: 25%)	35,024,689	27,497,297	2,943,964	53,475,309
Tax effects of:				
Expenses not deductible for tax purposes	705,905	1,328,093	46,252	5,425,134
Income not subject to tax	(2,256,820)	(258,260)	(742)	(57,054,149)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	8,038,472	189,764	–	–
Deferred tax assets recognised in respect of current year's tax losses, unabsorbed capital allowances, and loans and receivables	(9,217,964)	(146,515)	(10,205)	(5,313)
Realisation of deferred tax assets not recognised previously	(22,720)	(1,277,324)	–	–
Realisation of deferred tax assets recognised	2,372,893	–	–	–
Tax at effective tax rate	34,644,455	27,333,055	2,979,269	1,840,981
Under provision of tax in prior years	426,357	1,561,905	55,385	82,791
Under provision of deferred tax in prior year	771,398	–	656,675	–
Income tax charged to profit or loss	35,842,210	28,894,960	3,691,329	1,923,772

The Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the year of assessment 2011. The computation of deferred tax as at 31 March 2011 uses the same statutory tax rate.

12. SEGMENT INFORMATION

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

(i) Loan financing segment

This segment engages in provision of general loan financing.

(ii) Investment holding and management services

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

(iii) Factoring and confirming

This segment engages in provision of factoring and confirming businesses.

Allocation basis and transfer pricing

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

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

Geographical segment

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

12. SEGMENT INFORMATION (CONT'D)

The following tables provide segment information for the reportable segments:

The Group 2011	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Adjustments and eliminations RM	Notes	Total RM
Revenue						
External sales	256,511,776	6,540,717	6,533,092	–		269,585,585
Inter-segment sales	720,000	13,005,159	–	(13,725,159)	A	–
Total revenue	257,231,776	19,545,876	6,533,092	(13,725,159)		269,585,585
Results						
Interest income from deposits with licensed financial institutions	10,423,264	2,968	5,369	–		10,431,601
Depreciation and amortisation	1,761,368	730,849	124,985	–		2,617,202
Other non-cash expenses	26,595,698	26,444	598,432	–	B	27,220,574
Segment profit/(loss)	136,510,595	511,767	3,105,735	(29,346)	C	140,098,751
Statements of Financial Position						
Capital additions	560,835	447,251	264,694	–	D	1,272,780
Segment assets	1,667,264,017	65,834,473	40,162,849	–		1,773,261,339
Segment liabilities	1,246,298,472	53,097,633	25,159,905	323,675	E	1,324,879,685

12. SEGMENT INFORMATION (CONT'D)

The Group 2010	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Others RM	Adjustments and eliminations RM	Notes	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)	A	–
Total revenue	247,126,111	45,013,343	4,646,902	–	(41,174,981)		255,611,375
Results							
Interest income from deposits with licensed financial institutions	4,714,801	11,934	7,725	–	–		4,734,460
Depreciation and amortisation	2,798,013	726,970	130,586	–	–		3,655,569
Other non-cash expenses	26,717,792	(210)	1,127,415	–	–	B	27,844,997
Segment profit/(loss)	114,151,508	(4,812,851)	684,969	758	(35,189)	C	109,989,195
Statements of Financial Position							
Capital additions	232,762	447,086	1,653	–	–	D	681,501
Segment assets	1,434,887,558	63,645,081	40,174,283	–	–		1,538,706,922
Segment liabilities	1,048,795,451	49,022,506	19,785,407	–	2,241,221	E	1,119,844,585

12. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

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

	2011 RM	2010 RM
Write back for impairment loss in other investments	–	(210)
Allowance for impairment loss on receivables, net	27,194,130	27,842,359
Allowance for impairment loss in investment properties	26,444	–
Plant and equipment written off	–	2,848
	27,220,574	27,844,997

C The following items are added to/(deducted) from segment profit to arrive at "profit before tax" presented in the statements of comprehensive income:

	2011 RM	2010 RM
Finance costs	(29,346)	(35,189)

D Capital additions consists of:

	2011 RM	2010 RM
Plant and equipment (Note 15)	1,272,780	681,501

E The following items are added to/(deducted) from segment liabilities to arrive at total liabilities presented in the statements of financial position:

	2011 RM	2010 RM
Unallocated corporate liabilities	323,675	2,241,221

13. EARNINGS PER ORDINARY SHARE ("EPS")

(a) Basic EPS

	The Group	
	2011	**2010**
	RM	**RM**
Profit for the financial year attributable to equity holders of the Company	104,256,541	81,094,235
Weighted average number of ordinary shares in issue:		
Balance as at beginning of financial year	782,068,474	710,971,340
Effects of private placement of shares	–	45,580,080
Effects of issuance of shares pursuant to ESOS exercised	290,002	–
Balance as at end of financial year	782,358,476	756,551,420
EPS (sen)	13.33	10.72

The basic EPS 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 EPS

	The Group	
	2011	**2010**
	RM	**RM**
Profit for the financial year attributable to equity holders of the Company	104,256,541	81,094,235
Weighted average number of ordinary shares in issue	782,358,476	756,551,420
Effects of dilution	–	1,952,729
Adjusted weighted average number of ordinary shares in issue	782,358,476	758,504,149
Diluted EPS (sen)	13.33	10.69

The diluted EPS 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	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Recognised during the financial year:				
Final dividend for 2009: 10% less tax of 25%, on 782,068,474 ordinary shares, paid on 18 September 2009	–	–	–	5,865,517
Final dividend for 2010: 9% less tax of 25% and 8.5% under single-tier system, tax exempt on 782,395,174 ordinary shares, paid on 28 September 2010	–	11,931,526	11,931,526	–
Proposed for approval at AGM (not recognised as at 31 March):				
Final dividend for 2011: 15% on 782,395,174 ordinary shares	11,735,928	–	–	–
	11,735,928	11,931,526	11,931,526	5,865,517

At the forthcoming AGM, a final single-tier dividend in respect of the financial year ended 31 March 2011 of 15% on 782,395,174 ordinary shares amounting to RM11,735,928 will be proposed for shareholders' approval.

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 2012.

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	Total RM
Cost							
Balance as at 1 April 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
Additions	78,270	449,626	–	–	744,884	–	1,272,780
Disposals	–	–	–	–	(824,717)	–	(824,717)
Reclassification	–	455,203	(455,203)	238,824	(238,824)	–	–
Balance as at 31 March 2011	1,225,387	4,554,404	–	476,789	1,206,727	628,538	8,091,845
Accumulated depreciation							
Balance as at 1 April 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
Charge for the financial year	190,652	637,015	93,240	28,353	245,253	124,095	1,318,608
Disposals	–	–	–	–	(503,987)	–	(503,987)
Reclassification	–	436,335	(436,335)	192,463	(192,463)	–	–
Balance as at 31 March 2011	765,313	3,502,057	–	423,829	367,347	354,035	5,412,581
Carrying amount							
Balance as at 31 March 2010	572,456	1,220,868	112,108	34,952	706,840	398,598	3,045,822
Balance as at 31 March 2011	460,074	1,052,347	–	52,960	839,380	274,503	2,679,264

15. PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment RM	Motor vehicles RM	Motor vehicle under hire-purchase RM	Total RM
Cost				
Balance as at 1 April 2009/2010	36,328	–	95,470	131,798
Reclassification	–	95,470	(95,470)	–
Balance as at 31 March 2011	36,328	95,470	–	131,798
Accumulated depreciation				
Balance as at 1 April 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
Charge for the financial year	–	–	10,494	10,494
Reclassification	–	48,972	(48,972)	–
Balance as at 31 March 2011	36,328	48,972	–	85,300
Carrying amount				
Balance as at 31 March 2010	–	–	56,992	56,992
Balance as at 31 March 2011	–	46,498	–	46,498

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM1,272,780 (2010: RM681,501) as follows:

	The Group 2011 RM	The Group 2010 RM
Acquired via:		
Cash payments	691,280	549,848
Hire-purchase arrangements	581,500	130,000
Payables	–	1,653
	1,272,780	681,501

16. INVESTMENT PROPERTIES

	The Group Leasehold buildings RM
Cost	
Balance as at 31 March 2010/2011	3,027,390
Accumulated depreciation	
Balance as at 1 April 2009	181,294
Charge for the financial year	59,930
Balance as at 1 April 2010	241,224
Charge for the financial year	59,930
Balance as at 31 March 2011	301,154
Accumulated impairment losses	
Balance as at 1 April 2009/2010	–
Charge for the financial year	26,444
Balance as at 31 March 2011	26,444
Carrying amount	
Balance as at 31 March 2010	2,786,166
Balance as at 31 March 2011	2,699,792
Fair value	
Balance as at 31 March 2010/2011	3,600,000

The strata titles pertaining to:

(i) the leasehold building under RCE Equity Sdn. Bhd. has been issued in the previous 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 RM261,222 (2010: RM251,302). Direct operating expenses arising from the investment properties during the financial year amounted to RM92,049 (2010: RM76,536).

17. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2011 RM	2010 RM
Unquoted shares, at cost	326,930,043	326,930,043
Less: Allowance for impairment	(214,643)	(214,643)
	326,715,400	326,715,400
Add: Equity contribution to subsidiary companies pursuant to ESOS (Note 38)	3,350,010	3,928,618
	330,065,410	330,644,018

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

	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Direct subsidiary companies			
Effusion.Com Sdn. Bhd.	100	100	Provision of information technology
RCE Enterprise Sdn. Bhd.	–	–	De-registered from the Companies Commission of Malaysia
RCE Resources Sdn. Bhd.	–	–	De-registered 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, debt management services and trading of securities
RCE Advance Sdn. Bhd. $^{\pi}$	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

17. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Indirect subsidiary companies (Cont'd)			
RCE Commerce Sdn. Bhd. π	100	100	Provision of information technology and financial administrative services
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 Sales Sdn. Bhd. β	100	100	Provision of financial administrative services
RCE Trading Sdn. Bhd. π	100	100	Provision of financial administrative services
Tresor Assets Berhad π	100	100	A special purpose vehicle established to acquire a pool of eligible receivables from its immediate holding company and to issue ABS to fund the purchase of such receivables
Mezzanine Enterprise Sdn. Bhd. *	100	100	Property investment, provision of financial administrative services

π Held indirectly through RCE Marketing Sdn. Bhd.
β Held indirectly through RCE Trading Sdn. Bhd.
* Held indirectly through RCE Equity Sdn. Bhd.

18. GOODWILL ON CONSOLIDATION

	The Group 2011 RM	The Group 2010 RM
Goodwill on consolidation, at cost	28,854,804	28,854,804
Less: Accumulated amortisation	(177,829)	(177,829)
Carrying amount	28,676,975	28,676,975

18. GOODWILL ON CONSOLIDATION (CONT'D)

Allocation of goodwill to cash-generating units

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

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

(ii) Investment holding operations of RCE Synergy Sdn. Bhd. as an individual CGU; and

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

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

	The Group	
	2011	**2010**
	RM	**RM**
Loan financing	19,002,200	19,002,200
Investment holding	9,341,621	9,341,621
Factoring and confirming	333,154	333,154
	28,676,975	28,676,975

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

Key assumptions used in value-in-use calculations

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. The discount rate applied to the cash flow projections is 6.55% (2010: 6.57%) per annum.

19. LOANS AND RECEIVABLES

	The Group	
	2011 RM	2010 RM
Loans and receivables	2,286,951,290	2,311,442,112
Less: Unearned interest income	(1,090,513,452)	(1,107,134,414)
	1,196,437,838	1,204,307,698
Less: Allowance for impairment	(110,683,458)	(65,699,710)
Loans and receivables, net	1,085,754,380	1,138,607,988
Amount receivable within one year	(112,590,590)	(146,080,924)
Non-current portion	973,163,790	992,527,064

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

	The Group	
	2011 RM	2010 RM
Amount receivables:		
Within one to two years	69,098,837	85,843,572
Within two to five years	229,955,862	302,507,210
After five years	674,109,091	604,176,282
	973,163,790	992,527,064

Loans and 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 loans and receivables are repayable over a maximum period of twenty (20) (2010: fifteen (15)) years. The information on the financial risk of loans and receivables are disclosed in Note 36.

The loans and receivables of the Group of RM309,860,886 (2010: RM265,367,464) are pledged to financial institutions as securities for borrowings as disclosed in Notes 31(d) and 31(e) respectively.

19. LOANS AND RECEIVABLES (CONT'D)

The profile of the loans and receivables is as follows:

	The Group	
	2011	**2010**
	RM	**RM**
Performing	328,863,186	152,898,569
1 to 150 days past due but performing	747,307,377	974,792,679
Non-performing	120,267,275	76,616,450
	1,196,437,838	1,204,307,698

Movement in allowance accounts:

	The Group	
	2011	**2010**
	RM	**RM**
Balance as at 1 April	65,699,710	71,072,819
Effects of adopting FRS 139	20,700,273	–
Restated as at 1 April	86,399,983	71,072,819
Charge for the financial year	26,595,698	26,714,944
Written off	(2,312,223)	(32,088,053)
Balance as at 31 March	110,683,458	65,699,710

The allowance accounts consist of:

	The Group	
	2011	**2010**
	RM	**RM**
Performing loans	40,012,392	14,160,069
Non-performing loans	70,671,066	51,539,641
	110,683,458	65,699,710

Loans and receivables that are performing

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

None of these have been renegotiated during the financial year.

19. LOANS AND RECEIVABLES (CONT'D)

Loans and receivables that are past due but performing

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

Loans and receivables that are non-performing

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

	The Group Collectively impaired	
	2011 RM	**2010 RM**
Loans and receivables, non-performing	120,267,275	76,616,450
Less: Allowance for impairment	(70,671,066)	(51,539,641)
	49,596,209	25,076,809

20. OTHER INVESTMENTS

	The Group		The Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Investments, at cost:				
REIT quoted in Malaysia	–	33,763,526	–	–
Association memberships	2	2	2	2
	2	33,763,528	2	2
Less: Accumulated impairment losses	–	(3,376,353)	–	–
	2	30,387,175	2	2
Market value of REIT quoted in Malaysia	–	37,139,879	–	–

Investment in REIT has been pledged as securities for borrowings granted to the Group as disclosed in Note 31(d). It has also been reclassified as AFS financial assets as disclosed in Note 21.

21. AFS FINANCIAL ASSETS

	The Group	
	2011 RM	2010 RM
Non-current		
REIT quoted in Malaysia, at fair value	39,165,690	–
Current		
Unquoted corporate bonds, at cost	4,000,000	–
Less: Accumulated impairment losses	(4,000,000)	–
	–	–

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

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.

In the previous financial year, unquoted corporate bonds were classified as short term investments as disclosed in Note 23.

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

22. DEFERRED TAX

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Balance as at 1 April	(21,056,606)	(11,196,320)	643,247	(3,977)
Effects of adopting FRS 139	23,598,234	–	–	–
Restated as at 1 April	2,541,628	(11,196,320)	643,247	(3,977)
Recognised in profit or loss (Note 11)	(21,175,881)	(9,860,286)	(650,860)	647,224
Balance as at 31 March	(18,634,253)	(21,056,606)	(7,613)	643,247

22. DEFERRED TAX (CONT'D)

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Deferred tax assets	33,783,308	5,371,847	–	656,675
Deferred tax liabilities	(52,417,561)	(26,428,453)	(7,613)	(13,428)
	(18,634,253)	(21,056,606)	(7,613)	643,247

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

Deferred tax assets of the Group:

	Loans and receivables RM	Payables RM	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 profit or loss	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
Balance as at 1 April 2010	3,718,777	–	14,242	1,638,828	5,371,847
Effects of adopting FRS 139	10,551,706	7,757,796	–	5,302,715	23,612,217
Restated as at 1 April 2010	14,270,483	7,757,796	14,242	6,941,543	28,984,064
Recognised in profit or loss	5,608,879	–	(8,309)	(801,326)	4,799,244
Balance as at 31 March 2011	19,879,362	7,757,796	5,933	6,140,217	33,783,308

22. DEFERRED TAX (CONT'D)

Deferred tax assets of the Company:

	Other temporary differences RM	Total RM
Balance as at 1 April 2009	–	–
Recognised in profit or loss	656,675	656,675
Balance as at 31 March 2010	656,675	656,675
Balance as at 1 April 2010	656,675	656,675
Recognised in profit or loss	(656,675)	(656,675)
Balance as at 31 March 2011	–	–

Deferred tax liabilities of the Group:

	Plant and equipment RM	Loans and receivables RM	Other temporary differences RM	Total RM
Balance as at 1 April 2009	(438,396)	–	(13,527,022)	(13,965,418)
Recognised in profit or loss	119,456	–	(12,582,491)	(12,463,035)
Balance as at 31 March 2010	(318,940)	–	(26,109,513)	(26,428,453)
Balance as at 1 April 2010	(318,940)	–	(26,109,513)	(26,428,453)
Effects of adopting FRS 139	–	(13,983)	–	(13,983)
Restated as at 1 April 2010	(318,940)	(13,983)	(26,109,513)	(26,442,436)
Recognised in profit or loss	48,814	–	(26,023,939)	(25,975,125)
Balance as at 31 March 2011	(270,126)	(13,983)	(52,133,452)	(52,417,561)

Other temporary differences are mainly arising from deferred tax liabilities recognised on interest receivable on AFS financial assets by a subsidiary company.

22. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Company:

	Plant and equipment RM	Total RM
Balance as at 1 April 2009	(3,977)	(3,977)
Recognised in profit or loss	(9,451)	(9,451)
Balance as at 31 March 2010	(13,428)	(13,428)
Balance as at 1 April 2010	(13,428)	(13,428)
Recognised in profit or loss	5,815	5,815
Balance as at 31 March 2011	(7,613)	(7,613)

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

	The Group	
	2011 RM	2010 RM
Unused tax losses	82,283,312	50,229,814
Unabsorbed capital allowances	4,182,629	4,173,116
	86,465,941	54,402,930

23. SHORT TERM INVESTMENTS

	The Group	
	2011 RM	2010 RM
Unquoted corporate bonds, at cost	–	8,000,000
Less: Accumulated impairment losses	–	(4,000,000)
	–	4,000,000

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

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

Unquoted corporate bonds have been reclassified as AFS financial assets as disclosed in Note 21.

24. TRADE RECEIVABLES

	The Group 2011 RM	The Group 2010 RM
Factoring receivables	26,871,350	23,706,741
Confirming receivables	14,321,330	12,205,962
IT support services fee receivable	–	16,538
	41,192,680	35,929,241
Less: Allowance for impairment	(3,778,460)	(5,139,710)
Trade receivables, net	37,414,220	30,789,531

The credit period granted by the Group ranges from 60 to 150 (2010: 30 to 150) days while other credit terms are determined on a case by case basis. The effective interest rate is at 12.06% (2010: 12.19%) per annum.

As at the reporting date, there are significant concentration of credit risk arising from the amounts due from six (6) (2010: five (5)) major customers amounting to 54.46% (2010: 59.38%) of the total factoring and confirming receivables. The extension of credits to and the repayments from these customers are closely monitored by the management to ensure that these customers adhere to the agreed credit terms and policies.

Movement in allowance accounts:

	The Group 2011 RM	The Group 2010 RM
Balance as at 1 April	5,139,710	4,012,295
Effects of adopting FRS 139	1,269,560	–
Restated as at 1 April	6,409,270	4,012,295
Charge for the financial year	1,067,463	3,067,013
Written back	(469,031)	(1,939,598)
Written off	(3,229,242)	–
Balance as at 31 March	3,778,460	5,139,710

24. TRADE RECEIVABLES (CONT'D)

The ageing of the trade receivables is as follows:

	The Group	
	2011 RM	2010 RM
Performing	22,698,101	14,722,642
Past due but performing:		
Less than 180 days	9,504,722	8,221,564
More than 180 days	4,999,397	5,013,765
Total past due but performing	14,504,119	13,235,329
Non-performing	3,990,460	7,971,270
	41,192,680	35,929,241

Trade receivables that are performing

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

None of these have been renegotiated during the financial year.

Trade receivables that are past due but performing

Trade receivables that are less than 180 days past due at the reporting date are performing as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Trade receivables that are more than 180 days past due but performing are those with repayment plan and/or collateral with the Group. Their repayments are closely monitored by the management to ensure that there adhere to the agreed repayment schedule.

Overdue accounts are regularly reviewed and impairment provisions are created where necessary. As a matter of policy, all trade receivables that are more than 180 days past due are fully provided except those approved by management and with due regard to the historical risk profile of the customer.

Trade receivables that are non-performing

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

24. TRADE RECEIVABLES (CONT'D)

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

	The Group Individually impaired	
	2011	**2010**
	RM	**RM**
Trade receivables, non-performing	3,990,460	7,971,270
Less: Allowance for impairment	(3,778,460)	(4,561,687)
	212,000	3,409,583

25. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Other receivables	15,454,414	2,413,502	54,071	54,071
Less: Allowance for impairment	(54,071)	(54,071)	(54,071)	(54,071)
	15,400,343	2,359,431	–	–
Tax recoverable	11,925,432	1,706,468	181,641	1,095,373
Prepaid expenses	970,131	982,791	33,794	35,881
Refundable deposits	253,681	281,797	–	–
	28,549,587	5,330,487	215,435	1,131,254

Included in other receivables of the Group are collections in transit from various co-operatives of RM15,237,985 (2010: RM2,202,664).

As at the reporting date, the Group and the Company have provided an allowance for impairment of RM54,071. There has been no movement in this allowance account for the financial years ended 31 March 2011 and 31 March 2010 respectively.

26. RELATED PARTY TRANSACTIONS

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

	The Company	
	2011 RM	2010 RM
Amounts due from subsidiary companies	72,503,588	69,050,117
Amount due to a subsidiary company	5,518,541	–

The amounts due from/(to) subsidiary companies are unsecured, bear interest rates ranging from 7.30% to 7.63% (2010: 7.63%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

(a) Identities of related parties

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

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

(b) Related party disclosures

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

Name of related parties	Relationship
Amcorp Auto Sdn. Bhd. (formerly known as Azumoto Sdn. Bhd.) ("AASB") Corporateview Sdn. Bhd. ("CVSB") Fulcrum Capital Sdn. Bhd. ("FCSB") Harpers Travel (Malaysia) Sdn. Berhad ("HTSB") Distrepark Sdn. Bhd. ("Distrepark") Arab-Malaysian (CSL) Sdn. Bhd. ("AMSB")	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
AmLife Insurance Berhad (formerly known as AmAssurance Berhad) ("ALIB") AmG Insurance Berhad ("AIB") AmInvestment Bank Berhad ("AIBB") AmInvestment Services Berhad ("AISB")	Companies in which a director of the Company has substantial financial interest

26. 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	
	2011 RM	2010 RM
Direct subsidiary companies:		
Management fees receivable from		
RCE Marketing Sdn. Bhd.	7,615,159	7,611,349
Interest income on amounts due from:		
RCE Marketing Sdn. Bhd.	5,026,537	3,752,649
RCE Factoring Sdn. Bhd.	19,819	51,874
RCE Synergy Sdn. Bhd. (net of interest expense RMnil (2010: RM8,742))	–	190,085
Dividend receivable from:		
RCE Marketing Sdn. Bhd.	2,700,000	1,800,000
RCE Resources Sdn. Bhd.	–	19,221,246
Gain on redemption of preference shares from		
RCE Enterprise Sdn. Bhd.	–	208,883,409
Waiver of debts due to:		
RCE Enterprise Sdn. Bhd.	–	100,000
RCE Resources Sdn. Bhd.	–	2
Interest expense on amount due to:		
RCE Synergy Sdn. Bhd. (net of interest income of RM75,315 (2010: RMnil))	(48,136)	–

26. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

	The Group	
	2011 RM	2010 RM
Other related parties:		
Arranger fee payable to AIBB	2,257,008	2,518,205
Service charges payable to AIBB	607,251	79,569
Rental payable to:		
ALIB	617,136	617,136
TESB	99,996	99,996
AMSB	67,800	58,869
CVSB	36,000	36,000
Distrepark	–	7,271
Staff costs payable to CVSB	490,000	490,000
Marketing expenses incurred arising from:		
Purchase of motor vehicle from AASB	328,776	–
Purchase of travel package from HTSB	282,009	276,793
Motor vehicle purchase from AASB	246,132	–
Air tickets purchase from HTSB	225,450	3,888
Insurance premium payable to ALIB	247,803	199,941
Administrative fee payable to AISB	193,843	171,958
Internal audit fees payable to CVSB	110,000	110,000

(c) Compensation of key management personnel

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employees' benefits	3,623,645	3,076,621	290,000	289,505
Defined contribution plan	518,862	453,444	–	–
Share options granted under ESOS	–	3,356,292	–	2,626,695
	4,142,507	6,886,357	290,000	2,916,200

26. 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	
	2011	**2010**
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 38.

27. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Deposits with licensed financial institutions	512,150,091	270,935,391	81,920	66,058
Cash and bank balances	2,388,030	18,775,540	1,668	5,579
	514,538,121	289,710,931	83,588	71,637

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	
	2011	**2010**
	RM	**RM**
Assigned in favour of the trustees	493,087,010	255,646,049
Pledged to licensed financial institutions	10,370,205	9,464,081
	503,457,215	265,110,130

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 23 (2010: 18) days. The information on weighted average effective interest rate is disclosed in Note 36.

28. SHARE CAPITAL

	The Group and The Company 2011 RM	The Group and The Company 2010 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	78,206,847	71,097,134
Issued during the financial year:		
Exercise of ESOS (Note 38)	32,670	–
Private placement	–	7,109,713
Balance as at 31 March	78,239,517	78,206,847

a) The Company has an ESOS under which options to subscribe for the Company's ordinary shares have been granted to the directors and employees of the Group as disclosed in Note 38.

During the financial year, the issued and paid-up share capital of the Company was increased from RM78,206,847 to RM78,239,517 by way of the issuance of 326,700 ordinary shares of RM0.10 each pursuant to the ESOS at an exercise price of RM0.59 per ordinary share for cash.

b) In the previous 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.

c) 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.

29. RESERVES

	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Non-distributable:				
Share premium	58,584,019	58,303,917	58,584,019	58,303,917
Share options	5,976,706	6,555,314	5,976,706	6,555,314
AFS	8,778,517	–	–	–
	73,339,242	64,859,231	64,560,725	64,859,231
Distributable:				
Retained earnings	296,802,895	275,796,259	213,782,366	217,629,367
	370,142,137	340,655,490	278,343,091	282,488,598

29. RESERVES (CONT'D)

(a) Non-distributable:

(i) Share premium arose from the following:

	The Group and The Company	
	2011	2010
	RM	RM
Balance as at 1 April	58,303,917	26,393,874
Issuance of share pursuant to ESOS exercised (Note 28)	280,102	–
Private placement of 71,097,134 new ordinary shares of RM0.10 each at a premium of RM0.4503 per share (Note 28)	–	32,015,039
Shares issue expenses	–	(104,996)
Balance as at 31 March	58,584,019	58,303,917

(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 38.

(iii) AFS reserve arose from the following:

	The Group	
	2011	2010
	RM	RM
Balance as at 1 April	–	–
Effects of adopting FRS 139	6,752,706	–
Restated as at 1 April	6,752,706	–
Other comprehensive income:		
Unrealised net gain on revaluation	2,025,811	–
Balance as at 31 March	8,778,517	–

The AFS reserve represents accumulated gains and/or losses arising from the revaluation of AFS financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of and/or impaired.

29. RESERVES (CONT'D)

(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 from tax in the hands of shareholders.

There is a transitional period of 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.

On 15 September 2010, the Company has elected to switch over to single tier dividend. Therefore, the dividend paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax in the hands of the shareholders ("single-tier system").

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

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

	The Group 2011 RM	The Company 2011 RM
Total retained earnings		
- Realised	315,437,148	213,789,979
- Unrealised	(18,634,253)	(7,613)
Total retained earnings	296,802,895	213,782,366

30. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total outstanding	843,519	642,647	–	12,336
Less: Future finance charges	(90,527)	(39,834)	–	(270)
Principal outstanding	752,992	602,813	–	12,066
Less: Amounts due within one year	(172,779)	(210,801)	–	(12,066)
Non-current portion	580,213	392,012	–	–

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Financial years ending 31 March:				
2012	–	206,605	–	–
2013	181,205	104,703	–	–
2014	155,311	36,244	–	–
2015	146,209	20,022	–	–
2016	93,949	20,899	–	–
2017	3,539	3,539	–	–
	580,213	392,012	–	–

The interest rates implicit in these hire-purchase arrangements of the Group and of the Company ranges from 2.65% to 6.18% (2010: 2.65% to 7.65%) and at nil (2010: 7.65%) per annum respectively. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

31. BORROWINGS

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
At amortised cost					
Secured					
Current					
Fixed rate MTNs	(a)	32,593,800	13,551,574	–	–
Underwritten commercial papers	(b)	–	3,983,144	–	–
ABS	(c)	115,913,059	88,964,055	–	–
Term loans	(d)	12,452,399	12,388,365	–	–
Revolving credits	(e)	190,135,189	147,915,197	–	–
Bank overdrafts	(f)	5,399,262	4,671	–	–
		356,493,709	266,807,006	–	–
Non-Current					
Fixed rate MTNs	(a)	176,762,531	215,510,541	–	–
ABS	(c)	463,000,000	360,000,000	–	–
Term loans	(d)	77,416,530	89,742,175	–	–
		717,179,061	665,252,716	–	–
		1,073,672,770	932,059,722	–	–
Unsecured					
Current					
Term loans	(d)	40,432,507	40,362,644	40,432,507	284,507
Trust receipts	(g)	9,054,051	1,286,353	–	–
Bankers' acceptances	(g)	10,896,858	11,681,623	–	–
Revolving credits	(e)	17,900,876	6,668,170	–	–
Bank overdrafts	(f)	9,937,422	–	–	–
		88,221,714	59,998,790	40,432,507	284,507
Non-current					
Term loans	(d)	–	40,000,000	–	40,000,000
Revolving credits	(e)	20,200,000	–	–	–
		20,200,000	40,000,000	–	40,000,000
		108,421,714	99,998,790	40,432,507	40,284,507
		1,182,094,484	1,032,058,512	40,432,507	40,284,507

31. BORROWINGS (CONT'D)

	The Group		The Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Disclosed in the financial statements as:				
Current	444,715,423	326,805,796	40,432,507	284,507
Non-current	737,379,061	705,252,716	–	40,000,000
	1,182,094,484	1,032,058,512	40,432,507	40,284,507

The maturity profile of the borrowings is as follows:

	The Group		The Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
On demand or within one year	444,715,423	326,805,796	40,432,507	284,507
More than 1 year and less than 2 years	181,472,377	149,258,905	–	40,000,000
More than 2 years and less than 5 years	394,555,725	378,389,867	–	–
More than 5 years	161,350,959	177,603,944	–	–
	1,182,094,484	1,032,058,512	40,432,507	40,284,507

(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 initially subscribed by a subsidiary company within the Group, RCE Equity Sdn. Bhd ("RCEE"). Subsequently, RCEE disposed of RM10 million with remaining RM60 million as at the reporting date.

The MTNs were constituted by a trust deed dated 23 November 2006 made between RCEA and the Trustee for the holders of the MTNs.

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

The main features of the MTNs are as follows:

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

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

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

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

(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

31. BORROWINGS (CONT'D)

(a) Fixed rate MTNs (Cont'd)

(iv) All MTNs under Tranche A were issued at par;

(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.

(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") ("RM95 million Programme") 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.

31. BORROWINGS (CONT'D)

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

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; and

(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.

During the financial year ended 31 March 2010, all tranches of the Bonds were 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;

(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;

31. BORROWINGS (CONT'D)

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

(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; and

(v) The final tranche of CPs issued bears interest rate at 5.95% (2010: 5.75%) per annum.

The remaining RM4 million of the CPs issued in 2010 were fully redeemed during the financial year.

The Bonds and CPs were 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;

(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.

During the financial year, the RM95 million Programme has been terminated and related securities have been fully discharged.

(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 exercise amounting up to RM1.5 billion which involves the purchase from RCEM from time to time of the loans and receivables meeting certain pre-determined eligibility criteria. The purchase of the loans and receivables were funded by the proceeds from the issuance of 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 loans and 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 seventh, eighth and ninth (2010: fifth and sixth) tranche of ABS amounting to RM100 million each for the seventh and eighth tranche and RM83.8 million for the ninth tranche.

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

31. BORROWINGS (CONT'D)

(c) ABS (Cont'd)

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 nine ABS tranches of RM100 million each (except for Tranche E of RM96.9 million and Tranche I of RM83.8 million) issued at par and have a maturity tenor ranging from one (1) to ten (10) years within each tranche;

(iii) Each series of Senior Bonds bears fixed coupon rates ranging from 4.30% to 9.05% (2010: 4.30% to 9.05%) per annum, payable semi-annually in arrears with the last coupon payment to be made on the respective maturity dates; and

(iv) The Subordinated Bonds issued under Tranches A to I 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 I.

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. Both term loans have 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.

During the financial year, the term loan granted to RCEM has been fully repaid upon maturity. It bore interest rate at 7.13% (2010: 7.13%).

The remaining term loan bears interest rate at 7.63% (2010: 7.63%) per annum.

31. BORROWINGS (CONT'D)

(d) 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 secured by an irrevocable corporate guarantee by the Company and a memorandum of deposit over the AmFirst REIT held by RCES as disclosed in Notes 20 and 21. The said term loan bears interest at rates ranging from 6.55% to 7.05% (2010: 6.30% to 6.55%) per annum.

Term loan 3 (Secured)

During the financial year ended 31 March 2010, 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 loans and receivables;

(iii) An irrevocable undertaking by RCEM;

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

(v) An irrevocable corporate guarantee by the Company.

The said term loan bears interest rate at 7.60% (2010: 7.60%) per annum for a tenure of nine (9) 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, during the financial year ended 31 March 2009, 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. This revolving credit facility is increased by RM20 million to a total limit of RM50 million during the current financial year.

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 loans and receivables;

31. BORROWINGS (CONT'D)

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

(iii) An irrevocable undertaking by RCEM;

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

(v) An irrevocable corporate guarantee by the Company.

The revolving credit bears interest at rates ranging from 4.27% to 7.30% (2010: 3.70% to 6.80%) per annum.

Revolving credit 4 and 5 (Unsecured)

All revolving credit facilities of RCEF amounting to RM10 million (2010: RM10 million) (Revolving credit 4) are secured by a corporate guarantee by the Company. The revolving credits bear interest at rates ranging from 4.05% to 4.84% (2010: 3.51% to 4.27%) per annum.

During the financial year, a revolving credit facility of RM40 million (Revolving credit 5) was granted to RCEM with a maturity period of three (3) years for the purpose of financing the working capital of RCEM. The said revolving credit is secured by a corporate guarantee by the Company. The revolving credit bears interest at rates ranging from 5.20% to 5.26% (2010: nil) per annum.

(f) Bank overdrafts 1, 2 , 3 and 4 (Secured and Unsecured)

The bank overdraft facility of RCEF amounting to RM1.7 million (2010: 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 RM1,000,000 (2010: RM1,000,000) (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 Notes 20 and 21.

During the financial year, an overdraft facility (Bank overdraft 4) amounting to RM10 million was granted to RCEM for working capital purposes. This facility is secured by a corporate guarantee by the Company.

The overdraft facilities bear interest at rates ranging from 7.00% to 8.30% (2010: 6.55% to 7.80%) per annum.

(g) Others (Unsecured)

All bankers' acceptances, trust receipts and bills payable amounting to RM24 million (2010: RM24 million) are secured by an irrevocable corporate guarantee by the Company.

The bankers' acceptances and trust receipts facilities bear interest at rates ranging from 4.00% to 8.30% (2010: 3.41% to 7.10%) per annum.

32. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Payables	84,230,861	51,178,488	–	33,500
Other accrued expenses	4,992,891	7,250,282	306,031	513,898
Dividend payable	67,221	57,851	67,221	57,851
	89,290,973	58,486,621	373,252	605,249

Included in payables of the Group are:

(i) deferred income in relation to payment guarantee of RM51,527,339 (2010: RM11,795,405) held by subsidiary companies in respect of strategic alliance arrangements entered into with a co-operative;

(ii) advance payments from customers amounting to RM13,908,909 (2010: RM8,948,826); and

(iii) collections received of RM1,952,965 (2010: RM2,202,880) on behalf of various co-operatives by a subsidiary in its capacity as the collection and payment agent.

33. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2011 RM	2010 RM	2011 RM	2010 RM
Amount payable under finance lease:				
Within one year	–	27,513	–	26,965
Less: Future finance charges	–	(548)	–	–
Present value of finance lease payables	–	26,965	–	26,965
Less: Amounts due within 12 months (shown under current liabilities)			–	(26,965)
Non-current portion			–	–

During the financial year, the finance lease has been fully settled and the leased assets have been fully bought over. The interest rates implicit in these finance lease arrangements of the Group as at reporting date is nil (2010: 7.29% to 9.63%) per annum. The Group's finance lease payables were secured by a charge over the leased assets.

34. CAPITAL COMMITMENTS

	The Group	
	2011	**2010**
	RM	**RM**
Capital expenditure in respect of plant and equipment:		
Approved, contracted but not provided for	902,688	–

35. CONTINGENT LIABILITIES

	The Company	
	2011	**2010**
	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	404,200,000	334,200,000
Corporate guarantee issued in favour of a trustee in respect of:		
(i) 5-year fixed rate serial bonds; and	–	45,000,000
(ii) 7-year underwritten commercial papers granted to a subsidiary company	–	50,000,000
	824,200,000	849,200,000

As at the reporting date, the fair value of the above corporate guarantees is nil.

Included in the above facilities are amount outstanding of RM566,985,485 (2010: RM501,446,012). Out of these amounts, total unsecured letters of credit amounted to RM4,236,567 (2010: RM2,587,030) which were not recognised in the financial statements.

36. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk

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

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

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

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

(b) Credit risk

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

(i) Loan financing services:

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

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

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

The information on significant concentration of credit risk are disclosed in Note 24.

36. FINANCIAL INSTRUMENTS (CONT'D)

(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.

Interest rate and liquidity risk tables

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

				Maturity profile		
	Note	WAEIR %	Total RM	Within 1 year RM	2-5 years RM	After 5 years RM
The Group						
2011						
Fixed rate						
Loans and receivables	19	14.09	1,085,754,380	112,590,590	299,054,699	674,109,091
Trade receivables	24	12.06	37,414,220	37,414,220	–	–
Hire-purchase payables	30	5.11	752,992	172,779	576,674	3,539
Term loans (unsecured)	31	10.82	40,432,507	40,432,507	–	–
Fixed rate MTNs	31	10.18	209,356,331	32,593,800	143,189,350	33,573,181
ABS	31	7.09	578,913,059	115,913,059	363,000,000	100,000,000
Floating rate						
Deposits with licensed financial institutions	27	2.88	512,150,091	512,150,091	–	–
Term loan (secured)	31	7.56	89,868,929	12,452,399	49,638,752	27,777,778
Revolving credits	31	5.24	228,236,065	208,036,065	20,200,000	–
Other bank borrowings *	31	6.11	35,287,593	35,287,593	–	–
The Group						
2010						
Fixed rate						
Loans and receivables	19	15.47	1,138,607,988	146,080,924	388,350,782	604,176,282
Trade receivables	24	12.19	30,789,531	30,789,531	–	–
Hire-purchase payables	30	3.07	602,813	210,801	367,574	24,438
Finance lease payables	33	8.26	26,965	26,965	–	–
Term loans (unsecured)	31	9.64	80,362,644	40,362,644	40,000,000	–
Fixed rate MTNs	31	9.78	229,062,115	13,551,574	152,568,727	62,941,814
ABS	31	7.16	448,964,055	88,964,055	285,000,000	75,000,000

36. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate and liquidity risk tables (Cont'd)

				Maturity profile		
	Note	**WAEIR %**	**Total RM**	**Within 1 year RM**	**2-5 years RM**	**After 5 years RM**
The Group						
2010						
Fixed rate						
Deposits with licensed financial institutions	27	2.10	270,935,391	270,935,391	–	–
Term loan (secured)	31	7.52	102,130,540	12,388,365	50,080,044	39,662,131
Underwritten commercial papers	31	5.75	3,983,144	3,983,144	–	–
Revolving credits	31	4.55	154,583,367	154,583,367	–	–
Other bank borrowings *	31	4.26	12,972,647	12,972,647	–	–
The Company						
2011						
Fixed rate						
Term loan (unsecured)	31	10.82	40,432,507	40,432,507	–	–
Floating rate						
Deposits with licensed financial institutions	27	1.96	81,920	81,920	–	–
The Company						
2010						
Fixed rate						
Hire-purchase payable	30	7.65	12,066	12,066	–	–
Term loan (unsecured)	31	9.01	40,284,507	284,507	40,000,000	–
Floating rate						
Deposits with licensed financial institutions	27	1.16	66,058	66,058	–	–

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 50 basis points lower/higher, with all other variables held constant, the Group's profit for the financial year would increase/decrease by RM1,346,462 arising mainly as a result of a lower/higher interest expense on floating rate borrowings.

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values

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

(i) Financial assets

The Group and the Company's principal financial assets are cash and cash equivalents, receivables and AFS financial assets.

(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 and borrowings.

The carrying amount of financial assets and liabilities of the Group at the reporting date approximate their fair value except for the following:

		2011		2010	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial Liabilities					
Borrowings					
- Fixed rate MTNs (including accrued interest of RM2,644,191 (2010: RM3,588,638)	31	209,356,331	216,512,192	229,062,115	236,193,531
- ABS (including accrued interest of RM9,913,059 (2010: RM7,964,055)	31	578,913,059	575,581,760	448,964,055	439,748,835

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

(i) AFS - Quoted investments in Malaysia

The fair value is determined by reference to the exchange quoted market bid prices at the close of the business on the reporting date.

(ii) AFS - Unquoted investments in Malaysia

The fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses.

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

(iii) Fixed rate MTNs

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

(iv) ABS

The fair value is estimated using discounting technique. The discount rates are based on latest issued tranche's yield to maturity.

(v) Short term financial instruments

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

37. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group continue as going concerns while maximising return to stakeholders.

The Group monitors capital using a gearing ratio, which is net borrowings divided by total equity. Net borrowings are calculated as total borrowings less cash and cash equivalents. Total equity is calculated as share capital plus reserves as shown in the statements of financial position.

The gearing ratio at 31 March 2011 and 2010 is as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total borrowings	1,182,094,484	1,032,058,512	40,432,507	40,284,507
Less: Cash and cash equivalents	(514,538,121)	(289,710,931)	(83,588)	(71,637)
Net borrowings	667,556,363	742,347,581	40,348,919	40,212,870
Total equity	448,381,654	418,862,337	356,582,608	360,695,445
Gearing ratio (times)	1.49	1.77	0.11	0.11

38. 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.

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 1.4.2010	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2011
24 March 2010	0.59	17,843,900	–	(326,700)	(1,248,300)	16,268,900

Share options outstanding at the end of the financial year amounting to 16,268,900 (2010: 17,843,900) are exercisable towards the expiry date of the ESOS.

38. ESOS (CONT'D)

The fair value of share options granted in the previous 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.

There were no share options granted during the financial year.

39. RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the previous financial year's financial statements to enhance comparability with the current year's financial statements. The line items were reclassified as follows:

	The Group			**The Company**		
	2010 RM	**Reclassification RM**	**Reclassified 2010 RM**	**2010 RM**	**Reclassification RM**	**Reclassified 2010 RM**
Current Assets						
Other receivables, deposits and prepaid expenses	5,560,218	(229,731)	5,330,487	1,390,254	(259,000)	1,131,254
	5,560,218	(229,731)	5,330,487	1,390,254	(259,000)	1,131,254
Current Liabilities						
Payables and accrued expenses	71,004,385	(12,517,764)	58,486,621	1,148,756	(543,507)	605,249
Borrowings	314,606,265	12,199,531	326,805,796	–	284,507	284,507
Tax liabilities	2,152,719	88,502	2,241,221	–	–	–
	387,763,369	(229,731)	387,533,638	1,148,756	(259,000)	889,756

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Company announced on 26 November 2010 that Koperasi Wawasan Pekerja-Pekerja Berhad ("KOWAJA"), being the largest borrower of the Group, had temporary halted its lending activities due to non-compliance with the Cooperative Commission of Malaysia's ("CCM") guidelines.

Notwithstanding that, loans disbursed up to 30 November 2010 to KOWAJA continue to be serviced via the regular collection mechanism by KOWAJA. There has not been any disruption to date.

The Company further announced on 9 June 2011 that KOWAJA has received approval from CCM to obtain funding from RCEM, a subsidiary of the Company subject to a limit of RM200 million and stringent operational, funding and other conditions.

The Group and KOWAJA are working closely towards continuously complying with them.

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 statements of financial position as at 31 March 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 122, 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 2011 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.

The supplementary information set out in Note 29(c), which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

TAN SRI AZMAN HASHIM

SOO KIM WAI

Kuala Lumpur
9 June 2011

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 statements of financial position as at 31 March 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 122 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 9th day of June 2011.

YAP CHOON SENG

Before me

PESURUHJAYA SUMPAH
No. W 350
SHAFIE B. DAUD
MALAYSIA

COMMISSIONER FOR OATHS

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

Analysis of Shareholdings

As at 29 July 2011

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	181	1.82	7,787	0.00
100 to 1,000	591	5.93	451,926	0.06
1,001 to 10,000	5,086	51.05	30,825,137	3.94
10,001 to 100,000	3,638	36.51	122,136,952	15.61
100,001 to less than 5% of issued shares	465	4.67	257,542,503	32.92
5% and above of issued shares	2	0.02	371,430,869	47.47
Total	9,963	100.00	782,395,174	100.00

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Cempaka Empayar Sdn Bhd	306,427,169	39.16
2.	Aras Kreatif Sdn Bhd	65,003,700	8.31
3.	ECML Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Cempaka Empayar Sdn Bhd*	33,000,000	4.22
4.	ECML Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Mutiara Arca Sdn Bhd*	18,829,140	2.41
5.	Infotech Mark Sdn Bhd	18,000,000	2.30
6.	ECML Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Magnitud Ekuiti Sdn Bhd*	8,767,994	1.12
7.	Biotiara Sdn Bhd	5,388,966	0.69
8.	Ho Chu Chai	5,333,800	0.68
9.	Chew Keng Yong	5,113,600	0.65
10.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for UBS AG Singapore (Foreign)*	4,130,666	0.53
11.	Soo Ngik Gee @ Soo Yeh Joo	4,015,900	0.51
12.	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Dimensional Emerging Markets Value Fund*	3,821,500	0.49

No.	Name of Shareholders	No. of Shares	%
13.	Hong Weng Hwa	3,563,500	0.45
14.	Liew Sze Fook	3,500,000	0.45
15.	Blue Ribbon International Limited	3,247,482	0.41
16.	Public Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Cheam Heng Ming*	3,201,000	0.41
17.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *- Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd*	2,672,700	0.34
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Goh Kheng Peow*	2,500,000	0.32
19.	Pos Ad Sdn Bhd	2,378,200	0.30
20.	Yong Moh Lim	2,333,500	0.30
21.	Yam Chee Kong	2,157,800	0.27
22.	HSBC Nominees (Tempatan) Sdn Bhd *- HSBC (M) Trustee Bhd for Value Fund*	2,100,000	0.27
23.	Tai Weng Looi @ Annie Tai	1,700,000	0.22
24.	Mayban Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Tang Sing Ling*	1,627,800	0.21
25.	Chua Teong Kim @ Seow Teong Kim	1,412,000	0.18
26.	Ng Boo Kean @ Ng Beh Kian	1,300,000	0.17
27.	Gan Hong Liang	1,192,400	0.15
28.	Lee Yu Yong @ Lee Yuen Ying	1,184,800	0.15
29.	Ho Choo Ing	1,180,000	0.15
30.	Public Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Lau Min Ho*	1,147,400	0.15
		516,231,017	**65.97**

Analysis of Shareholdings
As at 29 July 2011

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Cempaka Empayar Sdn Bhd	339,427,169	43.38	–	–
Aras Kreatif Sdn Bhd	65,003,700	8.31	–	–
Amcorp Group Berhad	–	–	339,427,169 [(1)]	43.38
Clear Goal Sdn Bhd	–	–	339,427,169 [(1)]	43.38
Tan Sri Azman Hashim	–	–	339,427,169 [(1)]	43.38
Mohamed Zamrus bin Ghazali	–	–	65,003,700 [(2)]	8.31
Norsiha binti Othman	–	–	65,003,700 [(2)]	8.31

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' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE OPTION SCHEME OF THE COMPANY

Name of Directors and	Direct Interest		Indirect Interest		No. of
Chief Executive Officer	No. of Shares	%	No. of Shares	%	Options Held
Tan Sri Azman Hashim	–	–	339,427,169 [(1)]	43.38	2,000,000
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan	–	–	–	–	200,000
Dato' Ab. Halim bin Mohyiddin	–	–	–	–	–
Major General (Rtd) Dato' Haji Fauzi bin Hussain	–	–	–	–	200,000
Dato' Che Md Nawawi bin Ismail	–	–	–	–	200,000
Chew Keng Yong	5,113,600	0.65	2,758,200 [(2)]	0.35	200,000
Soo Kim Wai	–	–	–	–	1,500,000
Shalina Azman	–	–	–	–	1,200,000
Shahman Azman	–	–	–	–	900,000
Loh Kam Chuin *(Chief Executive Officer)*	–	–	–	–	900,000

Notes:
[(1)] *Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Cempaka Empayar Sdn Bhd.*
[(2)] *Deemed interested through his spouse and by virtue of his interest in Pos Ad Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh 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 Thursday, 8 September 2011 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 2011 together with the Reports of the Directors and Auditors thereon.

2. To declare a final single-tier dividend of 15% for the financial year ended 31 March 2011. **Resolution 1**

3. To approve the payment of Directors' fees of RM240,000 for the financial year ended 31 March 2011. **Resolution 2**

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

   (i) Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan **Resolution 3**
   (ii) Mr. Soo Kim Wai **Resolution 4**

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 5**

   (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 6**

6. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

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

"THAT subject always to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 8**

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

"THAT subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 16 August 2011, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company. **Resolution 9**

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

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

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

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

"THAT subject to the Companies Act, 1965 ("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 10**

(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 2011 of RM213,782,366 and RM58,584,019 respectively;

(iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier;

(iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate to be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider expedient or necessary to implement and give effect to the Share Buy-Back Mandate."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single-tier dividend of 15% for the financial year ended 31 March 2011, if approved by the shareholders, will be paid on 23 September 2011 to depositors who are registered in the Record of Depositors at the close of business on 12 September 2011.

A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 September 2011 in respect of transfers; and

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

By Order of the Board

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

Petaling Jaya
16 August 2011

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 in the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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 must 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 8 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 7 is for the purpose of seeking a renewal of the general mandate ("General Mandate") and if passed, will empower the Directors of the Company pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total issued share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the mandate granted to the Directors at the Fifty-Sixth AGM of the Company held on 8 September 2010.

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.

(ii) Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution proposed under item 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(iii) Resolution 10 - Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution proposed under item 9, if passed, will allow the Company to purchase up to 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and the Proposed Renewal of Share Buy-Back Authority are set out in the Circular to Shareholders dated 16 August 2011 which is despatched together with the Company's Annual Report 2011.

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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-Seventh 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 Thursday, 8 September 2011 at 10.30 a.m. and at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To declare a final single-tier dividend of 15% for the financial year ended 31 March 2011.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Y. Bhg. Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan as Director.		
4.	To re-elect Mr. Soo Kim Wai as Director.		
5.	To re-appoint Y. Bhg. Tan Sri Azman Hashim as Director.		
6.	To re-appoint Y. Bhg. Major General (Rtd) Dato' Haji Fauzi bin Hussain as Director.		
7.	To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this __________ day of ________________ 2011.

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 in the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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 must 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.

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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, Malaysia

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www.rce.com.my

RCE CAPITAL BERHAD (2444-M)
20th Floor, Bangunan AmAssurance
1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia
T : +603-4047 0988   F : +603-4042 8877