RCE

RCE CAPITAL BERHAD

(2444-M)

Annual Report **2012**

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

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)

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Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia
Tel : +603-7803 1126 / 7806 2116
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1 Jalan Lumut
50400 Kuala Lumpur, Malaysia
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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

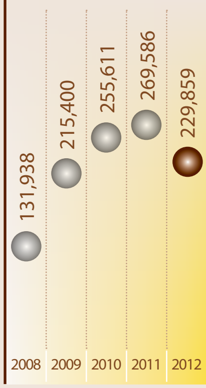
Bursa Malaysia Securities Berhad
Main Market
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

Group Financial Highlights

Shareholders' Funds
(RM'000)

Net Assets per Share
(sen)

Revenue
(RM'000)



Net Profit Attributable to Owners of the Company
(RM'000)

Basic Earnings per Share
(sen)

PROFITABILITY

Financial years ended 31 March		2008	2009	2010	2011	2012
Revenue	(RM'000)	131,938	215,400	255,611	269,586	229,859
Profit before tax	(RM'000)	66,761	92,335	109,989	140,099	128,165
Net proft attributable to owners of the Company	(RM'000)	50,589	66,555	81,094	104,257	101,355

KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

As at 31 March		2008	2009	2010	2011	2012
Loans and receivables	(RM'000)	681,086	951,940	1,138,608	1,085,754	983,076
Borrowings						
(net of pledged cash and cash equivalents)	(RM'000)	630,311	734,738	766,949	678,637	472,337
Share capital	(RM'000)	64,634	71,097	78,207	78,240	78,240
Shareholders' funds/Net assets (NA)	(RM'000)	207,532	298,059	418,862	448,382	529,222

KEY FINANCIAL INDICATORS

Financial years ended 31 March		2008	2009	2010	2011	2012
NA per share	(sen)	32.11	41.92	53.56	57.31	67.64
Return on equity	(%)	27.40	26.33	22.62	24.04	20.74
Earnings per share:						
Basic	(sen)	7.83	9.37	10.72	13.33	12.95
Diluted	(sen)	7.83	9.37	10.69	13.33	12.95
Gearing ratio	(times)	3.04	2.47	1.83	1.51	0.89
Net dividend per share	(sen)	0.75	0.75	1.53	1.50	1.50
Price earnings ratio	(times)	6.70	4.00	6.16	4.01	3.75
Share price	(sen)	52.50	37.50	66.00	53.50	48.50

Profile of Directors

TAN SRI AZMAN HASHIM
Executive Chairman

Y. Bhg. Tan Sri Azman Hashim, a Malaysian, aged 73, 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, Asian Productivity Organisation, Institute of Bankers Malaysia and Chairman Emeritus of the Pacific Basin Economic Council (PBEC) International and Co-Chairman of Malaysia-Singapore Roundtable. He is the President of 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), the Malaysian-British and Malaysia-China Business Councils and East Asia Business Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors of AIM Centre for Corporate Social Responsibility. He is the Pro-Chancellor, Open University of Malaysia and a Member of the International Advisory Panel and 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, AmLife Insurance Berhad, AmG Insurance Berhad and AmFamily Takaful 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. He serves as a Director of Pembangunan MasMelayu 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 69, was appointed to the Board on 26 March 1998.

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

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

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

His directorships in other public companies include Tricubes Berhad and Digistar Corporation Berhad.

DATO' AB. HALIM BIN MOHYIDDIN
Independent Director

Y. Bhg. Dato' Ab. Halim bin Mohyiddin, a Malaysian, aged 66, 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 Master 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).

His directorships in other public companies include 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, Petronas Gas 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 72, 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.

DATO' CHE MD NAWAWI BIN ISMAIL
Independent Director

Y. Bhg. Dato' Che Md Nawawi bin Ismail, a Malaysian, aged 62, 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.

SOO KIM WAI
Non-Independent Non-Executive Director

Mr. Soo Kim Wai, a Malaysian, aged 51, was appointed to the Board on 11 August 1997.

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

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

Apart from AMCORP, his directorships in other public companies include Amcorp Properties Berhad, AMMB Holdings Berhad and Kesas Holdings Berhad. He also sits on the Board of British Malaysian Chamber of Commerce.

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 45, was appointed to the Board on 6 January 2000.

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

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

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

SHAHMAN AZMAN
Non-Independent Non-Executive Director

Encik Shahman Azman, a Malaysian, aged 37, was appointed to the Board on 2 June 2008.

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

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

Encik Shahman is also the Deputy Managing Director of Amcorp Properties Berhad and sits on the Board of AMCORP.

PROFILE OF CHIEF EXECUTIVE OFFICER

LOH KAM CHUIN
Chief Executive Officer

Mr. Loh Kam Chuin, a Malaysian, aged 45, was appointed Chief Executive Officer on 1 March 2010.

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

DETAILS OF MEMBERSHIPS IN BOARD COMMITTEES

COMMITTEES OF THE BOARD			
	Audit Committee	**Nomination & Remuneration Committee**	**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		
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 2012.

ECONOMIC REVIEW

While most major economies showed initial signs of recovery in 2011, global events like the continued unrest in the Middle East, the lingering debt crisis in Europe and an unprecedented downgrading of sovereign credit ratings continue to create a climate of economic uncertainty for the rest of this year.

Despite the uncertain global economic environment, the Malaysian economy is expected to record a modest growth riding on its domestic spending and private consumption. GDP in 2011 rose 5.1% compared to the robust 7.2% recorded in the previous year, narrowly missing the projected growth rate of 5.4%. The effects of the weak global outlook have been cushioned by relatively buoyant investments in industries that depend on domestic demand.

As with most Asian economies, the outlook for Malaysia's growth in 2012 remains positive, with a projection of 4%-5% GDP growth.

Government initiatives such as the Economic Transformation Programme ("ETP") and the 10th Malaysia Plan ("10MP") introduced in 2010 are expected to be the main drivers toward strengthening the Malaysian economy.

The Malaysian labour market conditions and sentiments also improved significantly, with the Government paying out two and a half months bonus to civil servants, announcement in April 2012 of the long awaited minimum wage for the private sector and most recently, the extension of the retirement age from 55 to 60 years old.

On a positive note, I believe that all these will help elevate us into a high income and developed nation by 2020.

PERFORMANCE REVIEW

For the financial year ended 31 March 2012, the Group posted revenue of RM229.9 million, a 14.7% decline compared to the last financial year. Despite that, the Group registered a commendable after tax profit of RM101.4 million, supported by a steady loans and receivables book of RM1.1 billion and productivity enhancement measures that translate into cost savings for the Group.

Earnings per share was 12.95 sen, a slight decrease from 13.33 sen in the last financial year. Nevertheless, the Group's net assets per share rose by 18.0% to 67.64 sen compared to 57.31 sen in the last financial year.

The Group also disposed of its entire shareholding of 33.8 million units of AmFirst Real Estate Investment Trust during the financial year, the proceeds of which were utilised to fund the working capital of the Group.

CONSUMER FINANCING

2011 has been a challenging period for the Group. Its personal loan financing business has been adversely affected by changes in industry regulations and regulatory lending restrictions, resulting in 7 months of inactivity.

Nevertheless, this segment managed to produce a respectable financial performance, contributing a healthy RM127.6 million pre-tax profit to the Group, as compared to RM136.5 million a year ago, supported by the strong loans and receivables book.

During that period, the Group took the opportunity to embark on various productivity enhancement and cost savings measures to sustain its profitability. We also reviewed our strategy and direction, taking into account a range of holistic and comprehensive solutions that would bring synergy to its present and potential business partners for mutual growth and long term sustainability.

The new business of providing financial solutions to co-operatives to venture into Islamic pawn broking ("Ar-Rahnu") as well as the additional personal financing collaboration with a new business partner are expected to make a favorable impact to the Group in the coming years.

COMMERCIAL FINANCING

The Group's commercial financing business under RCE Factoring Sdn Bhd recorded a higher turnover by 4% from RM102.6 million to RM106.9 million. However, despite a higher turnover, a net loss of RM4.7 million was recorded compared to a net profit of RM2.3 million in the previous financial year. This is due to higher loan loss impairment, reflecting an increasingly tough operating environment among the small and medium-sized enterprises ("SMEs").

As the outlook for SMEs will be subdued, total loans growth is expected to slow down in the coming financial year. Nevertheless, the Group will continue to explore other new business opportunities to diversify our income stream particularly on improving non-interest income.

CORPORATE DEVELOPMENT

Two major corporate exercises were announced in February this year, namely our Proposed Bonus and Rights Issues. While the Bonus Issue is expected to improve the trading liquidity and marketability of the shares, the Rights Issue will further enlarge the capital base and provide additional funding to the Group.

While the proposals are currently in the pipeline, they are expected to be implemented and completed by end of December 2012.

INVESTOR RELATIONS ("IR")

The Group maintains its strong commitment to transparency and good corporate governance practices. Its latest financial results and corporate developments have been promptly announced and timely dissemination of information is made available through its website (http://www.rce.com.my).

A dedicated e-mail address (IR@rce.com.my) is also available, providing contact point on any issues of concern.

During the Annual General Meeting ("AGM"), shareholders are given a presentation on the Group's performance and major activities by its key personnel, where this serves as a platform for the shareholders to enquire and comment on the Group's performance and operations.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

For the fifth consecutive year, the Group has partnered the National Kidney Foundation ("NKF") in providing financial and other assistance towards NKF's various events, campaigns and activities. The Group, jointly with NKF, had organised a free health screening campaign on 21 December 2011 at Lembaga Penduduk dan Pembangunan Keluarga Negara (LPPKN) in Kuala Lumpur to promote a healthier lifestyle among the people.

The Group recognises the importance of balancing business sustainability with social responsibilities. Apart from healthcare, we are exploring other CSR initiatives to include activities on social welfare for the disadvantaged community, childcare and education.

DIVIDENDS

The Board is pleased to recommend a final single tier dividend of 15.0% (1.50 sen) on 782,395,174 ordinary shares for the financial year ended 31 March 2012. This translates to a RM11.7 million payment with a payout ratio of 11.5% against the net profit for FYE2012, 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 FORWARD

The year ahead will be a challenging one as regulatory bodies will continue to closely monitor the country's rising levels of household debts. Profit margins and loans growth will also be affected as every player in the personal financing industry strives to outdo each other with more competitive rates and better services.

Notwithstanding that, the Group will continue to further synergise its business by fostering closer working relationships with its business partners. The Group remains focused in identifying new partners to help build viable business models and sustainable income levels. The success of such a working relationship will have a favorable impact on the Group's performance.

In collaboration with our business partners, the Group will also expand its Ar-Rahnu business by introducing more customer-friendly branches and innovative services. This will make the Ar-Rahnu business a stronger entity that will contribute meaningfully to the Group's revenue in the future years.

Meanwhile, steps will be taken continuously to improve the Group's systems and processes, particularly the risk management aspects, with the aim of ensuring that sufficient controls are in place to weather the challenges ahead.

We will actively identify potential investment opportunities to complement our existing businesses and remain committed to improving our performance in the new financial year.

ACKNOWLEDGMENT

I would like to extend my appreciation to my fellow Board members for their contribution and guidance, and to our management team and staff for their dedication and hardwork.

In addition, I wish to convey my gratitude to our business associates and the regulatory authorities for their invaluable support.

Last but not least, I also wish to extend my gratitude and thank you, our shareholders for your confidence in this Group.

TAN SRI AZMAN HASHIM
Chairman

6 August 2012

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 eight (8) members, comprising an Executive Director, three (3) Non-Independent Non-Executive Directors and four (4) 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 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 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 Committees 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 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	4/4
Major General (Rtd) Dato' Haji Fauzi bin Hussain	4/4
Dato' Che Md Nawawi bin Ismail	4/4
Late Chew Keng Yong *(Demised on 13 October 2011)*	2/2
Soo Kim Wai	4/4
Shalina Azman	4/4
Shahman Azman	4/4

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the annual general meeting are first considered and evaluated by the Nomination & Remuneration Committee. Upon its evaluation, the Nomination & Remuneration Committee will make recommendations on the proposal(s) to the Board for approval. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval.

Re-election of Directors

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

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

Directors' Training

The Board acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the 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 seminar on "Budget 2012 – National Transformation Policy: Welfare of Rakyat, Well Being of the 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 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 programmes attended by the Directors during the financial year ended 31 March 2012 are as follows:

Key Areas	Topics
Corporate Governance	• Securities Commission-Bursa Malaysia Corporate Governance Week 2011: - The Age of Integration: A New Dawn for Reporting - Stand Up & Take Charge: Shareholders Rights to Shareholders Responsibilities • ICAA – MICPA Forum: - Improving Corporate Governance in Malaysia Capital Markets - The Role of Audit Committee
Directors' Duties & Obligations	• AmTakaful Berhad's Board Induction • Nurturing Engagement for Board Effectiveness - Principles and Practices • Sustainability Programme for Corporate Malaysia - Consumer Products, Finance, Technology & Closed End Funds • The Board's Responsibility for Corporate Culture - Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance • Performance Planning (Job Analysis – KRAs & KPIs Workshop)
Leadership	• Perdana Leadership Foundation CEO Forum 2011 - "Transforming Malaysia: Challenges To Becoming a High-Income Nation" • 13th Perdana Leadership Foundation Discourse Series - "Building a Culture of Innovation in Malaysia – Successes, Strategies And Challenges" • Negotiate to Win Masterclass
Financial, Taxation & Investment	• Engagement Session on the Financial Sector Blueprint chaired by Governor of Bank Negara Malaysia • International Conference on Financial Crime and Terrorism Financing 2011 • Bank Negara Malaysia - "Engagement on Financial Services and Islamic Services Bills" • Bank Negara Malaysia - "Competitive Strategies for Islamic Finance" • Forensic Accounting • Budget 2012 - "National Transformation Policy: Welfare of Rakyat, Well Being of the Nation" • Budget 2012 Tax Seminar
Laws & Regulations	• Updates of 2011 new & revised FRSs and new Listing Requirements of Bursa Malaysia Securities Berhad • FTSE Bursa Malaysia Index Series Liquidity Rule Enhancement

Key Areas	Topics
Business & Economics	• 53rd Session of The Asian Productivity Organization Governing Body • 20th East Asia Business Council (EABC) Meeting • Dialogue with ASEAN Plus Three Economic Officials • 21st East Asia Business Council (EABC) Meeting & EABC Consultation Session with the ASEAN Plus 3 Economic Ministers • APEC Young Entrepreneurs' Summit 2011 - "Unlocking Economic Value Through Innovation" • Malaysia Productivity Corporation (MPC) Annual Productivity & Innovation Convention • 37th ASEAN-Japan Business Meeting • 30th JAMECA-MAJECA (Malaysia-Japan Economic Association) Joint Conference • 1st Roundtable Discussion on Malaysia's Look East Policy • 2012 APEC Business Advisory Council (ABAC) Meeting representing Malaysia • 22nd East Asia Business Council (EABC) Meeting & 4th EABC Forum • Credit Suisse Market Outlook Lunch Seminar • Will We Ever Achieve Meritocracy • The MIA-AFA Conference - Converge, Transform, Sustain: Towards World Class Excellence • Credit Suisse Market Outlook Seminar • Premier Luncheon with Lord Stephen Green, Minister of State for Trade and Investment (UK) • 15th Asian Investment Conference

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 2012 are as follows:

- **Aggregate Remuneration**

Category	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	–	210,000	210,000
Other Emoluments	934,000	47,000	981,000
Defined contributions	266,190	–	266,190
Benefits-in-kind	382,501	–	382,501

- **Analysis of Remuneration**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 & below	–	8
RM1,550,001 – RM1,600,000	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 five (5) Non-Executive Directors, four (4) of whom are independent and is in compliance with the Listing Requirements. The members of the Audit Committee are as follows:

1. 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. 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 and Executive Director.

A full Audit Committee Report enumerating its membership, summary of the 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. 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 of each individual Director and the Chief Executive Officer of the Company;
- undertook a review of all Directors who are due for re-election/re-appointment at the Company's Fifty-Seventh 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 remuneration package for the Executive Chairman; and
- reviewed the remuneration package 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. No meeting was held during the financial year.

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 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 and executive Board members 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 Securities Berhad 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 45, holds a Bachelor of Business-Banking and Finance from the University of South Australia and has been with the Group since year 1995.

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

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises the importance of corporate social responsibility ("CSR") 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.

In its CSR initiatives, the Group partnered with National Kidney Foundation ("NKF") in support of the various events, programmes and activities organised by NKF. The Group through sponsorship participated in the Roasters Chicken Charity Run 2011 and World Kidney Day Run 2012 in aid of NKF. As in previous years, the Group jointly with NKF continued to organise free health screening at Putrajaya and Pusat Informasi NUR & Keluarga at Bangunan LPPKN, for the public and civil servants to raise awareness of kidney diseases and their prevention and better health management.

The Group recognises the importance of preserving the natural environment and is committed to achieving good standards of environmental performance and preventing pollution. Additionally, the Group also promotes a culture of waste minimisation and resource optimisation. In our office environment, we ensure that waste is re-used or re-cycled as far as possible.

The Group took part in various social activities in support of the community and numerous charitable causes both in cash and in kind. During the Hari Raya festival, duit raya and goodies bag were given out to orphans and single mothers at Rumah Persatuan Kebajikan Nur Hikmat Kajang. We also extended study grant to deserving student pursuing ACCA course with the hope to build future generations of exemplary young leaders who possess the ambition to excel in whatever they do.

The Group's employees are the most important asset, the major contributors to the organisation's success and growth. Training and career development are conducted to equip employees with the necessary skills and knowledge as well as to achieve their potential. We also take a proactive approach in providing opportunities for our employees to obtain professional and nationally recognised qualifications and in encouraging continuous professional development programmes that are conducted internally and externally.

A great deal of effort and resources are channeled into the Group's CSR programmes and the top management is directly involved in the Group's CSR efforts. 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 28 May 2012.

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 transactions undertaken by the Company during the financial year.

3. Options or Convertible Securities

No options or convertible securities were issued by the Company during the financial year.

4. Depository Receipt Programme

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

5. Non-Audit Fees

The amount of non-audit fee incurred for services rendered by the external auditors and their affiliated Company or firm to the Group for the financial year ended 31 March 2012 was RM95,685.

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 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

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

10. List of Properties

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	15	5,511	Office Suite	1,552	31.12.2004	31.03.2012	11.09.2088
Unit 24 Jalan Tasik Selatan 4 Bandar Tasik Selatan 57000 Kuala Lumpur	Leasehold	12	11,520	Intermediate 6-Storey Shop-office	1,112	05.09.2008	31.03.2012	29.06.2087
					2,664			

11. Recurrent Related Party Transactions

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

12. Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") implemented on 15 September 2009 is the only employee share option scheme of the Company in existence during the financial year ended 31 March 2012. The details of which are as follows:

(a) The total number of options granted, exercised, cancelled and outstanding under the ESOS since its commencement up to the financial year ended 31 March 2012 are set out below:

	Number of Options	
Description	**Grand Total**	**Directors and Chief Executive**
Granted	17,843,900	7,300,000
Exercised	(326,700)	–
Cancelled	(2,179,800)	(200,000)
Outstanding	15,337,400	7,100,000

12. Employees' Share Option Scheme (Cont'd)

(b) Percentages of options applicable to Directors and senior management under the ESOS since its commencement up to the financial year ended 31 March 2012 are set out below:

Directors and Senior Management	Percentage
(i) Aggregate maximum allocation	17.0%
(ii) Actual options granted	7.8%

(c) No options were granted nor exercised under the ESOS during the financial year ended 31 March 2012.

(d) No options were granted nor exercised by the Non-Executive Directors during the financial year ended 31 March 2012.

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 42, 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 minimise 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 42, 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
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 2012, 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	4/4
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
Late Chew Keng Yong *(Demised on 13 October 2011)*	2/2
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.

SUMMARY OF TERMS OF REFERENCE

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

1.0 Composition

1.1 The Board shall elect the Audit Committee members from amongst themselves and consist of not less than three (3) non-executive directors, with a majority of them being independent directors. The Chairman of the Audit Committee shall be an independent director.

1.2 At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants (MIA) or have the relevant qualifications and experience as specified in the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

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

1.4 Any vacancy in the Audit Committee resulting in non-compliance of the said requirements must be filled within three (3) months.

1.5 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. The meetings shall have a quorum of three (3) members; the majority of the members present must be independent directors.

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

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

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

3.0 Authority

3.1 The Audit Committee is authorised by the Board to:

- investigate any matter within its terms of reference;
- have full and unrestricted access to any information pertaining to the Company and the Group;
- have direct communication channels with the internal and external auditors, and with the management of the Group; and
- have resources which are required to perform its duties and to obtain external legal or other independent professional advice it considers necessary.

3.2 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 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, the scope of their audits 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

(d) Audit Reports

- Internal and external audit reports together with management's responses and, where necessary, ensure that appropriate action is taken 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, focusing particularly on:

- changes in 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 to ensure that it is consistent with their understanding of the state of internal controls of the Group and recommended the same to the Board for inclusion in the Annual Report.

- **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 member.

- **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.

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 2012 was RM188,000.

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 statements review. Audit reports are issued to highlight any deficiency or findings requiring the management's attention. Such reports also include practical and cost effective recommendations as well as proposed corrective actions to be adopted by the management. The audit reports and management's responses are circulated to the Audit Committee and 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 2012.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are as disclosed in Note 17 to the financial statements.

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

FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 March 2012 are as follows:

	The Group RM	The Company RM
Profit for the financial year	101,355,093	5,671,851

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 by the Company since the end of the previous financial year are as follows:

In respect of financial year ended 31 March 2011:

	RM
Final single-tier dividend of 15% on 782,395,174 ordinary shares, declared on 8 September 2011 and paid on 23 September 2011	11,735,925

The directors recommend the payment of a final single-tier dividend of 15% on 782,395,174 ordinary shares amounting to RM11,735,928 in respect of the financial year ended 31 March 2012, which is subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"). The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2013.

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

The Company has not issued any new shares or debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the bylaws which was approved by the shareholders at the Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and 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 36 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 1.4.2011	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2012
24 March 2010	0.59	16,268,900	–	–	(931,500)	15,337,400

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
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan
Dato' Ab. Halim Bin Mohyiddin
Major General (Rtd) Dato' Haji Fauzi Bin Hussain
Dato' Che Md Nawawi Bin Ismail
Soo Kim Wai
Shalina Azman
Shahman Azman
Chew Keng Yong *(Demised on 13 October 2011)*

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.4.2011	Bought	Sold	Balance as at 31.3.2012
Indirect interest				
Tan Sri Azman Hashim	323,927,169	15,500,000	–	339,427,169

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

	ESOS expiring on 14 September 2019 Number of options over ordinary shares of RM0.10 each				
	Balance as at 1.4.2011	Granted	Exercised	Cancelled/ Lapsed	Balance as at 31.3.2012
Tan Sri Azman Hashim	2,000,000	–	–	–	2,000,000
Tan Sri Mohd Zaman Khan @ Hassan Bin Rahim Khan	200,000	–	–	–	200,000
Major General (Rtd) Dato' Haji Fauzi Bin Hussain	200,000	–	–	–	200,000
Dato' Che Md Nawawi Bin Ismail	200,000	–	–	–	200,000
Soo Kim Wai	1,500,000	–	–	–	1,500,000
Shalina Azman	1,200,000	–	–	–	1,200,000
Shahman Azman	900,000	–	–	–	900,000

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 25 to the financial statements.

DIRECTORS' BENEFITS (CONT'D)

During and at the end of the financial year, there are no arrangement subsisted to which the Company is a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the share options granted pursuant to the Company's ESOS as disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event are disclosed in Note 37 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
4 June 2012

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 2012 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 42 to 119.

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 control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 2012 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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 28(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.

OTHER MATTERS

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

Deloitte Kassimchan

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

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

Petaling Jaya
4 June 2012

Statements of Comprehensive Income
for the financial year ended 31 March 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Revenue	5	229,858,696	269,585,585	6,648,528	10,315,159
Other income		25,780,598	15,523,491	4,738,531	5,124,639
Interest expense applicable to revenue	6	(64,545,173)	(74,613,722)	(2,508,493)	(3,052,000)
Directors' remuneration	7	(1,457,190)	(1,490,190)	(257,000)	(290,000)
Staff costs	8	(11,036,077)	(12,225,997)	–	–
Depreciation of plant and equipment	15	(1,282,629)	(1,318,608)	(46,497)	(10,494)
Depreciation of investment properties	16	(62,144)	(59,930)	–	–
Other expenses		(49,056,507)	(55,272,532)	(351,905)	(187,729)
Finance costs	9	(34,749)	(29,346)	(459,618)	(123,721)
Profit before tax	10	128,164,825	140,098,751	7,763,546	11,775,854
Income tax expense	11	(26,809,732)	(35,842,210)	(2,091,695)	(3,691,329)
Profit for the financial year		101,355,093	104,256,541	5,671,851	8,084,525
Other comprehensive (loss)/income:					
Available-for-sale ("AFS") financial assets:					
- Reclassification to profit and loss upon disposal		(8,778,517)	–	–	–
- Unrealised net gain on revaluation		–	2,025,811	–	–
Other comprehensive (loss)/income for the financial year, net of tax		(8,778,517)	2,025,811	–	–
Total comprehensive income for the financial year		92,576,576	106,282,352	5,671,851	8,084,525
Attributable to:					
Owners of the Company		101,355,093	104,256,541		
Earnings per share attributable to owners of the Company:					
Basic/Diluted (sen)	13	12.95	13.33		

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

Statements of Financial Position
as at 31 March 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
ASSETS					
Non-Current Assets					
Plant and equipment	15	3,138,592	2,679,264	1	46,498
Investment properties	16	2,664,092	2,699,792	–	–
Investment in subsidiary companies	17	–	–	332,215,398	330,065,410
Goodwill on consolidation	18	28,676,975	28,676,975	–	–
Loans and receivables	19	879,585,627	973,163,790	–	–
Other investments	20	2	2	2	2
AFS financial assets	21	–	39,165,690	–	–
Deferred tax assets	22	20,792,177	33,783,308	2,350	–
Total Non-Current Assets		934,857,465	1,080,168,821	332,217,751	330,111,910
Current Assets					
Loans and receivables	19	103,490,205	112,590,590	–	–
Trade receivables	23	34,419,702	37,414,220	–	–
Other receivables, deposits and prepaid expenses	24	32,633,650	28,549,587	933,055	215,435
Amounts due from subsidiary companies	25	–	–	18,153,662	72,503,588
Deposits with licensed financial institutions	26	386,709,581	512,150,091	13,325	81,920
Cash and bank balances	26	7,047,124	2,388,030	1,981	1,668
Total Current Assets		564,300,262	693,092,518	19,102,023	72,802,611
Total Assets		1,499,157,727	1,773,261,339	351,319,774	402,914,521

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	27	78,239,517	78,239,517	78,239,517	78,239,517
Reserves	28	450,982,788	370,142,137	272,737,605	278,343,091
Total Equity		529,222,305	448,381,654	350,977,122	356,582,608
Non-Current Liabilities					
Hire-purchase payables	29	512,443	580,213	–	–
Borrowings	30	449,514,691	737,379,061	–	–
Deferred tax liabilities	22	41,419,542	52,417,561	–	7,613
Total Non-Current Liabilities		491,446,676	790,376,835	–	7,613
Current Liabilities					
Payables and accrued expenses	31	60,597,976	89,290,973	342,652	373,252
Amount due to a subsidiary company	25	–	–	–	5,518,541
Hire-purchase payables	29	206,471	172,779	–	–
Borrowings	30	414,431,192	444,715,423	–	40,432,507
Tax liabilities		3,253,107	323,675	–	–
Total Current Liabilities		478,488,746	534,502,850	342,652	46,324,300
Total Liabilities		969,935,422	1,324,879,685	342,652	46,331,913
Total Equity and Liabilities		1,499,157,727	1,773,261,339	351,319,774	402,914,521

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

Statements of Changes in Equity

for the financial year ended 31 March 2012

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	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
Balance as at 1 April 2011		78,239,517	58,584,019	5,976,706	8,778,517	296,802,895	370,142,137	448,381,654
Total comprehensive (loss)/income		–	–	–	(8,778,517)	101,355,093	92,576,576	92,576,576
Transactions with owners								
Dividends	14	–	–	–	–	(11,735,925)	(11,735,925)	(11,735,925)
Cancellation of share options		–	–	(342,205)	–	342,205	–	–
Total transactions with owners		–	–	(342,205)	–	(11,393,720)	(11,735,925)	(11,735,925)
Balance as at 31 March 2012		78,239,517	58,584,019	5,634,501	–	386,764,268	450,982,788	529,222,305

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 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
Balance as at 1 April 2011		78,239,517	58,584,019	5,976,706	213,782,366	278,343,091	356,582,608
Total comprehensive income		–	–	–	5,671,851	5,671,851	5,671,851
Transactions with owners							
Dividends	14	–	–	–	(11,735,925)	(11,735,925)	(11,735,925)
Cancellation of share options		–	–	(342,205)	800,793	458,588	458,588
Total transactions with owners		–	–	(342,205)	(10,935,132)	(11,277,337)	(11,277,337)
Balance as at 31 March 2012		78,239,517	58,584,019	5,634,501	208,519,085	272,737,605	350,977,122

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

Statements of Cash Flows

for the financial year ended 31 March 2012

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	128,164,825	140,098,751	7,763,546	11,775,854
Adjustments for:				
Allowance for impairment loss on receivables, net	22,958,666	27,194,130	–	–
Loss on early redemption of asset-backed securities (“ABS”)	6,597,000	–	–	–
Depreciation of plant and equipment	1,282,629	1,318,608	46,497	10,494
Amortisation of discount on medium term notes (“MTNs”)	937,401	1,238,664	–	–
Depreciation of investment properties	62,144	59,930	–	–
Finance costs	34,749	29,346	459,618	123,721
Loss on early redemption of MTNs	13,800	210,500	–	–
Plant and equipment written off	1,731	–	–	–
Investment income	(14,050,706)	(10,431,601)	(4,672)	(2,968)
Gain on disposal of AFS financial assets	(8,237,962)	–	–	–
Dividend income	(1,667,918)	(6,073,695)	(3,500,000)	(2,700,000)
Gain on disposal of plant and equipment	(111,998)	(55,078)	–	–
(Write-back)/Allowance for impairment loss in investment properties	(26,444)	26,444	–	–
Capital repayment from investment in real estate investment trust (“REIT”)	–	(61,293)	–	–
Interest income from amounts due from subsidiary companies	–	–	(4,733,859)	(5,121,671)
Operating Profit Before Working Capital Changes	135,957,917	153,554,706	31,130	4,085,430

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Decrease/(Increase) in:				
Loans and receivables	86,919,739	(34,430,508)	–	–
Trade receivables	(4,205,339)	(6,878,722)	–	–
Other receivables, deposits and prepaid expenses	(7,380,084)	(13,043,434)	(148,360)	150,087
Amounts due from subsidiary companies	–	–	56,914,224	6,388,290
(Decrease)/Increase in:				
Payables and accrued expenses	(32,649,426)	864,278	(507,660)	(241,367)
Cash Generated From Operations	178,642,807	100,066,320	56,289,334	10,382,440
Taxes paid	(19,511,304)	(28,126,122)	(2,559,918)	(2,631,666)
Taxes refunded	1,119,154	1,323,283	–	1,179,929
Net Cash Generated From Operating Activities	160,250,657	73,263,481	53,729,416	8,930,703
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of AFS financial assets	38,625,135	–	–	–
Investment income received	14,050,706	10,431,601	4,672	2,968
Dividend received	1,667,918	6,073,695	3,500,000	2,700,000
Subscription of shares in subsidiary companies	–	–	(5,499,998)	–
Proceeds from disposal of plant and equipment	123,183	375,808	–	–
Capital repayment from investment in REIT	–	61,293	–	–
Additions to plant and equipment	(1,616,173)	(691,280)	–	–
Net Cash Generated From/(Used In) Investing Activities	52,850,769	16,251,117	(1,995,326)	2,702,968

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	71,490,244	325,430,207	–	–
Repayment of revolving credits	(140,761,425)	(251,583,135)	–	–
Proceeds from issuance of ABS	–	209,000,000	–	–
Redemption of ABS	(265,597,000)	(81,000,000)	–	–
Drawdown of term loan	114,000,000	–	–	–
Repayment of term loans	(52,431,696)	(52,278,210)	(40,000,000)	–
Redemption of MTNs	(30,013,800)	(20,210,501)	–	–
Drawdown of other borrowings	87,770,198	92,716,236	–	–
Repayment of other borrowings	(106,329,464)	(70,544,969)	–	–
Redemption of bonds and commercial papers, net	–	(4,000,000)	–	–
Issuance of shares	–	192,752	–	312,772
Dividends paid	(11,802,372)	(11,922,156)	(11,802,372)	(11,922,156)
Repayment of:				
Hire-purchase payables	(172,778)	(431,321)	–	(12,066)
Finance lease payables	–	(26,965)	–	–
Finance costs paid	(34,749)	(29,346)	–	(270)
Net Cash (Used In)/Generated From Financing Activities	(333,882,842)	135,312,592	(51,802,372)	(11,621,720)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(120,781,416)	224,827,190	(68,282)	11,951
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	514,538,121	289,710,931	83,588	71,637
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 26)	393,756,705	514,538,121	15,306	83,588

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

1. CORPORATE INFORMATION

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

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

The principal place of business of the Company is located at 12th & 20th Floor, Bangunan AmAssurance, No. 1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are as disclosed in Note 17. There have been no significant changes in the nature of these principal activities during the financial year other than as disclosed in Note 17.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 4 June 2012.

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 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers

Amendments to:

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Improving Disclosure about Financial Instruments
FRS 138	Intangible Assets
IC Interpretation 9	Reassessment of Embedded Derivatives

Amendments to FRSs classified as "Improvements to FRSs (2010)"

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

2.1 Changes in Accounting Policies (Cont'd)

The adoption of the above new and revised FRSs, Amendments and IC Interpretations has not resulted in any significant financial impact on the financial statements nor any significant changes in the presentation and disclosure of amounts in the financial statements of the Group and of the Company.

In addition, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework comprises standards issued by the International Accounting Standards Board ("IASB") that are effective on and after 1 January 2012.

The Group and the Company are required to apply MFRS Framework for annual periods beginning on or after 1 April 2012. 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, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill in the statements of financial position (see Note 3.9 on Goodwill on Consolidation). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

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.

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

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

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

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

The Group has applied the new policies prospectively to business combination transactions occurring on or after 1 April 2011, if any.

3.3 Revenue Recognition

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

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 Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Interest income

Interest income is recognised using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

(b) Overdue interest income

Overdue interest income is recognised upon collection.

(c) Dividend income

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

(d) Rental income

Rental income is recognised on an accrual basis.

(e) Management fees and IT services

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

(f) Investment income

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

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 Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation 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 and the Company 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 effective interest rate ("EIR").

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

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

(i) Collective assessment allowance

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

(ii) Individual assessment allowance

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of Assets (Cont'd)

(c) Receivables

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

(d) Other non-financial assets

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

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

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

3.12 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial Liabilities (Cont'd)

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

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

(b) Other financial liabilities

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

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

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

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

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

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

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

3. 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 and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences.

(b) Defined contribution plan

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

(c) Share-based compensation

The 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 and the Company revise 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 operate ("the functional currency").

(b) Foreign currency transactions and balances

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

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

3.20 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 and of the Company.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of goodwill on consolidation

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

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired based on the evaluation of 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 and the Company for similar financial instruments. It is assumed that the EIR approximate the current market interest rates available to the Group and the Company based on its size and its business risk.

5. REVENUE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Loan financing services:				
Interest income	221,559,745	256,511,776	–	–
Factoring and confirming	6,036,455	6,533,092	–	–
Dividend income from:				
AFS financial assets				
- Investment in REIT (quoted in Malaysia)	1,667,918	6,073,695	–	–
Subsidiary companies	–	–	3,500,000	2,700,000
	1,667,918	6,073,695	3,500,000	2,700,000
Rental income	376,528	261,222	–	–
IT support service fee	218,050	205,800	–	–
Management fee from a subsidiary company	–	–	3,148,528	7,615,159
	229,858,696	269,585,585	6,648,528	10,315,159

6. INTEREST EXPENSE APPLICABLE TO REVENUE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
ABS	26,587,612	35,120,072	–	–
Fixed rate MTNs	17,950,909	17,480,080	–	–
Revolving credits	9,770,182	9,120,261	–	–
Term loans	8,867,327	11,763,108	2,508,493	3,052,000
Trust receipts	720,367	269,814	–	–
Bankers' acceptances	521,707	485,319	–	–
Bank overdrafts	127,069	328,380	–	–
Underwritten commercial papers	–	46,688	–	–
	64,545,173	74,613,722	2,508,493	3,052,000

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors of the Company:				
Non-executive directors				
- Fees	210,000	240,000	210,000	240,000
- Other emoluments	47,000	50,000	47,000	50,000
	257,000	290,000	257,000	290,000
Executive directors				
- Other emoluments	934,000	934,000	–	–
- Defined contributions	266,190	266,190	–	–
	1,457,190	1,490,190	257,000	290,000
Benefits-in-kind	382,501	475,895	–	–
Total directors' remuneration	1,839,691	1,966,085	257,000	290,000

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	
	2012	2011
Non-executive directors:		
RM50,000 and below	8	8
Executive directors:		
RM1,550,001 - RM1,600,000	1	–
RM1,650,001 - RM1,700,000	–	1
	9	9

8. STAFF COSTS

	The Group	
	2012 RM	2011 RM
Salaries	8,208,732	9,790,194
Defined contributions	1,094,523	1,251,286
Social security contributions	66,409	64,063
Others	1,666,413	1,120,454
	11,036,077	12,225,997

9. FINANCE COSTS

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
Hire-purchase payables	34,749	28,798	–	270
Finance lease payables	–	548	–	–
Amount due to a subsidiary company	–	–	459,618	123,451
	34,749	29,346	459,618	123,721

10. PROFIT BEFORE TAX

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Investment income	14,050,706	10,431,601	4,672	2,968
Gain on disposal of AFS financial assets	8,237,962	–	–	–
Bad debts recoveries	2,442,466	2,324,057	–	–
Gain on disposal of plant and equipment	111,998	55,078	–	–
Realised gain on foreign exchange, net	12,416	21,843	–	–
Write-back/(Allowance) for impairment loss in investment properties	26,444	(26,444)	–	–
Capital repayment from investment in REIT	–	61,293	–	–

10. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest income on amounts due from subsidiary companies	–	–	4,733,859	5,121,671
Allowance for impairment loss on receivables, net	(22,958,666)	(27,194,130)	–	–
Loss on early redemption of ABS	(6,597,000)	–	–	–
Amortisation of discount on MTNs	(937,401)	(1,238,664)	–	–
Rental of:				
Premises	(841,936)	(713,532)	–	–
Disaster recovery centre	(103,200)	(36,000)	–	–
Office equipment	(16,200)	(13,800)	–	–
Warehouse	(8,650)	(7,149)	–	–
Motor vehicle	–	(67,800)	–	–
Auditors' remuneration:				
Statutory audit				
- Current year	(210,700)	(221,400)	(38,200)	(35,700)
- Under provision in prior year	–	(6,700)	–	(6,700)
Non-statutory audit				
- Current year	(4,400)	(4,200)	(4,400)	(4,200)
Loss on early redemption of MTNs	(13,800)	(210,500)	–	–
Plant and equipment written off	(1,731)	–	–	–

11. INCOME TAX EXPENSE

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Income tax payable:				
Current year	23,382,761	14,368,577	2,055,513	2,985,084
Under provision in prior years	1,433,859	297,752	46,145	55,385
	24,816,620	14,666,329	2,101,658	3,040,469
Deferred tax (Note 22):				
Current year	(3,266,150)	20,404,483	(9,963)	(5,815)
Under provision in prior year	5,259,262	771,398	–	656,675
	1,993,112	21,175,881	(9,963)	650,860
	26,809,732	35,842,210	2,091,695	3,691,329

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	128,164,825	140,098,751	7,763,546	11,775,854
Tax at applicable statutory tax rate of 25% (2011: 25%)	32,041,206	35,024,689	1,940,887	2,943,964
Tax effects of:				
Expenses not deductible for tax purposes	571,471	705,905	106,975	46,252
Income not subject to tax	(2,523,644)	(2,128,215)	(1,168)	(742)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,226,716	8,038,472	–	–
Deferred tax assets recognised in respect of current year's tax losses, unabsorbed capital allowances and loans and receivables	(6,397,731)	(9,217,964)	(1,144)	(10,205)
Realisation of deferred tax assets not recognised previously	(4,829,393)	(22,720)	–	–
Realisation of deferred tax assets recognised	27,986	2,372,893	–	–
Tax at effective tax rate	20,116,611	34,773,060	2,045,550	2,979,269
Under provision of tax in prior years	1,433,859	297,752	46,145	55,385
Under provision of deferred tax in prior year	5,259,262	771,398	–	656,675
Income tax charged to profit or loss	26,809,732	35,842,210	2,091,695	3,691,329

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the year of assessment 2012. The computation of deferred tax as at 31 March 2012 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 2012	Loan financing services RM	Investment holding and management services RM	Factoring and confirming RM	Adjustments and eliminations RM	Notes	Total RM
Revenue						
External sales	221,283,522	2,538,719	6,036,455	–		229,858,696
Inter-segment sales	–	76,460,244	–	(76,460,244)	A	–
Total revenue	221,283,522	78,998,963	6,036,455	(76,460,244)		229,858,696
Results						
Interest income including investment income	235,315,660	280,895	4,204,025	–		239,800,580
Interest expense applicable to revenue	60,209,913	2,873,573	1,461,687	–		64,545,173
Depreciation and amortisation	1,514,888	628,687	138,599	–		2,282,174
Other non-cash expenses	15,758,809	(24,728)	7,199,872	–	B	22,933,953
Segment profit/(loss)	127,586,413	5,180,731	(4,567,570)	(34,749)	C	128,164,825
Statements of Financial Position						
Capital additions	210,072	1,533,762	11,039	–	D	1,754,873
Segment assets	1,423,775,296	39,510,104	35,872,327	–		1,499,157,727
Segment liabilities	937,098,876	8,505,991	21,077,448	3,253,107	E	969,935,422

12. SEGMENT INFORMATION (CONT'D)

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 including investment income	266,935,040	2,968	4,874,215	–		271,812,223
Interest expense applicable to revenue	69,985,113	3,608,432	1,020,177	–		74,613,722
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)

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:

	2012 RM	2011 RM
Allowance for impairment loss on receivables, net	22,958,666	27,194,130
Plant and equipment written off	1,731	–
(Write-back)/Allowance for impairment loss in investment properties	(26,444)	26,444
	22,933,953	27,220,574

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

	2012 RM	2011 RM
Finance costs	(34,749)	(29,346)

D Capital additions consists of:

	2012 RM	2011 RM
Plant and equipment (Note 15)	1,754,873	1,272,780

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

	2012 RM	2011 RM
Unallocated corporate liabilities	3,253,107	323,675

13. EARNINGS PER ORDINARY SHARE ("EPS")

	The Group	
	2012	**2011**
	RM	**RM**
Profit for the financial year attributable to owners of the Company	101,355,093	104,256,541
Weighted average number of ordinary shares in issue:		
Balance as at beginning of financial year	782,395,174	782,068,474
Effects of issuance of shares pursuant to ESOS exercised	–	290,002
Balance as at end of financial year	782,395,174	782,358,476
Basic/Diluted EPS (sen)	12.95	13.33

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

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

14. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2012 RM	2011 RM	2012 RM	2011 RM
Recognised during the financial year:				
Final dividend for 2010: 9% less tax of 25% and 8.5% under single-tier system on 782,395,174 ordinary shares, paid on 28 September 2010	–	–	–	11,931,526
Final dividend for 2011: 15% under single-tier system on 782,395,174 ordinary shares, paid on 23 September 2011	–	11,735,925	11,735,925	–
Proposed for approval at AGM (not recognised as at 31 March):				
Final dividend for 2012: 15% under single-tier system on 782,395,174 ordinary shares	11,735,928	–	–	–
	11,735,928	11,735,925	11,735,925	11,931,526

At the forthcoming AGM, a final single-tier dividend in respect of the financial year ended 31 March 2012 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 2013.

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 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
Additions	377,456	926,921	–	–	171,888	278,608	1,754,873
Disposals	(2,699)	(305,285)	–	(365,476)	–	–	(673,460)
Write-off	(36,328)	(155,759)	–	–	–	–	(192,087)
Balance as at 31 March 2012	1,563,816	5,020,281	–	111,313	1,378,615	907,146	8,981,171
Accumulated depreciation							
Balance as at 1 April 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
Charge for the financial year	231,817	594,353	–	51,735	247,411	157,313	1,282,629
Disposals	(2,203)	(294,598)	–	(365,474)	–	–	(662,275)
Write-off	(36,328)	(154,028)	–	–	–	–	(190,356)
Balance as at 31 March 2012	958,599	3,647,784	–	110,090	614,758	511,348	5,842,579
Carrying amount							
Balance as at 31 March 2011	460,074	1,052,347	–	52,960	839,380	274,503	2,679,264
Balance as at 31 March 2012	605,217	1,372,497	–	1,223	763,857	395,798	3,138,592

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 2010	36,328	–	95,470	131,798
Reclassification	–	95,470	(95,470)	–
Balance as at 31 March 2011	36,328	95,470	–	131,798
Write-off	(36,328)	–	–	(36,328)
Balance as at 31 March 2012	–	95,470	–	95,470
Accumulated depreciation				
Balance as at 1 April 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
Charge for the financial year	–	46,497	–	46,497
Write-off	(36,328)	–	–	(36,328)
Balance as at 31 March 2012	–	95,469	–	95,469
Carrying amount				
Balance as at 31 March 2011	–	46,498	–	46,498
Balance as at 31 March 2012	–	1	–	1

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM1,754,873 (2011: RM1,272,780) as follows:

	The Group 2012 RM	2011 RM
Acquired via:		
Cash payments	1,616,173	691,280
Hire-purchase arrangements	138,700	581,500
	1,754,873	1,272,780

16. INVESTMENT PROPERTIES

	The Group Leasehold buildings RM
Cost	
Balance as at 31 March 2011/2012	3,027,390
Accumulated depreciation	
Balance as at 1 April 2010	241,224
Charge for the financial year	59,930
Balance as at 31 March 2011	301,154
Charge for the financial year	62,144
Balance as at 31 March 2012	363,298
Accumulated impairment losses	
Balance as at 1 April 2010	–
Charge for the financial year	26,444
Balance as at 31 March 2011	26,444
Write-back for the financial year	(26,444)
Balance as at 31 March 2012	–
Carrying amount	
Balance as at 31 March 2011	2,699,792
Balance as at 31 March 2012	2,664,092
Fair value	
Balance as at 31 March 2011	3,600,000
Balance as at 31 March 2012	4,020,000

The strata titles pertaining to:

(i) the leasehold building under RCE Equity Sdn. Bhd. has been issued during the financial year ended 31 March 2010. 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.

16. INVESTMENT PROPERTIES (CONT'D)

The property rental income from the investment properties, which are under operating leases, amounted to RM264,528 (2011: RM261,222). Direct operating expenses arising from the investment properties during the financial year amounted to RM76,018 (2011: RM92,049).

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2012 RM	2011 RM
Unquoted shares, at cost	332,430,041	326,930,043
Less: Allowance for impairment	(214,643)	(214,643)
	332,215,398	326,715,400
Add: Equity contribution to subsidiary companies pursuant to ESOS (Note 36)	–	3,350,010
	332,215,398	330,065,410

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

	Effective Equity Interest		Principal Activities
	2012 %	2011 %	
Direct subsidiary companies			
Effusion.Com Sdn. Bhd.	100	100	Provision of information technology
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

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Indirect subsidiary companies (Cont'd)			
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
RCE Commerce Sdn. Bhd. $^{\pi}$	100	100	Provision of information technology and financial administrative services
RCE Premier Sdn. Bhd. $^{\pi}$	100	100	In the process of de-registering from the Companies Commission of Malaysia
RCE Sales Sdn. Bhd. $^{\beta}$	100	100	Provision of financial administrative services
RCE Trading Sdn. Bhd. $^{\pi}$	100	100	Provision of financial administrative services
Tresor Assets Berhad $^{\pi}$	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 2012 RM	The Group 2011 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; and

(ii) 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	
	2012 RM	**2011 RM**
Loan financing	28,343,821	28,343,821
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 7.86% (2011: 9.29%) per annum.

19. LOANS AND RECEIVABLES

	The Group 2012 RM	The Group 2011 RM
Loans and receivables	1,954,041,087	2,286,951,290
Less: Unearned interest income	(846,623,936)	(1,090,513,452)
	1,107,417,151	1,196,437,838
Less: Allowance for impairment	(124,341,319)	(110,683,458)
Loans and receivables, net	983,075,832	1,085,754,380
Amount receivable within one year	(103,490,205)	(112,590,590)
Non-current portion	879,585,627	973,163,790

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

	The Group 2012 RM	The Group 2011 RM
Amount receivables:		
Within one to two years	66,015,573	69,098,837
Within two to five years	198,404,210	229,955,862
After five years	615,165,844	674,109,091
	879,585,627	973,163,790

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

The loans and receivables are collectible over a maximum period of twenty-two (22) (2011: twenty (20)) years. The information on the financial risk of loans and receivables are disclosed in Note 34.

Loans and receivables of the Group amounting to RM267,990,900 (2011: RM309,860,886) are pledged to financial institutions as securities for borrowings as disclosed in Notes 30(d) and 30(e) respectively.

19. LOANS AND RECEIVABLES (CONT'D)

The profile of the loans and receivables is as follows:

	The Group	
	2012	2011
	RM	RM
Performing	425,979,367	328,863,186
1 to 150 days past due but performing	523,325,408	747,307,377
Non-performing	158,112,376	120,267,275
	1,107,417,151	1,196,437,838

Movement in allowance accounts:

	The Group	
	2012	2011
	RM	RM
Balance as at 1 April	110,683,458	86,399,983
Charge for the financial year	15,758,809	26,595,698
Written off	(2,100,948)	(2,312,223)
Balance as at 31 March	124,341,319	110,683,458

The allowance accounts consist of:

	The Group	
	2012	2011
	RM	RM
Performing loans	36,941,980	40,012,392
Non-performing loans	87,399,339	70,671,066
	124,341,319	110,683,458

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/technical delay due to logistic considerations.

Loans and receivables that are non-performing

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

	The Group Collectively impaired	
	2012 RM	2011 RM
Loans and receivables, non-performing	158,112,376	120,267,275
Less: Allowance for impairment	(87,399,339)	(70,671,066)
	70,713,037	49,596,209

20. OTHER INVESTMENTS

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Investments, at cost:				
Association memberships	2	2	2	2

21. AFS FINANCIAL ASSETS

	The Group	
	2012 RM	2011 RM
Non-current		
REIT quoted in Malaysia, at fair value	–	39,165,690
Current		
Unquoted corporate bonds, at cost	8,000,000	8,000,000
Less: Accumulated impairment losses	(8,000,000)	(8,000,000)
	–	–

21. AFS FINANCIAL ASSETS (CONT'D)

During the current financial year, the Group has disposed its entire investment in REIT for a total consideration of RM38,625,135 with a net gain of RM8,237,962 as disclosed in Note 10.

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

There was no coupon payment received in respect of the unquoted corporate bonds for the financial years ended 31 March 2012 and 31 March 2011 respectively.

22. DEFERRED TAX

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Balance as at 1 April	(18,634,253)	2,541,628	(7,613)	643,247
Recognised in profit or loss (Note 11)	(1,993,112)	(21,175,881)	9,963	(650,860)
Balance as at 31 March	(20,627,365)	(18,634,253)	2,350	(7,613)

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deferred tax assets	20,792,177	33,783,308	2,350	–
Deferred tax liabilities	(41,419,542)	(52,417,561)	–	(7,613)
	(20,627,365)	(18,634,253)	2,350	(7,613)

22. DEFERRED TAX (CONT'D)

(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 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
Balance as at 1 April 2011	19,879,362	7,757,796	5,933	6,140,217	33,783,308
Recognised in profit or loss	(3,723,368)	(4,856,339)	1,726,443	(6,137,867)	(12,991,131)
Balance as at 31 March 2012	16,155,994	2,901,457	1,732,376	2,350	20,792,177

Deferred tax assets of the Company:

	Other temporary differences RM	Total RM
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	–	–
Balance as at 1 April 2011	–	–
Recognised in profit or loss	2,350	2,350
Balance as at 31 March 2012	2,350	2,350

22. DEFERRED TAX (CONT'D)

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 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)
Balance as at 1 April 2011	(270,126)	(13,983)	(52,133,452)	(52,417,561)
Recognised in profit or loss	(99,932)	(4,048,024)	15,145,975	10,998,019
Balance as at 31 March 2012	(370,058)	(4,062,007)	(36,987,477)	(41,419,542)

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

Deferred tax liabilities of the Company:

	Plant and equipment RM	Total RM
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)
Balance as at 1 April 2011	(7,613)	(7,613)
Recognised in profit or loss	7,613	7,613
Balance as at 31 March 2012	–	–

22. DEFERRED TAX (CONT'D)

(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	
	2012 RM	2011 RM
Unused tax losses	66,234,641	80,661,039
Unabsorbed capital allowances	4,198,323	4,182,628
	70,432,964	84,843,667

23. TRADE RECEIVABLES

	The Group	
	2012 RM	2011 RM
Confirming receivables	30,991,820	26,871,350
Factoring receivables	12,591,229	14,321,330
	43,583,049	41,192,680
Less: Allowance for impairment	(9,163,347)	(3,778,460)
Trade receivables, net	34,419,702	37,414,220

The credit period granted by the Group ranges from 60 to 150 (2011: 60 to 150) days while other credit terms are determined on a case by case basis. The effective interest rate is at 11.92% (2011: 12.06%) per annum.

As at the reporting date, there are significant concentration of credit risk arising from the amounts due from seven (7) (2011: six (6)) major customers amounting to 73.82% (2011: 54.46%) 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.

23. TRADE RECEIVABLES (CONT'D)

Movement in allowance accounts:

	The Group 2012 RM	The Group 2011 RM
Balance as at 1 April	3,778,460	6,409,270
Charge for the financial year	7,578,009	1,067,463
Written back	(378,152)	(469,031)
Written off	(1,814,970)	(3,229,242)
Balance as at 31 March	9,163,347	3,778,460

The ageing of the trade receivables is as follows:

	The Group 2012 RM	The Group 2011 RM
Performing	25,877,113	22,698,101
Past due but performing:		
Less than 180 days	4,430,619	9,504,722
More than 180 days	4,111,970	4,999,397
Total past due but performing	8,542,589	14,504,119
Non-performing	9,163,347	3,990,460
	43,583,049	41,192,680

<u>Trade receivables that are performing</u>

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.

<u>Trade receivables that are past due but performing</u>

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 they 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.

23. TRADE RECEIVABLES (CONT'D)

Trade receivables that are non-performing

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

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

	Individually impaired	
	2012 RM	2011 RM
Trade receivables, non-performing	9,163,347	3,990,460
Less: Allowance for impairment	(9,163,347)	(3,778,460)
	–	212,000

24. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables	15,493,865	15,454,414	54,146	54,071
Less: Allowance for impairment	(54,071)	(54,071)	(54,071)	(54,071)
	15,439,794	15,400,343	75	–
Tax recoverable	8,430,394	11,925,432	639,901	181,641
Prepaid expenses	8,433,604	970,131	293,079	33,794
Refundable deposits	329,858	253,681	–	–
	32,633,650	28,549,587	933,055	215,435

Included in other receivables of the Group are collections in transit from various co-operatives and corporations of RM9,642,860 (2011: RM15,237,985).

Included in prepaid expenses of the Group is deferred expense of RM5,426,183 (2011: RMnil) held by a subsidiary company in respect of strategic alliance arrangements entered into with the corporations.

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 2012 and 31 March 2011 respectively.

25. RELATED PARTY TRANSACTIONS

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

	The Company 2012 RM	The Company 2011 RM
Amounts due from subsidiary companies	18,153,662	72,503,588
Amount due to a subsidiary company	–	5,518,541

The amounts due from/(to) subsidiary companies are unsecured, bear interest rates ranging from 3.00% to 7.63% (2011: 7.30% to 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. ("AASB") Corporateview Sdn. Bhd. ("CVSB") Harpers Travel (Malaysia) Sdn. Bhd. ("HTSB") Arab-Malaysian (CSL) Sdn. Bhd. ("AMSB") Fulcrum Capital Sdn. Bhd. ("FCSB") RSM Catering and Management Services Sdn. Bhd. ("RCMS") MCM Systems Sdn. Bhd. ("MSSB")	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 ("ALIB") AmInvestment Bank Berhad ("AIBB") AmInvestment Services Berhad ("AISB")	Companies in which a director of the Company has substantial financial interest
AON Insurance Brokers (M) Sdn Bhd ("AIBM")	A company in which a director of the Company has directorship

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

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

	The Company 2012 RM	The Company 2011 RM
Direct subsidiary companies:		
Management fees receivable from		
RCE Marketing Sdn. Bhd.	3,148,528	7,615,159
Interest income on amounts due from:		
RCE Marketing Sdn. Bhd.	4,667,453	5,026,537
RCE Factoring Sdn. Bhd.	39,908	19,819
Dividend receivable from:		
RCE Marketing Sdn. Bhd.	3,500,000	2,700,000
Interest expense on amount due to:		
RCE Synergy Sdn. Bhd. (net of interest income of RM3,733 (2011: RM75,315))	(455,885)	(48,136)
Indirect subsidiary companies:		
Interest income on amounts due from:		
RCE Equity Sdn. Bhd.	14,948	–
RCE Commerce Sdn. Bhd.	7,817	–

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Other related parties:				
Arranger fee payable to AIBB	3,900,759	2,257,008	–	–
Rental payable to:				
ALIB	648,840	617,136	–	–
CVSB	103,200	36,000	–	–
TESB	99,996	99,996	–	–
AMSB	–	67,800	–	–
Staff costs payable to CVSB	490,000	490,000	–	–

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party disclosures (Cont'd)

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other related parties (Cont'd):				
Insurance premium payable to AIBM	274,768	247,803	10,469	10,522
Motor vehicle purchase from AASB	171,888	246,132	–	–
Administrative fee payable to AISB	152,367	193,843	3,903	–
Internal audit fees payable to CVSB	128,000	110,000	8,000	–
Service charges payable to AIBB	84,767	607,251	–	–
Marketing expenses incurred arising from:				
Purchase of travel package from HTSB	69,812	282,009	–	–
Purchase of motor vehicle from AASB	–	328,776	–	–
Air tickets purchase from HTSB	11,644	225,450	–	–
Meeting expenses payable to:				
RCMS	6,010	5,920	3,300	3,240
CVSB	1,002	–	–	–
MSSB	900	900	900	900
Utility expenses payable to CVSB	6,000	6,000	6,000	6,000
Accommodation expenses payable to HTSB	920	–	920	–
Motor vehicle maintenance payable to AASB	844	–	–	–
Disposal of AFS financial assets to AIBB	(10,735,510)	–	–	–
Rental receivable from FCSB	(3,600)	(3,600)	–	–

25. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short term employees' benefits	3,862,085	3,623,645	287,000	290,000
Defined contribution plan	561,426	518,862	–	–
	4,423,511	4,142,507	287,000	290,000

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deposits with licensed financial institutions	386,709,581	512,150,091	13,325	81,920
Cash and bank balances	7,047,124	2,388,030	1,981	1,668
	393,756,705	514,538,121	15,306	83,588

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	
	2012 RM	2011 RM
Assigned in favour of the trustees	369,634,221	493,087,010
Pledged to licensed financial institutions	21,974,706	10,370,205
	391,608,927	503,457,215

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 19 (2011: 23) days. The information on weighted average effective interest rate is disclosed in Note 34.

27. SHARE CAPITAL

	The Group and The Company	
	2012	2011
	RM	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	78,239,517	78,206,847
Issued during the financial year:		
Exercise of ESOS (Note 36)	–	32,670
Balance as at 31 March	78,239,517	78,239,517

a) The Company has an ESOS under which options to subscribe for the Company's ordinary shares have been granted to the eligible directors and employees of the Group as disclosed in Note 36.

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

28. RESERVES

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable:				
Share premium	58,584,019	58,584,019	58,584,019	58,584,019
Share options	5,634,501	5,976,706	5,634,501	5,976,706
AFS	–	8,778,517	–	–
	64,218,520	73,339,242	64,218,520	64,560,725
Distributable:				
Retained earnings	386,764,268	296,802,895	208,519,085	213,782,366
	450,982,788	370,142,137	272,737,605	278,343,091

28. RESERVES (CONT'D)

(a) Non-distributable:

(i) Share premium arose from the following:

	The Group and The Company 2012 RM	2011 RM
Balance as at 1 April	58,584,019	58,303,917
Issuance of share pursuant to ESOS exercised (Note 27)	–	280,102
Balance as at 31 March	58,584,019	58,584,019

(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 36.

(iii) AFS reserve arose from the following:

	The Group 2012 RM	2011 RM
Balance as at 1 April	8,778,517	6,752,706
Other comprehensive (loss)/income:		
Reclassification to profit and loss upon disposal	(8,778,517)	–
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.

(b) Distributable:

Retained earnings:

Distributable reserves are those available for distribution as dividends.

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").

28. RESERVES (CONT'D)

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

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings				
- Realised	407,391,633	315,437,148	208,516,735	213,789,979
- Unrealised	(20,627,365)	(18,634,253)	2,350	(7,613)
	386,764,268	296,802,895	208,519,085	213,782,366

29. HIRE-PURCHASE PAYABLES

	The Group	
	2012 RM	2011 RM
Total outstanding	791,474	843,519
Less: Future finance charges	(72,560)	(90,527)
Principal outstanding	718,914	752,992
Less: Amounts due within one year	(206,471)	(172,779)
Non-current portion	512,443	580,213

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

	The Group	
	2012 RM	2011 RM
Financial years ending 31 March:		
2013	–	181,205
2014	181,761	155,311
2015	173,898	146,209
2016	122,936	93,949
2017	33,848	3,539
	512,443	580,213

The interest rates implicit in these hire-purchase arrangements of the Group range from 2.65% to 6.18% (2011: 2.65% to 6.18%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

30. BORROWINGS

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
At amortised cost					
Secured					
Current					
Fixed rate MTNs	(a)	43,698,989	32,593,800	–	–
ABS	(c)	75,127,856	115,913,059	–	–
Term loans	(d)	126,918,496	12,452,399	–	–
Revolving credits	(e)	132,875,079	190,135,189	–	–
Bank overdrafts	(f)	2,201,562	5,399,262	–	–
		380,821,982	356,493,709	–	–
Non-Current					
Fixed rate MTNs	(a)	137,761,788	176,762,531	–	–
ABS	(c)	240,000,000	463,000,000	–	–
Term loans	(d)	64,752,903	77,416,530	–	–
		442,514,691	717,179,061	–	–
		823,336,673	1,073,672,770	–	–
Unsecured					
Current					
Term loans	(d)	–	40,432,507	–	40,432,507
Trust receipts	(g)	4,853,107	9,054,051	–	–
Bankers' acceptances	(g)	9,603,542	10,896,858	–	–
Revolving credits	(e)	19,152,561	17,900,876	–	–
Bank overdrafts	(f)	–	9,937,422	–	–
		33,609,210	88,221,714	–	40,432,507
Non-current					
Revolving credits	(e)	7,000,000	20,200,000	–	–
		7,000,000	20,200,000	–	–
		40,609,210	108,421,714	–	40,432,507
		863,945,883	1,182,094,484	–	40,432,507

30. BORROWINGS (CONT'D)

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Disclosed in the financial statements as:				
Current	414,431,192	444,715,423	–	40,432,507
Non-current	449,514,691	737,379,061	–	–
	863,945,883	1,182,094,484	–	40,432,507

The maturity profile of the borrowings is as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
On demand or within one year	414,431,192	444,715,423	–	40,432,507
More than 1 year and less than 2 years	114,406,316	181,472,377	–	–
More than 2 years and less than 5 years	278,441,708	394,555,725	–	–
More than 5 years	56,666,667	161,350,959	–	–
	863,945,883	1,182,094,484	–	40,432,507

(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. As at the reporting date, RM60 million out of the total RM420 million MTNs were subscribed by a subsidiary company, RCE Equity Sdn. Bhd. ("RCEE").

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

30. 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

30. 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 7.45% to 9.00% (2011: 7.25% 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 may be calculated annually but payment is deferred until all Class A MTNs and Class B MTNs have been fully redeemed. The entire deferred Class C MTNs coupon payment will be paid in one lump sum.

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.

30. 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;

30. 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 bore interest rate at 5.95% per annum during the financial year ended 31 March 2011.

The remaining RM4 million of the CPs issued in 2010 were fully redeemed in financial year ended 31 March 2011.

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 ended 31 March 2011, 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.

30. BORROWINGS (CONT'D)

(c) ABS (Cont'd)

During the financial year ended 31 March 2011, TAB further issued the seventh, eighth and ninth tranche of ABS amounting to RM100 million each for the seventh and eighth tranche and RM83.8 million for the ninth tranche.

Tranches A to C have been fully redeemed during the financial year.

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

The main features of the ABS are as follows:

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

(ii) The 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 5.20% to 9.05% (2011: 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.

30. BORROWINGS (CONT'D)

(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 ended 31 March 2011, the term loan granted to RCEM has been fully repaid upon maturity. It bore interest rate at 7.13% per annum.

The remaining term loan bearing interest rate at 7.63% (2011: 7.63%) per annum has been fully repaid during the financial year.

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 investment in REIT held by RCES as disclosed in Note 21. During the financial year, the memorandum of deposit over the investment in REIT has been substituted with deposits pledged with the licensed financial institution. The said term loan bears interest rate at 4.00% (2011: 6.55% to 7.05%) per annum for a tenure of seven (7) years from the date of the first disbursement of term loan.

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.

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% (2011: 7.60%) per annum for a tenure of nine (9) years from the date of the disbursement of term loan.

30. BORROWINGS (CONT'D)

(d) Term loan 4 (Secured)

During the financial year, a syndicated bridging loan facility ("SBLF") of RM150 million was granted to RCEM for the purposes of loan financing.

Term loan 4 is secured against the following:

(i) A third party first legal charge over the Subordinated Bonds of ABS and MTNs held by a subsidiary company;

(ii) A first legal charge over the entire issued and paid-up share capital of a subsidiary company;

(iii) An irrevocable Power of Attorney to be granted in favour of the security agent to dispose the secured assets upon occurrence of a trigger event; and

(iv) An irrevocable corporate guarantee by the Company.

The said term loan bears interest at rates ranging from 5.27% to 5.35% per annum for a tenure of nine (9) months from the date of the execution of the SBLF agreement.

(e) Revolving credit 1, 2, 3 and 4 (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 30(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 financial year ended 31 March 2011.

During the financial year, a new revolving credit facility of RM20 million (Revolving credit 4) has been granted to RCEM for the purpose of financing the working capital of RCEM.

All of the facilities are secured against the following:

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

(ii) An assignment of the loans and receivables;

(iii) An irrevocable undertaking by RCEM;

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

(v) An irrevocable corporate guarantee by the Company.

The revolving credits bear interest at rates ranging from 4.80% to 5.45% (2011: 4.27% to 7.30%) per annum.

30. BORROWINGS (CONT'D)

(e) Revolving credit 5 and 6 (Unsecured)

All revolving credit facilities of RCE Factoring Sdn Bhd ("RCEF") amounting to RM12.5 million (2011: RM10 million) (Revolving credit 5) are secured by a corporate guarantee by the Company. The revolving credits bear interest at rates ranging from 4.64% to 5.08% (2011: 4.05% to 4.84%) per annum.

During the financial year ended 31 March 2011, a revolving credit facility of RM40 million (Revolving credit 6) 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 rate at 5.63% (2011: 5.20% to 5.26%) per annum.

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

The bank overdraft facilities of RCEF amounting to RM2.2 million (2011: 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 million (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 investment in REIT held by RCES as disclosed in Note 21. During the financial year, the memorandum of deposit over the investment in REIT has been substituted with deposits pledged with the licensed financial institution.

During the financial year ended 31 March 2011, 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 4.00% to 8.60% (2011: 7.00% to 8.30%) per annum.

(g) Others (Unsecured)

All bankers' acceptances, trust receipts and bills payable amounting to RM31 million (2011: 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 3.25% to 8.10% (2011: 4.00% to 8.30%) per annum.

31. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Payables	55,352,691	83,921,603	34,450	–
Other accrued expenses	4,565,723	4,992,891	307,428	306,031
Deposits	678,788	309,258	–	–
Dividend payable	774	67,221	774	67,221
	60,597,976	89,290,973	342,652	373,252

Included in payables of the Group are:

(i) deferred income of RM36,846,112 (2011: RM51,527,339) held by subsidiary companies in respect of strategic alliance arrangements entered into with the co-operative and corporations;

(ii) advance payments from customers amounting to RM10,463,682 (2011: RM13,908,909); and

(iii) collections received of RM2,062,542 (2011: RM1,952,965) on behalf of various co-operatives by a subsidiary in its capacity as the collection and payment agent.

32. COMMITMENTS

(a) Capital commitments

	The Group	
	2012 RM	2011 RM
Capital expenditure in respect of plant and equipment not provided for:		
Approved and contracted for	846,880	902,688
Approved but not contracted for	3,754,421	3,577,250
	4,601,301	4,479,938

32. COMMITMENTS (CONT'D)

(b) Operating lease commitments – as lessor

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

	The Group 2012 RM	The Group 2011 RM
Within one year	339,600	73,600
More than 1 year and less than 5 years	430,900	161,300
	770,500	234,900

(c) Operating lease commitments – as lessee

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

	The Group 2012 RM	The Group 2011 RM
Within one year	159,996	107,196
More than 1 year and less than 5 years	120,916	116,662
	280,912	223,858

33. CONTINGENT LIABILITIES

	The Company 2012 RM	The Company 2011 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	582,200,000	401,200,000
	1,002,200,000	821,200,000

Included in the above facilities are amount outstanding of RM552,195,307 (2011: RM566,985,485). Out of these amounts, total unsecured letters of credit amounted to RM3,377,280 (2011: RM4,236,567) which were not recognised in the financial statements.

34. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

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

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

(a) Interest rate risk

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

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

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

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

(b) Credit risk

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

(i) Loan financing services:

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

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

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

(ii) Factoring and confirming:

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

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

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.

Collaterals

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

(i) Loan financing - loans by cooperatives or corporations to their members and collection proceeds by cooperatives

(ii) Factoring and confirming - land and buildings

As at the reporting date, the financial effect of collaterals (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held by the Group is at 85.49%.

(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.

34. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate and liquidity risk tables

Analysis of financial instruments based on remaining contractual maturity

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

				Maturity profile		
	Note	WAEIR %	Total RM	Within 1 year RM	2-5 years RM	After 5 years RM
The Group						
2012						
Fixed rate						
Loans and receivables	19	13.53	983,075,832	103,490,205	264,419,783	615,165,844
Trade receivables	23	11.92	34,419,702	34,419,702	–	–
Hire-purchase payables	29	5.09	718,914	206,471	512,443	–
Fixed rate MTNs	30	10.73	181,460,777	43,698,989	137,761,788	–
ABS	30	7.03	315,127,856	75,127,856	200,000,000	40,000,000
Term loans (secured)	30	7.60	72,297,413	11,186,302	44,444,444	16,666,667
Floating rate						
Deposits with licensed financial institutions	26	3.11	386,709,581	386,709,581	–	–
Term loans (secured)	30	5.24	119,373,986	115,732,194	3,641,792	–
Revolving credits	30	5.07	159,027,640	152,027,640	7,000,000	–
Other bank borrowings *	30	5.66	16,658,211	16,658,211	–	–
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	23	12.06	37,414,220	37,414,220	–	–
Hire-purchase payables	29	5.11	752,992	172,779	576,674	3,539
Fixed rate MTNs	30	10.18	209,356,331	32,593,800	143,189,350	33,573,181
ABS	30	7.09	578,913,059	115,913,059	363,000,000	100,000,000
Term loans (secured)	30	7.60	83,413,616	11,191,394	44,444,444	27,777,778
Term loans (unsecured)	30	10.82	40,432,507	40,432,507	–	–

34. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate and liquidity risk tables (Cont'd)

Analysis of financial instruments based on remaining contractual maturity (Cont'd)

	Note	WAEIR %	Total RM	Maturity profile: Within 1 year RM	2-5 years RM	After 5 years RM
The Group						
2011						
Floating rate						
Deposits with licensed financial institutions	26	2.88	512,150,091	512,150,091	–	–
Term loans (secured)	30	7.05	6,455,313	1,261,005	5,194,308	–
Revolving credits	30	5.24	228,236,065	208,036,065	20,200,000	–
Other bank borrowings *	30	6.11	35,287,593	35,287,593	–	–
The Company						
2012						
Floating rate						
Deposits with licensed financial institutions	26	2.11	13,325	13,325	–	–
The Company						
2011						
Fixed rate						
Term loan (unsecured) ^	30	10.82	40,432,507	40,432,507	–	–
Floating rate						
Deposits with licensed financial institutions	26	1.96	81,920	81,920	–	–

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

^ The unsecured term loan granted to the Company has been fully repaid during the financial year as disclosed in Note 30(d).

34. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate and liquidity risk tables (Cont'd)

Analysis of financial liabilities based on an undiscounted basis

The following table summarises the remaining maturities as at the reporting date of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations:

		Maturity profile		
	Total RM	Within 1 year RM	2-5 years RM	After 5 years RM
The Group				
2012				
Fixed rate				
Hire-purchase payables	791,474	238,632	552,842	–
Fixed rate MTNs	217,668,841	53,573,246	164,095,595	–
ABS	368,741,517	89,118,533	236,951,285	42,671,699
Term loans (secured)	90,747,221	16,283,333	56,688,888	17,775,000
Floating rate				
Term loans (secured)	122,753,587	118,920,950	3,832,637	–
Revolving credits	159,847,913	152,783,874	7,064,039	–
Other bank borrowings *	16,658,211	16,658,211	–	–
The Group				
2011				
Fixed rate				
Hire-purchase payables	843,519	207,528	632,433	3,558
Fixed rate MTNs	264,020,641	46,351,800	181,369,595	36,299,246
ABS	679,723,123	138,850,320	432,446,136	108,426,667
Term loans (secured)	107,874,999	17,127,778	60,066,666	30,680,555
Term loans (unsecured)	42,508,493	42,508,493	–	–
Floating rate				
Term loans (secured)	7,613,437	1,656,540	5,956,897	–
Revolving credits	230,537,154	209,578,853	20,958,301	–
Other bank borrowings *	35,287,593	35,287,593	–	–
The Company				
2011				
Fixed rate				
Term loan (unsecured) ^	42,508,493	42,508,493	–	–

34. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate and liquidity risk tables (Cont'd)

Analysis of financial liabilities based on an undiscounted basis (Cont'd)

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

^ The unsecured term loan granted to the Company has been fully repaid during the financial year as disclosed in Note 30(d).

As at the reporting date, the fair value of the corporate guarantees as disclosed in Note 33 is nil.

The counterparties to the corporate guarantees do not have a right to demand for settlement as no default events have arisen. Accordingly, corporate guarantees under the scope of FRS 7 Financial Instruments: Disclosures are not included in the above maturity profile.

Sensitivity analysis for interest rate risk

As at the reporting date, if interest rate had been 50 basis points lower/higher, with all other variables held constant, the Group's profit for the financial year would increase/decrease by RM1,104,905 (2011: RM1,009,847) arising mainly as a result of a lower/higher interest expense on floating rate borrowings.

(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 borrowings and payables.

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

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

		2012		2011	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities					
Borrowings					
- Fixed rate MTNs (including accrued interest of RM3,811,236 (2011: RM2,644,191)	30	181,460,777	189,345,401	209,356,331	216,512,192
- ABS (including accrued interest of RM5,127,856 (2011: RM9,913,059)	30	315,127,856	313,073,561	578,913,059	575,581,760

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.

(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.

35. 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 2012 and 2011 is as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total borrowings	863,945,883	1,182,094,484	–	40,432,507
Less: Cash and cash equivalents	(393,756,705)	(514,538,121)	(15,306)	(83,588)
Net borrowings	470,189,178	667,556,363	(15,306)	40,348,919
Total equity	529,222,305	448,381,654	350,977,122	356,582,608
Gearing ratio (times)	0.89	1.49	–	0.11

36. ESOS

The ESOS is governed by the bylaws which was approved by the shareholders at the Extraordinary General Meeting held on 20 August 2009. The ESOS was implemented on 15 September 2009 and 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;

36. ESOS (CONT'D)

(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 1.4.2011**	**Granted**	**Exercised**	**Cancelled/ Lapsed**	**Balance as at 31.3.2012**
24 March 2010	0.59	16,268,900	–	–	(931,500)	15,337,400

The fair value of share options granted in the previous financial years, 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:

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.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 14 February 2012, the Board of Directors of the Company announced that the Company proposed to undertake the following:

(i) proposed bonus issue of up to 399,332,037 new ordinary shares of RM0.10 each in the Company (“Bonus Shares”) to be credited as fully paid-up on the basis of 1 Bonus Share for every 2 existing ordinary shares of RM0.10 each held in the Company ("Shares") (“Proposed Bonus Issue”);

(ii) proposed renounceable rights issue of up to 479,198,444 new redeemable convertible non-cumulative preference shares of RM0.10 each in the Company (“RCPS”) on the basis of 2 RCPS for every 5 Shares held after the Proposed Bonus Issue (“Proposed Rights Issue”);

(iii) proposed exemption to Cempaka Empayar Sdn Bhd ("Cempaka") and persons acting in concert with Cempaka from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in the Company not already owned by them under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 (“Proposed Exemption”);

(iv) proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 2,000,000,000 Shares to RM400,000,000 comprising 3,000,000,000 Shares and 1,000,000,000 RCPS (“Proposed Increase in Authorised Share Capital”);

(v) proposed amendments to the Memorandum and Articles of Association of the Company in respect of the issuance of RCPS pursuant to the Proposed Rights Issue and Proposed Increase in Authorised Share Capital (“Proposed Amendments I”); and

(vi) proposed amendments to the Articles of Association of the Company to reflect the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Proposed Amendments II”).

The Proposed Bonus Issue, Proposed Rights Issue, Proposed Exemption, Proposed Increase in Authorised Share Capital and Proposed Amendments I are collectively referred to as the “Proposals”.

The Proposals are subject to approval of the shareholders of the Company at an Extraordinary General Meeting to be convened. Barring any unforeseen circumstances, the Proposals and Proposed Amendments II are expected to be completed by the second quarter of the financial year ending 31 March 2013.

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 2012, 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 42 to 119, 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 2012 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 28(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
4 June 2012

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 2012, 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 42 to 119 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 4th day of
June 2012.

YAP CHOON SENG

Before me

PESURUHJAYA SUMPAH
No: W 432
RAMALINGAM
S. PILLAY, PPN.
MALAYSIA

COMMISSIONER FOR OATHS

Lot. 1, Bazaar 4,
Level 1, Block-G (Selatan),
Pusat Bandar Damansara,
50490 – KUALA LUMPUR

Analysis of Shareholdings
as at 31 July 2012

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	186	2.02	7,929	0.00
100 to 1,000	557	6.04	412,654	0.05
1,001 to 10,000	4,627	50.18	28,156,295	3.60
10,001 to 100,000	3,364	36.48	112,730,790	14.41
100,001 to less than 5% of issued shares	484	5.25	236,656,637	30.25
5% and above of issued shares	3	0.03	404,430,869	51.69
Total	**9,221**	**100.00**	**782,395,174**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Cempaka Empayar Sdn Bhd	284,427,169	36.35
2.	Aras Kreatif Sdn Bhd	65,003,700	8.31
3.	BBL Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Cempaka Empayar Sdn Bhd*	55,000,000	7.03
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.	Yap Phaik Kwai	7,193,600	0.92
8.	Ho Chu Chai	5,840,900	0.75
9.	Biotiara Sdn Bhd	5,388,966	0.69
10.	Hong Weng Hwa	4,404,500	0.56
11.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for UBS AG Singapore (Foreign)*	4,130,666	0.53
12.	Soo Ngik Gee @ Soo Yeh Joo	4,015,900	0.51

No.	Name of Shareholders	No. of Shares	%
13.	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Dimensional Emerging Markets Value Fund*	3,627,000	0.46
14.	Liew Sze Fook	3,500,000	0.45
15.	Public Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Cheam Heng Ming*	3,310,000	0.42
16.	Blue Ribbon International Limited	3,247,482	0.42
17.	Yong Moh Lim	3,135,600	0.40
18.	B-OK Sdn Bhd	3,080,000	0.39
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Goh Kheng Peow*	2,500,000	0.32
20.	Pos Ad Sdn Bhd	2,378,200	0.30
21.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *- Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd*	2,349,700	0.30
22.	HSBC Nominees (Tempatan) Sdn Bhd *- HSBC (M) Trustee Bhd for Value Fund*	2,100,000	0.27
23.	Maybank Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Liew Kon Sing @ Liew Kong*	2,035,400	0.26
24.	Su Thai Seng	1,650,000	0.21
25.	Yam Chee Kong	1,504,200	0.19
26.	Chua Teong Kim @ Seow Teong Kim	1,412,000	0.18
27.	Ng Boo Kean @ Ng Beh Kian	1,300,000	0.17
28.	Gan Hong Liang	1,192,400	0.15
29.	Ho Choo Ing	1,180,000	0.15
30.	Chua Chin Ho	1,098,500	0.14
		521,603,017	**66.66**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
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 Chief Executive Officer	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %	No. of 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
Soo Kim Wai	–	–	–	–	1,500,000
Shalina Azman	–	–	–	–	1,200,000
Shahman Azman	–	–	–	–	900,000
Loh Kam Chuin *(Chief Executive Officer)*	–	–	–	–	900,000

Note:

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Eighth Annual General Meeting of RCE Capital Berhad will be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 21 September 2012 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 2012 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 2012. **Resolution 1**

3. To approve the payment of Directors' fees of RM210,000 for the financial year ended 31 March 2012. **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. Dato' Che Md Nawawi bin Ismail **Resolution 3**
   (ii) Puan Shalina Azman **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 30 August 2012, 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 ("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 2012 of RM208,519,085 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 2012, if approved by the shareholders, will be paid on 10 October 2012 to depositors who are registered in the Record of Depositors at the close of business on 28 September 2012.

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 28 September 2012 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
30 August 2012

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 13 September 2012 shall be eligible to attend, speak and vote at the Fifty-Eighth Annual General Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and there shall be no restriction as to the qualification of the proxy.

3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.

7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

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-Seventh AGM of the Company held on 8 September 2011.

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 30 August 2012 which is despatched together with the Company's Annual Report 2012.

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-Eighth Annual General Meeting of the Company to be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 21 September 2012 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 2012.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Y. Bhg. Dato' Che Md Nawawi bin Ismail as Director.		
4.	To re-elect Puan Shalina Azman 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 votes 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 ________________________ 2012.

Number of Shares Held	CDS Account No.

____

Signature of Shareholder/Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 13 September 2012 shall be eligible to attend, speak and vote at the Fifty-Eighth Annual General Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and there shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.
7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Please fold here

STAMP

The Company Secretary
RCE CAPITAL BERHAD
802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

Please fold here

RCE CAPITAL BERHAD (2444-M)

20th Floor, Bangunan AmAssurance, 1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia.
T : +603-4047 0988 **F :** +603-4042 8877

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